Tubacex, S.A. and Subsidiaries Composing the TUBACEX Group

Auditor's Report Consolidated Financial Statements for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards Consolidated Directors' Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Sole Shareholder of Tubacex Tubos Inoxidables, S.A. (Sole-Shareholder Company),

Opinion

We have audited the financial statements of Tubacex Tubos Inoxidables, S.A. (Sole-Shareholder Company) (the Company), which comprise the balance sheet as at 31 December 2020, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

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Recoverability of deferred tax assets

Description

The balance sheet as at 31 December 2020 includes EUR 15 million of deferred tax assets, of which EUR 4 million relate to tax losses and EUR 11 million to tax credits, that can be recovered independently by the Company, since they were generated prior to its joining the consolidated tax group.

At the end of the year, Company and Group management prepares financial models to assess the recoverability of the deferred tax assets, taking into consideration new legislative developments and the most recently approved business plans. In this context, the business plans that support the recoverability of the tax assets were updated to reflect the Company's, and the Group's, best estimate of the impacts of covid-19. The assumptions applied in this analysis were determined internally and, in them, management performed a detailed analysis of the impact of covid-19 on sales, profit or loss from operations and cash flows, given the situation of uncertainty that it foresees in the coming months in relation to the evolution of the pandemic.

We identified this matter as one of the most significant in our audit, since the preparation of these models requires a significant level of judgement, largely in connection with the projections of business performance, which affect the estimate made of the recoverability of the deferred tax assets.

Procedures applied in the audit

Our audit procedures included, among others, in addition to reviewing the tax planning measures, reviewing the aforementioned financial models for the Company considered on a standalone basis and for the consolidated tax group to which it belongs.

Also, the consistency of the actual results obtained with the results projected in the previous year's models was analysed, evidence was obtained of the approval of the budgeted results included in the current year's models in accordance with the applicable tax legislation, and of the reasonableness of the projections for future years (results and tax bases), taking into account the current covid-19 situation, and the consistency of these projections was checked against those used in other areas of estimation.

Lastly, we evaluated whether Note 14.6 to the accompanying financial statements contained the disclosures required in this connection by the regulatory financial reporting framework applicable to the Company.

Revenue recognition

Description

The Company's sales relate to the goods delivered, net of discounts, VAT and other sales-related taxes.

Although the recognition of this revenue, under the Company's habitual terms and conditions, is not complex, since it gives rise to accounts receivable that are convertible into cash in a short period of time and with historically immaterial sales returns percentages, it does involve the consideration of specific circumstances relating to the various terms and conditions agreed upon with customers and to taxes and levies.

There is an inherent risk associated with the recognition of this revenue, the contractual terms and conditions under which the goods are sold and the impacts that regulatory changes might have on sales (VAT, excise duties, etc.), which renders the analysis of revenue recognition more complex.

Accordingly, this matter was an area of significant auditor attention in our audit.

Procedures applied in the audit

Our audit procedures included checking the effectiveness of the controls of the sales-accounts receivable process and substantive procedures, such as: checking the design, implementation and operating effectiveness of the relevant controls (including information system controls) supporting the occurrence of the sales, as well as the sales invoice accounting and recognition procedure, for which purpose we involved our internal technology and systems experts; and analysing whether the revenue was properly recognised, taking into account the terms and obligations of the agreements with customers for a sample of transactions.

We also evaluated the reasonableness of the margins for 2020 with respect to the trends in previous years, checking these data against the information furnished by internal Company sources, and we performed tests of details on a sample of recognised sales to obtain and verify the entries recorded in the revenue and trade receivables accounts.

We checked that Note 16 to the accompanying financial statements contained disclosures and information relating to the Company's sales revenue.

Other Information: Directors' Report

The other information comprises only the directors' report for 2020, the preparation of which is the responsibility of the Company's sole director and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the non-financial information statement has been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Sole Director for the Financial Statements

The sole director is responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the sole director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is on the following pages, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Beatriz Galán
Registered in ROAC under no. 21333

31 March 2021

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.

- Conclude on the appropriateness of the use by the sole director of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's sole director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the entity's sole director, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31).
In the event of a discrepancy, the Spanish-language version prevails.

TUBACEX, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019

(Thousands of Euros)

Active	Notes from the Memory	31.12.2020	31.12.2019 (*)
NON-CURRENT ACTIVE			
Intangible assets	**Note 7**	**115,571**	**102,401**
Goodwill		10,108	10,108
Other intangible assets		105,463	92,293
Property, plant and equipment	**Note 8**	**308,526**	**308,127**
Investments accounted for using the equity method		**6**	**6**
Derivative financial instruments	**Note 10**	**13**	**99**
Non-current financial assets	**Note 9**	**4,657**	**5,209**
Deferred tax assets	**Note 21**	**75,618**	**75,210**
Total non-current assets		**504,391**	**491,052**
CURRENT ACTIVE			
Inventories	**Note 11**	**263,496**	**304,996**
Trade and other receivables	**Note 12**	**79,431**	**113,997**
Trade receivables for sales and services		57,404	88,995
Other receivables		21,416	22,246
Current tax assets	Note 21	611	2,756
Derivative financial instruments	**Note 10**	**695**	**2,201**
Current financial assets	**Note 9**	**26,677**	**24,556**
Other current assets		**4,992**	**4,170**
Cash and cash equivalents	**Note 13**	**159,245**	**142,611**
Total current assets		**534,536**	**592,531**
TOTAL ASSETS		**1,038,927**	**1,083,583**

NET AND PASSIVE EQUITY	Notes from the Memory	31.12.2020	31.12.2019 (*)
EQUITY			
Shareholders' equity-			
Share capital	Note 14.1	59,840	59,840
Share premium	Note 14.2	17,108	17,108
Revaluation reserve	Note 14.3	3,763	3,763
Other reserves of the Parent and of fully consolidated companies and companies accounted for using the equity method	Note 14.4	205,977	196,159
Treasury shares	Note 14.5	(13,530)	(8,502)
Profit (Loss) for the year attributable to the Parent		(25,303)	11,149
Other equity instruments	Note 14.6	1,390	917
		249,245	**280,434**
Valuation adjustments			
Exchange differences		(7,556)	6,512
Hedges		(827)	539
	Note 14.7	**(8,383)**	**7,051**
Equity attributable to the Parent		**240,862**	**287,485**
Minority interests		**57,582**	**48,156**
Total equity		**298,444**	**335,641**
NON-CURRENT LIABILITIES			
Long-term provisions	**Note 15**	**2,820**	**2,611**
Deferred income	**Note 16**	**13,596**	**12,391**
Non-current financial liabilities		**253,170**	**166,684**
Bank borrowings	Note 17	234,820	166,588
Obligations and other marketable securities		17,702	-
Derivative financial instruments	Note 10	648	96
Employee benefit obligations	**Note 20**	**7,655**	**9,457**
Deferred tax liabilities	**Note 21**	**20,636**	**19,344**
Other non-current financial liabilities	**Note 18**	**20,502**	**15,834**
Total non-current liabilities		**318,379**	**226,321**
CURRENT LIABILITIES			
Short-term provisions	**Note 15**	**16,268**	**6,229**
Current financial liabilities		**247,898**	**268,082**
Debt instruments and other marketable securities	Note 17	178,959	131,550
Bank borrowings	Note 17	52,586	122,610
Derivative financial instruments	Note 10	955	771
Other current financial liabilities	Note 18	15,398	13,151
Trade and other payables	**Note 19**	**157,938**	**247,310**
Payable to suppliers		114,137	206,755
Other payables		42,317	40,295
Current tax liabilities	Note 21	1,484	260
Total current liabilities		**422,104**	**521,621**
TOTAL EQUITY AND LIABILITIES		**1,038,927**	**1,083,583**

(*) Presented for comparison purposes only (Note 2.5).

The accompanying Notes 1 to 31 are an integral part of the consolidated statement of financial position as at 31 December 2020.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

TUBACEX, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR 2020 AND 2019

(Thousands of Euros)

	Notes from the Memory	Exercise 2020	Exercise 2019 (*)
Continuous operations:			
Revenue	Note 6	479,622	613,545
+/- Changes in inventories of finished goods and work in progress	Note 11	(20,172)	2,924
In-house work on non-current assets	Note 3.2	2,744	4,899
Procurements	Note 11	(225,129)	(307,714)
Other operating income	Note 23	11,030	7,680
Staff costs	Note 24	(133,541)	(146,202)
Other operating expenses	Note 23	(86,595)	(121,044)
Depreciation and amortisation charge and impairment losses on non-current assets	Notes 7 and 8	(50,049)	(44,292)
Negative difference in business combination	Note 2.6	10,141	12,993
Profit (Loss) from operations		**(11,949)**	**22,789**
Financial income	Note 9	1,712	1,780
Financial expenses	Note 17	(14,279)	(13,499)
Exchange differences		(1,842)	430
Financial result		**(14,409)**	**(11,289)**
Profit (loss) before tax		**(26,358)**	**11,500**
Income tax	Note 21	1,177	3,174
Profit (loss) for the year from continuing operations		**(25,181)**	**14,674**
Profit/Loss from discontinued operations		-	-
Consolidated profit (loss) for the year		**(25,181)**	**14,674**
Profit (Loss) attributable to:			
The Parent		(25,303)	11,149
Loss attributable to non-controlling interests	Note 14.9	122	3,525
Earnings per share (in euros)			
- Basic	Note 22.1	(0,1973)	0,1132
- Diluted	Note 22.2	(0,1922)	0,1103

(*) Presented for comparison purposes only (Note 2.5).

The accompanying Notes 1 to 31 are an integral part of the consolidated statement of profit or loss for 2020.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

TUBACEX, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Thousands of Euros)

	Notes from the Memory	Exercise 2020	Exercise 2019 (*)
Consolidated income for the year		**(25,181)**	**14,674**
Items that can be transferred to The Results Analysis:			
Income and expense recognised directly in equity			
Measurement of cash flow hedging instruments	Notes 10 and 14.7	(627)	218
Tax effect	Notes 10, 14.7 and 21	150	(53)
Translation differences	Note 14.7	(14,068)	1,681
Transfers to profit or loss			
Measurement of cash flow hedging instruments	Notes 10 and 14.7	(1,170)	895
Tax effect	Notes 10, 14.7 and 21	281	(214)
Other comprehensive income		**(15,434)**	**2,527**
Total comprehensive income for the year		**(40,615)**	**17,201**
Profit (Loss) attributable to:			
The Parent		(40,737)	13,676
Loss attributable to minoruty interests		122	3,525

(*) Presented for comparison purposes only (Note 2.5).

The accompanying Notes 1 to 31 are an integral part of the consolidated statement of comprehensive income for 2020.

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TUBACEX, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2020 AND 2019

(Thousands of Euros)

	Net worth attributable to the parent company										
	Own Funds										
	Share capital	Share premium	Revaluation reserve	Other reserves	Treasury Shares	Net profit (loss) for the year	(Interim dividend)	Exchange Conversion	Cash flow hedge	Minority Interests	Total equity
Balance at December 31, 2018 (*)	**59,840**	**17,108**	**3,763**	**181,651**	**(7,850)**	**17,385**	**930**	**4,831**	**(307)**	**26,064**	**303,415**
Total comprehensive income	-	-	-	-	-	**11,149**	-	**1,681**	**846**	**3,525**	**17,201**
Other changes in equity											-
Distribution of dividends (Notes 4 and 16.8)	-	-	-	-	-	(6,000)	-	-	-	-	(6,000)
Transfers between equity items	-	-	-	11,385	-	(11,385)	-	-	-	-	-
Minority acquisition (Note 14.9)	-	-	-	3,005	-	-	-	-	-	(17,560)	(14,555)
NTS Group Acquisition (Note 2.6)	-	-	-	-	-	-	-	-	-	36,712	36,712
Transactions with own shares (Note 14.5)	-	-	-	-	(652)	-	-	-	-	-	(652)
Other movements	-	-	-	118	-	-	-	-	-	(585)	(467)
Long-term incentive plan (Notes 3.12 and 14.6)	-	-	-	-	-	-	(13)	-	-	-	(13)
Balance at December 31, 2019 (*)	**59,840**	**17,108**	**3,763**	**196,159**	**(8,502)**	**11,149**	**917**	**6,512**	**539**	**48,156**	**335,641**
Total comprehensive income	-	-	-	-	-	**(25,303)**	-	**(14,068)**	**(1,366)**	**122**	**(40,615)**
Other changes in equity											-
Transfers between equity items	-	-	-	11,149	-	(11,149)	-	-	-	-	-
Acquisitions for the year (Note 2.6)	-	-	-	-	-	-	-	-	-	9,301	9,301
Transactions with own shares (Note 14.5)	-	-	-	(299)	(5,028)	-	-	-	-	-	(5,327)
Other movements	-	-	-	(559)	-	-	-	-	-	3	(556)
Long-term incentive plan (Notes 3.12 and 14.6)	-	-	-	(473)	-	-	473	-	-	-	-
Balance at December 31, 2020	**59,840**	**17,108**	**3,763**	**205,977**	**(13,530)**	**(25,303)**	**1,390**	**(7,556)**	**(827)**	**57,582**	**298,444**

(*) Presented for comparison purposes only (Note 2.5).

Notes 1 to 31 described in the accompanying Consolidated Report form an integral part of the total statement of changes in consolidated equity for the 2020 financial year.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

TUBACEX, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR 2020 AND 2019

(Thousands of Euros)

	Notes from the Memory	Exercise 2020	Exercise 2019 (*)
Cash flows from operating activities			
Loss for the year before tax		(26,358)	11,500
Adjustments for:			
Depreciation and amortisation charge and impairment losses on non-current assets	Notes 7 and 8	50,049	44,292
Exchange (gains)/losses		1,842	(430)
Changes in write-downs and provisions	Notes 11, 12, 15 and	5,698	342
Negative difference in business combination	Note 2.6	(10,141)	(12,993)
Finance income	Note 9	(1,712)	(1,780)
Finance costs	Note 17	14,279	13,499
Changes in equity instruments – share-based payment transactions	Note 14.6	-	(13)
In-house work on non-current assets	Note 3.2	(2,744)	(4,899)
Recognition of government grants in profit or loss		-	(23)
		30,913	**49,495**
Changes in working capital:			
Inventories	Note 11	46,931	1,397
Trade and other receivables	Note 12	25,542	(14,356)
Other current assets		(2,986)	15,043
Trade and other payables	Note 19	(99,728)	45,901
Other non-current assets and liabilities		3,841	(231)
		(26,400)	**47,754**
Other cash flows from operating activities:			
Interest paid		(14,279)	(13,499)
Income tax recovered/(paid)	Note 21	2,496	(242)
Net cash flows from operating activities (I)		**(7,270)**	**83,508**
Cash flows from investing activities:			
Proceeds from disposal of non-current assets	Notes 7 and 8	7,324	720
Interest received	Note 9	1,712	1,780
Investments accounted for using the equity method		-	234
Acquisition of property, plant and equipment	Note 8	(19,548)	(62,542)
Acquisition of intangible assets	Note 7	(5,115)	(1,371)
Acquisition of other financial assets	Note 9	-	(4,918)
Investments in business units	Note 2.6	(9,385)	(17,213)
Net cash flows from investing activities (II)		**(25,012)**	**(83,310)**
Cash flows from financing activities:			
Operations with Treasury shares	Note 14.5	(5,327)	(652)
Acquisition of shares from minority interests	Note 14.9	-	(12,000)
Proceeds from issue of bank borrowings	Note 17	91,252	38,455
Issuance of other debts	Notes 17 and 18	196,661	134,668
Repayment of bank borrowings	Note 17	(93,044)	(38,423)
Repayment of other debts	Note 17	(136,286)	(145,955)
Dividend paid		-	(6,000)
Net cash flows from financing activities (III)		**53,256**	**(29,907)**
Effect of foreign exchange rate changes (IV)		**(4,340)**	-
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		**16,634**	**(29,709)**
Cash and cash equivalents at 1 January	Note 13	142,611	172,320
Cash and cash equivalents at 31 December	Note 13	**159,245**	**142,611**

(*) Presented for comparison purposes only (Note 2.5).

The accompanying Notes 1 to 31 are an integral part of the consolidated statement of cash flows for 2020.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

Tubacex, S.A. and Subsidiaries composing the TUBACEX Group

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

1. Description and activity of the Parent

Tubacex, S.A. (hereinafter the parent company) was incorporated as a public limited company for an indefinite period of time on 6 June 1963 and is established in Llodio (Alava).

Its company object is, among others, the manufacture and sale of special seamless (basically stainless) steel tubes and any other type of product related to the iron and steel industry or other similar activities. However, on 1 January 1994 the Parent became a holding company and head of the Tubacex Group, without engaging in any production activities, since these are carried on by its subsidiaries.

Tubacex, S.A. engages mainly in the holding of ownership interests (see Appendix) and in the rendering to Group companies of certain centralised services that are invoiced to them.

Tubacex, S.A. is the Parent of a Group made up of the subsidiaries listed in the accompanying Appendix, which is an integral part of this Note. Tubacex, S.A. and its Subsidiaries ("the TUBACEX Group" or "the Group") engage mainly in the manufacture and sale of special seamless (basically stainless) steel tubes.

The shares of Tubacex, S.A. are listed on the Spanish Stock Market Interconnection System.

Formal preparation of financial statements

These consolidated annual accounts were prepared by the Board of Directors on 25 February 2021. The consolidated annual accounts of the TUBACEX Group for the 2019 financial year were approved by the TUBACEX General Shareholders' Meeting held on June 25, 2020. The Group's consolidated annual accounts and the annual accounts of the entities integrated therein for the 2020 financial year are pending approval by their respective General Shareholders' Meetings. However, the Board of Directors of TUBACEX understands that these annual accounts will be approved without any modification.

With regard to ESMA's requirements for the Single European Electronic Format, the required information is the following:

- Name of the reporting entity: Tubacex, S.A.
- Address of the entity: Llodio (Alava).
- Legal form of the entity: Anonymous company
- Country of incorporation: Spain
- Address of the company's head office: Llodio (Alava).
- Main Activity Center: Multiple locations.
- Description of the nature of the entity's operations and its main activities: the manufacture and sale of special seamless steel pipes, basically stainless.
- Name of the parent: Tubacex, S.A.
- Name of the group's last parent: Tubacex, S.A.

2. Basis of presentation of the consolidated financial statements

The main accounting policies adopted in the preparation of these annual accounts are described below. Accounting policies have been consistently implemented for all periods presented.

2.1 Bases of presentation

The consolidated annual accounts of the TUBACEX Group for the 2020 financial year have been prepared by the Directors:

- In accordance with the provisions of the International Financial Reporting Standards (hereinafter IFRS) adopted by the European Union in accordance with Regulation (EC) No 1606.2002 of the European Parliament and of the Council, including international accounting standards (NICs), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). Note 3 summarizes the most significant accounting principles and valuation criteria applied in the preparation of the accompanying consolidated annual accounts.

- Taking into account all accounting principles and rules and mandatory valuation criteria that have a significant effect on consolidated annual accounts, as well as the alternatives that the legislation allows in this regard and which are specified in Note 3.

- So that they present fairly TUBACEX Group´s consolidated equity and consolidated financial position at 31 December 2020 and the results of its operations, changes in equity and consolidated cash flows that occurred in the Group in the year then ended.

- From the accounting records maintained by the parent company and the other entities integrated into the Group. However, since the accounting principles and valuation criteria applied in the preparation of the Group's consolidated annual accounts (IFRS) differ from those used by the entities integrated therein (local regulations), adjustments and reclassifications necessary to homogenize such principles and criteria and to adapt them to international financial reporting standards have been introduced in the consolidation process.

The Group Directors have prepared the consolidated annual accounts on the basis of the operating company principle.

2.2 Adoption of International Financial Reporting Standards (IFRSs)

During the 2020 financial year, the following rules and interpretations of mandatory application have entered into force, already adopted by the European Union, which, if applicable, have been used by the Group in the preparation of these consolidated annual accounts:

(1) ***New rules, amendments and interpretations of mandatory application in the financial year***

Approved for use in the European Union		**Mandatory application of exercises initiated from:**
Amendments to IAS 1 and IAS 8 *Definitions of "materiality"*	Amendments to IAS 1 and IAS 8 to align the definition with that contained in the conceptual framework	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 – Reference Interest Rate Reform	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the reform of benchmarks (first phase)	January 1, 2020
Amendments to IFRS 3 *Business definition*	Clarifications to business definition	January 1, 2020
Amendment to IFRS 16 Leases - Rent Improvements	Modification to make it easier for tenants to account for COVID-19-related rental improvements	June 1, 2020

Directors have considered these new rules in the preparation of these annual accounts, without significant impacts being revealed.

(2) ***New rules, amendments and interpretations of mandatory application in post-natural years beginning on 1 January 2020***

At the date of formulation of these consolidated annual accounts, the following rules and interpretations had been published by the IASB, but had not yet entered into force, either because the effective date is later than the date of the consolidated annual accounts, or because they have not yet been adopted by the European Union:

Approved for use in the European Union		**Mandatory application of exercises initiated from:**
Amendments to IFRS 9, IAS 39 and IFRS 7, – Reference Interest Rate Reform – Phase 2	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the reform of benchmarks (second phase)	June 1, 2021
Amendment of IFRS 4 - Deferral of ifRS 9	Deferral of IFRS 9 until 2023	June 1, 2021

Not approved for use in the European Union		Mandatory application of exercises initiated from:
Amendments to IFRS 4 and IFRS 16 - Reference Interest Rate Reform - Phase 2	Amendments to IFRS 4 and IFRS 16 related to the reform of benchmarks (second phase)	June 1, 2021
Amendment of IFRS 3 - Reference to the Conceptual Framework	Clarification of asset and liability definitions in a investments in business units	January 1, 2022
Amendment of IAS 16 - Revenue earned before the intended use	The modification prohibits the deduction of the cost of fixed assets material any income obtained from the items sold while the asset is being prepared for its intended use	January 1, 2022
Amendment of IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract	The change explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to the performance of the contract.	January 1, 2022
Improvement to IFRS Cycle 2018-2020	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	January 1, 2022
Modification to IAS 1 - Classification of liabilities as current or non-current	Clarifications regarding the presentation of liabilities as currents or non-current	January 1, 2023
IFRS 17 *Insurance contracts and their modifications*	It includes the principles of registration, valuation, presentation and breakdown of insurance contracts. It will replace IFRS 4	January 1, 2023

2.3 Functional currency

These consolidated annual accounts are presented in euros, as the euro is the currency of the main economic environment in which the Group operates. Overseas operations are recorded in accordance with the policies described in Note 2.6.

The value in thousands of euros of the assets and liabilities of dependent companies whose functional currency is different from the euro as of December 31, 2020 and 2019, including group balances that are eliminated in the accompanying consolidated balance sheet, responds to the following breakdown:

	Counter-value in thousands of euros			
	31.12.20		31.12.19	
Currency	Active	Liabilities	Active	Liabilities
Brazilian Real	1,171	1,255	1,355	1,168
Thai Baht	13,915	8,833	14,658	8,940
US Dollar	254,890	128,913	209,729	66,125
Indian Rupee	54,378	16,151	57,824	18,076
Norwegian NOK	11,023	8,504	-	-
Dinar AED	5,265	1,993	-	-
Total	**340,642**	**165,649**	**283,566**	**94,309**

As of December 31, 2020, the Group had EUR 27 million in foreign currency (EUR 22 million as of December 31, 2019).

The breakdown of the main balances of foreign currency dependent companies, taking into account the nature of the items that make up them, is as follows:

Nature of balances	Counter-value in thousands of euros 31.12.20 Active	Liabilities	31.12.19 Active	Liabilities
Intangible assets	96,461	-	76,051	-
Property, plant and equipment	115,052	-	96,917	-
Non-current financial assets and deferred tax assets	5,532	-	5,968	-
Inventories	50,490	-	39,676	-
Trade and other receivables	38,584	-	39,125	-
Other current financial assets	2,527	-	1,060	-
Cash and cash equivalents	31,996	-	24,769	-
Non-current liabilities	-	97,520	-	49,196
Current liabilities	-	68,129	-	45,113
Total	**340,642**	**165,649**	**283,566**	**94,309**

2.4 Responsibility for the information and use of significant estimates

The information contained in these consolidated annual accounts is the responsibility of the Board of Directors of TUBACEX.

In the consolidated financial statements of the TUBACEX Group for 2020 estimates were occasionally made. The most significant estimates relate to:

- The assumptions used in the valuation of goodwill and intangible assets of indefinite useful life (Notes 2.6 and 7).
- Hypothesis assumed to assess the recoverability of deferred tax assets (Note 21).
- The useful life of intangible assets and materials (Notes 7 and 8).
- The assessment of possible impairment losses of certain assets (Notes 7, 8, 9, and 12).
- The analysis of net realizable values, the assessment of write-downs due to the slow movement of inventories and the evaluation of possible losses on the committed order backlog (existence of onerous contracts) (Note 11).
- The amount of provisions for risks and expenses and the probability of occurrence and the amount of liabilities of undetermined amount or quotas (Note 15).
- The assumptions used in the actuarial calculation of pension liabilities and other commitments to staff (Notes 3.13 and 20).
- The fair value of certain equity instruments (Notes 3.12 and 14.6).
- Compliance with the conditions for certain financial instruments to be desansed (Note 3.5).
- Compliance with covenants of certain funding received (Note 17).

Although these estimates were made based on the best available information on the facts analyzed, future events may force them to be modified (up or down) in future years; which would be done, in accordance with IAS 8, prospectively recognizing the effects of the change in estimate on the corresponding consolidated profit and loss account. Given the uncertain nature of any estimate based on future expectations in the current economic environment, differences between projected and actual results could be revealed. The importance of these estimates should be considered in the interpretation of the accompanying consolidated annual accounts and, in particular, in the recovery of the securities associated with goodwill, intangible assets, fixed assets and activated tax credits.

On May 24, 2017, the Group reached an agreement with the National Iranian Oil Company (NIOC) for the supply of 600 km of corrosion-resistant stainless steel pipes. During the 2018 financial year, a number of socio-political circumstances occurred that led the Group to discontinue the supply of pipe according to the information provided in the annual accounts of the Tubacex Group on 27 February 2019. As of the date of these consolidated annual accounts, the contract is de facto terminated by its impossible execution, although actions are being taken for its formal resolution. As of December 31, 2020, the Group maintains guarantees in favour of NIOC in the amount of EUR 51,920 thousand (same amount as December 31, 2019) in guarantee of performance of the contract, which, given the restrictions arising from the sanctions brought by the United States, are not enforceable (Note 15). These consolidated annual accounts do not contain assets or liabilities arising from that contract.

As of December 31, 2020, the Directors of the TUBACEX Group consider that there are no contingent liabilities for the Group that are not broken down in these consolidated annual accounts (they also did not exist as of December 31, 2019).

Situation arising from the Covid-19 pandemic

The emergence of COVID-19 in China in January 2020 and its global expansion has led to the viral outbreak being described as a pandemic by the World Health Organization since 11 March 2020. This situation has impacted global financial markets, and has also led to an unprecedented decline in economic activity globally and in particular that linked to the energy sector.

The fall in energy consumption caused by the global recession and the high uncertainty about the future evolution of the virus, are motivating the reduction of investments of our end customers, as well as cancellations of some orders and the delay in the award and implementation of large projects. This situation has nullified the Group's good prospects for 2020 based, interless, on a robust portfolio and commercial, industrial and R&D efforts made in recent years, and has led the Group to manage a complex situation.

Faced with this scenario of high uncertainty, the Group has adopted a shock plan with the aim of strengthening the Group's liquidity, solvency and activity with three fundamental lines of action: strengthening the financial structure, adapting the cost structure and commercial focus in signing multiannual contracts and long-term agreements.

The group's Directors have carried out, with the information available, an assessment of the current situation and the main impacts that the pandemic has, highlighting the following aspects:

Risk of operations

The group's consolidated sales amounted to 480 million euros by 2020, with a decrease of more than 20% compared to 2019. The Group has carried out actions in the commercial and cost area with the aim of minimizing the impacts of the pandemic. In this regard, in 2020 the Group signed binding relevant contracts.

Also, while there have been delays in order start-ups, there have been no significant project cancellations. Directors consider that, while these delays are temporary and the result of the pandemic, operations will continue to be impacted by the pandemic in 2021, especially in the first half, which is why they have made their estimates considering these effects in all their scenarios.

On the other hand, the Group has implemented a cost adjustment plan that represents an annual recurring positive impact of EUR 20 million on the basis of fixed costs. This plan has meant, among others, the need to reduce the Group's total workforce by approximately 20% to ensure the Group's profitability. At the time of the formulation of these accounts, this restructuring is already very advanced, pending for the most part the completion of the adjustment of spanish plants, which is expected to materialize in the short term. The consolidated financial statements for the 2020 financial year provide the Directors ' best estimate of the total amount of the restructuring plan costs.

Liquidity risk

The fall in activity in 2020 as a result of the pandemic has had a direct impact on the Group's cash generation. As indicated in Notes 5 and 17, the Group monitors liquidity needs in order to ensure that it has the necessary financial resources to meet its operational needs. In this regard, the Group in the context of the restructuring already implemented in response to COVID-19, has formalized EUR 60.5 million in long-term loans, renegotiating its short-term lines of credit in the amount of EUR 78 million in installments ranging from 2 to 5 years (both operations with the support of the ICO) and obtained additional funding from various sources of funding amounting to approximately 100 million Euros. As a result of these measures, the group has at the end of the financial year a strong liquidity and solvency position: EUR 186 million of cash and current financial investments and authorised and unwilling lines of credit that raise the liquidity situation above EUR 240 million; more than 50% of total long-term financial debt compared to about 40% in December 2019.

This liquidity situation not only allows the group to fully operate, but ensures its ability to recover as soon as the overall circumstances of the merado permit.

Risk of valuation of assets and liabilities of the balance sheet

There have been no relevant cancellations of projects included in the portfolio, with framework agreements signed with clients to date.

In addition, there have been no significant increases in risks due to non-payment due to impairment in the financial position of clients or in the assessment of the expected loss due to the quality and solvency of the client portfolio.

The Group has assessed the recoverability of long-term assets (both intangible, assets as deferred tax assets) on the basis of the estimation of the conduct of operations in the medium and long term, which do not vary substantially by effect of COVID-19, considering in its estimation that the effects of the pandemic will continue throughout the 2021 financial year, without the need to reduce the amount recorded to the date of these annual accounts.

Finally, the Group Directors continue to evaluate and implement additional measures to adapt the Group's operations, and take the necessary measures as the pandemic progresses, although according to available information, its possible future developments and the predictable remission of the pandemic with the implementation of mass vaccination of the population, substantial recovery is estimated by the end of 2021.

2.5 Comparative information

As required by IAS 1, the information contained in this report for the 2020 financial year is presented, for comparative purposes, with information relating to the 2019 financial year and therefore does not in itself constitute the consolidated annual accounts of the TUBACEX Group for the 2020 financial year.

In order to make an adequate comparison between the consolidated annual accounts for the 2020 and 2019 financial years, the variations in the consolidation perimeter described in Note 2.6 should be considered.

2.6 Bases of consolidation

Scope of consolidation

The accompanying consolidated financial statements are composed of the parent company and those companies controlled by the parent company, including, have power over the participant, be exposed or be entitled to variable income from their involvement in the involved and have the ability to use their power over the shareer to influence the amount of the investor's income.

The accompanying consolidated annual accounts for the year ended 31 December 2020 have been prepared from the individual accounting records at that date from Tubacex, S.A. (Parent Company - Note 1) and the dependent companies that are broken down in the Annex to this consolidated report. All of them have the same financial year except for the Indian companies Tubacex Prakash India Pvt Ltd and Tubacex India Pvt Ltd whose economic closure is 31 March having been homogenized for consolidated purposes as of 31 December.

Changes in the consolidation perimeter

The most significant variations produced during the 2020 financial year in the consolidation perimeter have been as follows:

Amega West

Dated August 22, 2020, through NTS Middle East FZCO, and together with the company's minority partner, Senaat, the Group reached an agreement for the acquisition of certain assets of Amega West Services LLC, Amega West Canada Ltd. and Amega West PTE. Ltd., companies specialized in the manufacture, repair and rental of traditional and specialized drilling rigs used in oil and gas extraction applications on the ground and allow the Group to strengthen itself in this activity in the United States, Canada and Singapore. In addition, that agreement also entails that the Group incorporates certain workers that to date belonged to the staff of those companies. The Group, after the analysis of the relevant analysis, considered that this transaction allows it to obtain control of the business of those companies and has therefore been treated as a business combination.

The total amount of the acquisition for the Group, the final closing date of which was 30 September 2020, amounted to EUR 9,105 thousand, which have been fully disbursed at the time of the takeover.

The identifiable assets acquired and the liabilities assumed on the date of the take-in have been as follows:

Nature of balances	Thousands of euros
Total net assets and liabilities	**21,424**
Non-current asset (fixed assets) (Note 8)	22,060
Current asset	5,596
Non-current liabilities (Note 18)	(6,232)
Other identifiable assets and liabilities	**5,678**
Customer Relations (Note 7)	7,863
Brand (Note 7)	8,767
Provisions (Note 15)	(8,541)
Deferred Tax Assets and Liabilities (Note 21)	(2,411)
Hedges (Note 14.9)	**(9,301)**
Transferred consideration	**9,105**
Badwill	**8,696**

The valuation of acquired net assets has been carried out by an independent expert in order to express an independent opinion on the fair value of certain intangible assets identified in accordance with criteria established by the IAS 38 and IFRS 3 international accounting standards. In order to contrast the reasonableness of the badwill in the purchase transaction, the analysis of the nature of the acquired assets and liabilities has been carried out, with the aim of assessing whether there were elements whose fair value is capable of practicing additional adjustments to those already made prior to the integration of those businesses at the perimeter.

The negative difference in investments in business units in the transaction, whose value totals 8,696 thousand euros is mainly identified with the characteristics of the acquired business, which is located in a highly specialized sector with high added value, with a well-known brand, with high barriers of entry for new players due to the conservatism of the sector , a very stable client portfolio with stable turnover.

The amount of regular revenue recognized in the consolidated annual accounts as of 31 December 2020, since the date of the takeover, has amounted to EUR 3,093 thousand, with the result being before tax provided of -981 thousand euros. If the Group had been registered since 1 January 2020, revenue and the profit before tax would have been increased by approximately EUR 11,271 and -8,033 thousand euros and respectively.

Minority interests were recognised at fair value in the allocation of the price paid.

TSS Norway

In October 2020, the Group closed the acquisition of 100% equity capital from More Bildco, AS (whose name has been changed to TSS Norway), a Norwegian company specialized in the pipe and pipe business for the oil and gas business, for a price of 1,116 thousand euros. This acquisition, which allows the Group to strengthen its presence in the North Sea, incorporating Norwegian Piping's know-how, has been treated as a investments in business units.

The identifiable assets acquired and the liabilities assumed on the date of the take-in have been as follows:

Nature of balances	Thousands of euros
Total net assets and liabilities	**150**
Fixed asset (Note 8)	19
Current asset	3,436
Current liabilities	(3,305)
Other identifiable assets and liabilities	**2,411**
Brand (Note 7)	5,063
Deferred tax liabilities (Note 21)	(575)
Provisions (Note 15)	(2,077)
Transferred consideration	**1,116**
Badwill	**1,445**

The Group has made an estimate of the fair value of certain intangible assets identified according to criteria established by the international accounting standards IAS 38 and IFRS 3. In addition, in order to contrast the reasonableness of the badwill in the purchase transaction, the nature of the items that make up the acquired Group's balance sheet has been analysed in order to assess whether there were elements whose fair value is capable of practicing adjustments in addition to those already made prior to the integration of the company at the perimeter.

As a result of this investments in business units, a badwill of EUR 1,445 thousand has been revealed, which is justified in the proven and long experience in the supply of pipe packages for the oil and gas sector in the Norwegian market in particular, and in the North Sea in general, which will enable the Group to achieve greater penetration into that market.

The amount of regular revenue recognized in the consolidated annual accounts as of 31 December 2020, since the date of the takeover, has not been significant. In the event that the Group had consolidated this company since 1 January 2020, revenue and the profit before tax would have been increased by 701 and -2,712 thousand euros approximately and respectively.

For its part, the most significant variations that occurred during the 2019 financial year in the consolidation perimeter were as follows:

NTS Group

On 19 February 2019, the TUBACEX Group reached a binding agreement to acquire 49% of NTS Group, a company specializing in the repair, maintenance and manufacture of stainless steel machined components, based in Dubai (UAE) and facilities in Saudi Arabia, Dubai and Norway. Considering the clauses set out in the shareholder agreement signed with the other partner, the Directors considered that they had control of the company. On April 25, 2019, the operation was closed, with the Group starting to direct the financial and economic policies of the NTS Group, at which point the NTS Group is included in the consolidation perimeter.

In the acquisition contract there was an option granted in favour of the minority partner, whereo, as from 1 January 2021, that partner could sell to Tubacex (having the obligation to purchase) his participation in this Group, in the event that certain agreements expressed in that contract had not been fulfilled. The Directors estimated the value of this option at EUR 18 million, with the Group recording a liability for this amount from Net Equity – Hedges. In December, the Group reached a new agreement with that partner by amending the option granted. According to the amendment, the minority partner had the possibility of requiring the Group to purchase its shareholding (at a value that would be calculated by an independent valuation), or, tubacex may refuse to purchase the stake. In this case, the minority partner would have the option to acquire the shares owned by the Tubacex Group, or organize a process of selling the entire company to a third party. In either of the latter two circumstances, the minority partner would be entitled to receive the lowest between the fair value calculated by an independent valuation by the percentage of its shareholding, and the selling price obtained on the market for all shares. Consequently, since there was no obligation to deliver cash by Tubacex, the initially registered option was cancelled, with payment to Hedges.

The total amount of the acquisition amounted to EUR 22.2 million, of which EUR 17.2 was disbursed at the time of the takeover, with the remainder corresponding to the administrator's estimate of the variable price which depended on the EBITDA reached by the Group in the 2019 and 2020 financial years. During the 2020 financial year, the Group disbursed an amount of EUR 4,112 thousand, having recorded in the consolidated profit and loss account the difference with the estimated amount as of December 31, 2019.

The operation was part of the growth strategy envisaged in the Tubacex Strategic Plan 2018-2022, advancing its strategy of becoming a global supplier of tubular solutions by significantly strengthening its product portfolio for the energy exploration and production sector.

The identifiable assets acquired and the liabilities assumed on the date of the take-in have been as follows:

Nature of balances	Thousands of euros
Total net assets and liabilities	**4,739**
Non-current asset (fixed assets) (Note 8)	13,003
Current asset	15,537
Non-current liabilities	(2,175)
Current liabilities	(8,033)
Hedges (Note 14.9)	(13,593)
Other identifiable assets and liabilities	**53,586**
Customer Relations (Note 7)	41,799
Brand (Note 7)	10,617
Fixed assets (Note 8)	3,643
Deferred tax liabilities (Note 21)	(2,473)
Hedges (Note 14.9)	**(23,119)**
Transferred consideration	**17,213**
Contingent consideration	**5,000**
Badwill	**12,993**

The valuation of acquired net assets was carried out by an independent expert in order to express an independent opinion on the fair value of certain intangible assets identified in accordance with criteria established by the IAS 38 and IFRS 3 international accounting standards. In order to contrast the reasonableness of the negative difference in investments in business units that has arisen in the purchase transaction, the analysis of the nature of the items that make up the balance sheet of the acquired Group was carried out, with the purpose of assessing whether there were elements whose fair value is capable of practicing additional adjustments to those already made prior to the integration of the company at the perimeter.

The negative difference in investments in business units in the transaction, the value of which amounts to a total of EUR 8,696 thousand, it is primarily identified with the characteristics of the acquired business, as a world leader in the manufacture and rental of high-tech land and marine oil and gas drilling rigs and well bottom tools for drilling operations, and that allows NTS to consolidate itself as a market leader in the Middle East (UAE/GCC) and second globally by offering drilling modules and repair and maintenance services.

The amount of regular revenue recognized in the consolidated annual accounts as of 31 December 2019, from the date of the takeover, corresponding to the acquired group amounted to EUR 23,581 thousand, the result being before tax contributed of 5,326 thousand euros. If the Group had been consolidated since 1 January 2019, revenue and the profit before tax would have been increased by approximately EUR 5,240 and EUR 2,339 thousand and respectively.

Hedges was recorded at fair value in the allocation of the price paid.

Consolidation methods

a) Subsidiaries

"Subsidiaries" are defined as companies over which TUBACEX exercises control.

Control exists where the Group has:

- power over the investee;
- exposure, or rights, to variable returns from involvement with the investee; and
- the ability to use power over the investee to affect the amount of the investor's returns.

The Group will assess whether it controls a share involved where the facts and circumstances indicate changes to one or more of the three control elements listed above.

Where the Group has less than the majority of the voting rights of a participating party, it has power over the participated party where the voting rights are sufficient to give it the feasible capacity to direct the relevant activities of the participated one unilaterally. The Group considers all the facts and circumstances to assess whether the Company's voting rights in a shareee are sufficient to grant it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The consolidation of a dependent begins when the Group acquires control of the dependent and ceases when the Group loses control of the dependent.

The result of the period and each component of other comprehensive result will be attributable to the controller's owners and non-controlling holdings. The Group will also attribute the total comprehensive result to the controller's owners and non-controlling interests even if the results of the non-controlling interests result in a debtor balance.

Where necessary, homogenization adjustments will be made to the financial statements of the subsidiaries to ensure compliance with the Group's accounting policies.

All assets and liabilities, equity, income, expenses and cash flows related to transactions between The Group entities are eliminated in their entirety in the consolidation process.

b) Associates and joint agreements

An associate is an entity on which the Group has a significant influence. Significant influence is the power to intervene in the financial policy and operating decisions of the participating party, without having control or joint control of it.

A joint venture (unlike a joint venture described in subparagraph (c) of this Note) is an agreement where by which parties who have joint control over the company have rights to the company's net assets on the basis of that agreement. Joint control is the sharing of contractually decided and formalized control in an agreement, which exists only when decisions on relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of partner entities and joint businesses are recorded in these Annual Accounts Consolidated by the method of participation. Depending on the method of participation, an investment in an associate or joint venture will initially be recorded at cost and the amount in books will be increased or decreased to recognize the investor's share in the result of the period of the share, after the date of acquisition. If the Group's share of the losses of an associate or joint venture equals or exceeds its participation in them, the Group will no longer recognize its share of the additional losses. Additional losses shall be recognized only to the extent that the Group has incurred legal or implied obligations, or made payments on behalf of the Associate or Joint Business.

An investment in an associate or joint venture is recorded using the participation method from the date the entity becomes an associate or joint venture.

The losses and gains resulting from the Company's operations with the associate or joint venture are recognized in the Group's Consolidated Financial Statements based on the percentage of participation in the partner entity or joint venture that is not related to the Group.

c) *Joint operations and unicorporated temporary joint ventures (UTEs)*

A joint venture is a joint agreement where by which parties who have joint control of the agreement are entitled to assets and obligations with respect to liabilities, related to the agreement. Joint control is the sharing of contractually decided control, which exists only when decisions on relevant activities require the unanimous consent of the parties sharing control.

Where a Group company carries out its activities in the framework of joint operations, the Group as a joint operator shall recognise in relation to its participation in a joint venture:

- assets, including their share of jointly held assets;
- liabilities, including their share of jointly incurred liabilities;
- participation in the proceeds of ordinary activities from the sale of the product carrying out the joint operation; And
- expenses, including your share of joint expenses.

Where a Group company carries out a transaction with a joint venture in which it is a joint trader, such as a purchase of assets, the Group shall not recognize its share of profits and losses until it resells those assets to a third party. As of December 31, 2020, the Tubacex Group has no such operations and unions (it did not have operations and unions of this type (it did not have them as of December 31, 2019).

Business combinations

The Group is considered to be conducting a investments in business units when acquired assets and liabilities assumed constitute a business. The Group registers each investments in business units using the acquisition method, which involves identifying the acquirer, determining the date of acquisition, which is the date on which control is obtained, as well as the acquisition cost, recognizing and measuring the identifiable assets acquired, the liabilities assumed and any minority stakes and, finally, where appropriate, recognizing and measuring the Goodwill or the Badwill Dispute.

The costs incurred in the acquisition are recognized as expenses for the year in which they accrue, so they are not considered higher cost of the combination.

The identifiable assets acquired and the liabilities assumed are measured at fair value at the date of acquisition, and the minority shareholding is valued in each transaction either by the proportional share of that shareholding in the net assets acquired or at fair value.

In the case of step acquisitions, the acquirer revaluates on the date of taking control his share prior to fair value, registering the corresponding capital gains or losses in the profit account.

In addition, transactions between the parent company and hedges (post-controlling operations in which the parent entity acquires more stakes in Hedges or alienating holdings without losing control) are counted as transactions with equity instruments.

The Group recognizes a Goodwill on the date of acquisition because of the positive difference between:

- the sum of (i) the consideration transferred measured at fair value at the date of acquisition, (ii) the amount of the minority shareholding, and (iii) if it is a combination of business conducted in stages, the fair value on the date of acquisition of the shareholding previously held by the Group, and

- the net value of the identifiable assets acquired and the liabilities assumed.

In the event that this dispute is negative, the Group will re-analyze all values in order to determine whether there is actually a purchase made in very advantageous terms, in which case that difference will be carried out under the heading "Badwill" of the accompanying consolidated income statement.

Translation of financial statements denominated in foreign currency

The financial statements in foreign currency have been converted to euros according to the closing exchange rate method, which consists of converting all goods, rights and obligations to euros using the exchange rate in force on the closing date and the items in the profit and loss account at the average exchange rate for the year.

The difference between the amount of the foreign company's shareholders´equity converted at the historical exchange rate (except the balance of the profit and loss account, for the above- mentioned) and the net equity situation resulting from the traslation of goods, duties and obligations at the closing exchange rate as of January 1, 2004 is recorded in the Net Equity of the consolidated balance sheet under the heading " Traslation differences" deducted the share of this dispute of the external partners, which is recorded in the "Net Equity – Hedges " account.

2.7 Correction of errors

Nor any significant errors have been identified in the re-expression of the amounts included in the 2019 consolidated annual accounts.

2.8 Going concern principle of accounting

Taking into account everything indicated in these consolidated annual accounts (Notes 2.4, 5 and 17), the Directors have formulated these consolidated annual accounts under the principle of operating enterprise.

3. Accounting policies

The main valuation rules used by the TUBACEX Group in the preparation of its consolidated annual accounts as of December 31, 2020 and 2019, have been as follows:

3.1 Intangible assets

Goodwill-

The trading fund generated in the consolidation is calculated as explained in Note 2.6.

The trading fund appears in the asset when its value is manifested by virtue of an onerous acquisition, in the context of a investments in business units. The trading fund is allocated to each of the cash-generating units on which the profits of the investments in business units are expected to fall, and is not amortized. Instead, these cash-generating units are subjected, at least annually, to an impairment test in accordance with the methodology set out in Note 3.3, where appropriate, to record the corresponding valuation correction.

Impairment losses related to goodwill are not further reversed.

Greenhouse gas emission allowances-

The allowances are recorded when the rights that give rise to them are born to the Group and are accounted for by their cost value, when they have been acquired from third parties, reduced in the amount of accumulated impairment losses. Rights acquired free of charge, or for a price substantially less than fair value, are recorded at fair value. The difference between that value and, where appropriate, the amount of the consideration provided is recognized by credit to official grants under the heading "deferred income".

The results recognition of the amounts shown under the heading "Other operating income" in the accompanying consolidated profit and loss account is determined on the basis of emissions made in proportion to the total emissions expected for the full period for which they were allocated (Note 23).

Allowances are not depreciated. The Group follows the weighted average price criterion to recognize the low emission allowances.

Other intangible assets-

All other intangible assets (mostly computer applications and developments thereof) acquired by the Group are presented in the consolidated balance sheet for their cost value, reduced in the amount of accumulated depreciation and impairment losses.

The Group has recognized a brand and an agreement with a strategic client of the dependent company IBF SpA at fair value, which were recognized in the context of the investments in business units of the 2016 financial year (Note 7). With regard to the brand, the Directors of the Parent Company have estimated that it is of indefinite useful life by carrying out a deterioration test at the end of each financial year. With regard to the agreement with the customer at the end of each financial year they carry out an assessment of the status of that agreement.

In addition, in the context of the investments in business units carried out in the 2020 and 2019 financial years, the Group has recognized intangible marks and assets that are identified by "customer relations" registered at fair value (Notes 2.6 and 7). The Directors of the Parent Company consider such marks to be intangible assets of indefinite useful life whose impairment will be analyzed at the end of each financial year or at the time when evidence of deterioration is detected. For their part, intangibles associated with "customer relations" are amortized over the life of those assets whose average period has been estimated at 14 years for those recognized in the 2019 financial year, and 10 years for those recognized in 2020.

Research and Development expenditure

The Group follows the criterion of recording in the profit and loss account the research expenses incurred during the financial year. With regard to development costs, these are activated when the following conditions are met:

- They are specifically individualized by projects and their cost can be clearly established.
- There are well-founded reasons to rely on the technical success and economic-commercial profitability of the project.

Assets thus generated are amortized linearly over their lifetime.

Useful life and amortisation-

The amortization of intangible assets with finite useful lives is carried out by distributing the depreciable amount systematically over its estimated useful life between five and ten years, through the application of the linear method.

For this purpose, the acquisition cost or cost allocated less its residual value means a depreciable amount.

The Group reviews the residual value, useful life and depreciation method of intangible assets at the end of each financial year. Changes to the initially established criteria are recognized as a change in estimate.

3.2 Property, plant and equipment

The elements of fixed assets are valued at their acquisition cost modified, where appropriate, by the various legal provisions, which in accordance with IFRS has been considered as part of the cost of those assets, and is subsequently reduced by the corresponding accumulated depreciation and impairment losses, if any.

The cost includes expenses directly attributable to the purchase of the items. The work that the Group carries out for its own fixed assets is recorded at the cumulative cost resulting from adding to external costs internal costs, determined on the functions of materials, the direct labour incurred and the general costs of manufacture, calculated according to absorption rates similar to those applied for the purposes of invetories valuation.

In the 2020 financial year, the activated staff costs amounted to a total of 2,744 thousand euros, mainly corresponding to activations of working hours of the Group's engineers, which have been registered under the heading "In-house work for its asset" (4,899 thousand euros as of December 31, 2019). From these jobs, an amount of 2,359 thousand euros has been registered under the heading "Intangible assets" (EUR 3,895 thousand as of December 31, 2019) (Note 7), and an amount of 385 thousand euros has been under the heading "Material assets" (1,004 thousand euros as of December 31, 2019) (Note 8).

The costs of preserving and maintaining the different elements that make up the fixed material are attributable to the consolidated profit and loss account for the year in which they are incurred. On the contrary, the amounts invested in improvements that contribute to increasing capacity or efficiency or extending the shelf life of such goods are capitalized as higher costs.

The depreciation of the material assets is carried out by distributing their depreciable amount systematically over their useful life. For this purpose, the acquisition cost or cost allocated less its residual value means a depreciable amount. The Group determines the depreciation expense independently for each component of a material asset element that has a significant cost relative to the total cost of the item.

The depreciation of the elements of the fixed material is determined by applying a linear criterion during the following useful lives:

	Years of estimated lifespan
Buildings	25 – 48
Plant and machinery	5 – 20
Other fixtures, tools, furniture and other items of property, plant and equipment	5 – 10

TUBACEX Group Directors periodically review the residual value and useful life of the various material assets. Changes to the initially set parameters are recognized as an estimate change. During the 2020 and 2019 financial years, the Group has not reestimated the useful life of its assets.

In general, for those fixed assets that need a period of time of more than one year to be able to use, capitalized costs include financial costs that have accrued prior to the performance of the good and that have been rotated by the supplier or correspond to loans of foreign financing, specific or generic, directly attributable to the acquisition or manufacture of the same. The Group has not capitalized on financial costs in the assets underway during the 2020 financial year (EUR 191 thousand was capitalized in 2019).

The Group assesses and determines the losses and reversals of impairment losses on the fixed property in accordance with the criteria mentioned in Note 3.3.

Works of art-

The Group records in this account the works of art owned by it, which are valued at a cost less, where appropriate, the corresponding value corrections arising as a result of the periodic valuation of an independent expert. During the 2020 financial year, an appraisal has been carried out by an independent expert, supporting the correct assessment of works of art.

Works of art are not amortized, as they are understood to be of unlimited life and do not suffer depreciation over time. This characteristic of assets is provided only for fixed assets on the basis of applicable regulations.

3.3 Impairment of asset

At the closing date, the TUBACEX Group analyses the value of its non-current assets to determine whether there is any indication that those assets had suffered a impairment loss. In the event of any evidence, an estimate of the recoverable amount of that asset is made to determine the amount of the reorfidation if it is ultimately necessary.

The recoverable amount is the largest between the market value reduced by the cost of its sale and the value in use, understanding the current value of the estimated future cash flows.

In the event that the recoverable amount is less than the net book value of the asset, the corresponding impairment loss would be recorded under the heading "Impairment and result by disposal of assets" of the attached consolidated profit and loss account and payment under the heading "Material assets" or "Intangible assets", in each case, of the accompanying consolidated balance sheet.

Impairment losses recognized in an asset in previous years are reversed when there is a change in estimates of its recoverable amount, increasing the value of the asset with the limit of the book value that the asset would have had had if the reororsure had not been carried out, except in the case of the consolidation of the goodwill, which is not reversible.

3.4 Leases

The Group evaluates leases and recognizes an asset by right of use and a corresponding lease liability with respect to all lease agreements in which the tenant is, except for short-term leases (defined as leases with a lease term of 12 months or less) and low-value leases as defined in the standard are those leases of less than $5,000.

Right-of-use assets are initially recognized for their calculated cost as lease payments to be made discounted at a rate that reflects incremental interest in the lease, plus upfront direct costs and dismantling/rehabilitation costs to be considered. Subsequently, the right of use is valued at its cost minus its corresponding accumulated depreciation and impairment losses that they have experienced, as appropriate.

Depreciation is calculated by applying the linear method on the cost of the asset per right of use. Annual charges for the depreciation of the right of use are made in return on the consolidated profit and loss account based on the years of the estimated useful life, determined according to the type of leased asset (Note 3.2).

As for the recognition of lease liabilities, it is initially recorded as the updated value of unpaid lease payments to date. Such payments are deducted using an incremental interest rate on the lease. Subsequently, the financial liability is updated by increasing its book value based on the financial costs recorded under the heading "Financial Expenses" of the consolidated profit and loss account, and reducing the amount based on the lease payments made.

3.5 Financial instruments

Financial investments

The financial assets held by the Group are classified, based on the characteristics of the contractual cash flows of the financial asset and the entity's business model for managing its financial assets, into the following categories:

a) Assets at amortized cost: these are those assets maintained in order to collect contractual cash flows and, according to the terms of the contract, cash flows are received on specific dates that constitute exclusively payments of the principal plus interest on that principal.

   In this same category are integrated "Customers and other receivables", which are valued at the time of recognition in the balance sheet at their market value being subsequently valued at amortized cost using the effective interest rate. Corrections are recorded for the difference between the amount to be recovered from the receivables and the book value for which they are registered as indicated in the previous paragraph. The Group provides a impairment provision of these accounts in accordance with expected losses (Note 12).

b) Financial assets at fair value with changes in other comprehensive income: they are financial assets whose objective is both the obtaining of contractual cash flows and their sale and, according to the terms of the contract, cash flows are received on specific dates that constitute exclusively payments of the principal plus interest on that principal. Interest, impairment, and exchange differences are recorded in results as in the amortized cost model. All other fair value variations are recorded in equity items and may be recycled at profit and loss on sale.

   However, in the case of equity instruments, provided that they are not maintained for trading purposes, they may be designated to be valued in this category, not subsequently being in the sale of the instrument, reclassified to the income report the amounts recognized in equity, and bringing only the dividends to results.

c) Fair value financial assets with changes in profit and loss: All other financial assets not mentioned in the above categories are included in this category. Transaction costs that are directly attributable to subsequently rated at amortized cost using the effective interest rate are recorded at the time of recognition in the consolidated balance sheet at fair value of the delivered consideration.

   Corrections are recorded for the difference between the amount to be recovered from the receivables and the book value for which they are registered as indicated in the previous paragraph.

The Group provides a provision in coverage of irregular debts for late payment, default, insolvency or other causes, following an individualized study on the collection of debts. During 2020, the movement of the existing provision for impairment of the receivables has been a charge of 987 thousand euros, a reversal of 111 thousand euros and an application of 1,510 thousand euros (charge of 978 thousand euros and reversal of 1,837 thousand euros as of December 31, 2019) (Notes 12 and 23).

The Group despondens financial assets when the rights to cash flows of the corresponding financial asset expire or have been transferred and substantially transferred the risks and benefits inherent in its ownership, such as in firm asset sales, commercial credit assignments in "factoring" operations in which the company does not retain any credit or interest risk , sales of financial assets with a repurchase agreement at fair value or securitisations of financial assets in which the transferor company does not retain subordinated financing or grant any kind of collateral or assume any other type of risk.

As of December 31, 2020, the Group has written-down from the consolidated balance sheet accounts receivable for an overall amount of 38,551 thousand euros (89,769 thousand euros as of December 31, 2019). As of December 31, 2020, the Group has EUR 64,540 thousand unused in those contracts (EUR 37,662 thousand as of December 31, 2019).

On the contrary, the Group does not write down financial assets, and recognizes a financial liability equal to the consideration received, in assignments of financial assets in which the risks and profits inherent in its ownership are substantially retained, such as the discount of effects, "factoring with recourse", sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest and securitisations financial assets in which the transferor holds subordinated financing or other collateral that substantially absorb all expected losses. As of December 31, 2020 and 2019, the Group has assigned assets in which it substantially retains the risks and profits inherent in its ownership amounting to EUR 3,450 thousand and EUR 12,590 thousand respectively (Note 17). As of December 31, 2020, the amount of receivables that may have been factored was not significant and was not significant as of December 31, 2019.

Tubacex Group Directors determine the most appropriate classification for each asset at the time of acquisition.

Cash and cash equivalents

Cash and cash equivalents include cash, on-sight bank deposits in banks, other high-liquidity short-term investments with an original maturity close in time, and which are subject to a non-relevant risk of value changes. For this purpose, investments with maturities of less than three months from the date of acquisition are included.

Trade and other payables

Accounts payable are initially valued at their market value and subsequently rated at amortized cost using the effective interest rate.

Bank borrowings and other current financial liabilities

Bank borrowings and other current financial liabilities are initially recorded for the cash received, net of the costs incurred in the transaction, i.e. equivalent to the subsequent application of the amortized cost method using the effective interest rate. Financial costs are posted according to the accrual criterion to the consolidated income statement using the effective interest method and added to the instrument's posted amount to the extent that they are not settled in the period in which they occur (Note 17).

Derivative financial instruments

The Group uses derivative financial instruments to cover the risks to which its future activities, operations and cash flows are exposed. Fundamentally, these risks are changes in exchange rates and interest rates.

In order for these financial instruments to be classified as accounting coverage, they must initially be designated as such documenting the hedging relationship. It should be checked initially and periodically throughout your life that the coverage ratio is effective.

The fair values of certain derivative instruments used for hedging purposes are broken down in Note 10. The entire fair value of a hedging derivative is classified as a non-current asset or liability if the maturity of the remaining hedged item exceeds 12 months, and as a current asset or liability if the maturity of the remaining hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities based on maturity.

The Group conducts cash flow hedges.

At the beginning of the hedge, the Group formally designates and documents the coverage relationships, as well as the objective and strategy it assumes with respect to them. The accounting of hedging operations applies only when hedging is expected to be highly effective at the start of hedging and in the following years to offset changes in fair value or cash flows attributable to covered risk, during the period for which it has been designated (prospective analysis) and actual effectiveness , which can be determined with reliability (retrospective analysis).

In addition, in the cash flow hedges of the planned transactions, the Group assesses whether such transactions are highly likely and whether they exhibit changes in cash flows that could at last affect the outcome of the financial year.

The Group designates only highly likely assets, liabilities and planned transactions involving a party outside the Group as covered items.

The Group transiently recognizes as net worth income and expenses the losses or gains from the fair value valuation of the hedging instrument corresponding to the party identified as effective hedging. The part of the hedging deemed ineffective, as well as the specific component of the loss or gain or cash flows related to the hedging instrument, excluded from the valuation of the effectiveness of the hedging, are recognized by charge or credit to expense accounts or financial income from the consolidated income statement.

At the time of discontinuation of hedging, the loss or gain accumulated at that date under the heading "Adjustments for change of value – Hedging operations" remains under that heading until the hedged transaction is carried out, at which point the profit or loss of such operation will be adjusted. At the time the covered transaction is not expected to occur, the loss or gain recognized in that heading shall be attributatable to the consolidated income statement.

3.6 Treasury shares

Tubacex Group's treasury shares in portfolio at the end of 2020 and 2019 are recorded at its acquisition cost and are recorded under the heading "Net Equity – Shareholders´equity " of the consolidated balance sheet, amounting to EUR 13,530 and EUR 8,502 thousand, respectively (Note 14.5).

3.7 Inventories

Inventories are valued at the lowest amount between their cost, which incorporates all the costs arising from their acquisition and transformation and the direct and indirect costs incurred to give them their current condition and location, and their "net achievable value" understanding by the latter concept the estimated price of their disposal in the ordinary course of business , minus the estimated costs to finish production and those required to carry out its sale.

The criterion applied by the Group in determining the cost used for each inventories type is as follows:

a. Commercial inventories: At the acquisition price determined according to the weighted average cost method.

b. Raw materials and goods maintained for processing: At weighted average cost.

c. Products in progress and finished: At weighted average cost of consumption of raw materials and other materials, incorporating costs directly related to the units produced and a systematically calculated part of the indirect, variable or fixed costs incurred during the processing process.

In inventories valuation, the costs linked to subactivity have not been activated.

The cost value of the inventories is adjusted in cases where its cost exceeds its net achievable value. For this purpose, achievable net worth means:

- Raw materials and goods maintained for processing: their replacement price. Notwithstanding the foregoing, the Group makes no adjustment in cases where finished products to which raw materials and other supply are incorporated are expected to be bound by a value equivalent to or higher than their cost of production;

- Commercial inventories and finished products: their estimated selling price, minus the costs required for sale;

- Products in progress: The estimated sales price of the corresponding finished products, minus the estimated costs to finish their production and those related to their sale.

Corrections to inventories valuation and reversal are recognized in the consolidated profit and loss account for the year under the headings "Variation of inventories of finished and in-progress products" and "Procurement".

3.8 Foreign currency transactions and other obligations

Foreign exchange assets and liabilities of consolidated foreign companies have been converted to euros as explained in Note 2.6. The remaining non-monetary foreign exchange assets and liabilities have been valued at the exchange rate in force at the end of each financial year, with positive and negative exchange rate differences being imposed on results between the posted exchange rate and the closing exchange rate. Transactions carried out in foreign currency in which the TUBACEX Group has decided to mitigate exchange rate risk by contracting financial derivatives are recorded in accordance with the principles described in Note 3.5.

3.9 Current/Non-current classification

In the accompanying consolidated balance sheet, debts are classified according to maturities at year-end. Short-term debts are those with maturities of less than twelve months and long-term debts that exceed that period.

3.10 Government grants

The Group companies recognise government grants received as follows:

1) Non-reimbursable grants, grants and capital legacies: They are valued at the fair value of the amount or the good granted, depending on whether they are monetary in nature or not, and are attributable to results in proportion to the depreciation made in the period for the subsidized elements or, where appropriate, when their disposal or valuation correction for impairment occurs.

2) Repayable grants: While they are repayable, they are counted as liabilities.

3) Operating grants: Results are paid at the time they are granted except if they are intended to finance operating deficits for future years, in which case they will be allocated in those financial years. If granted to finance specific expenses, the allocation will be made as the expenses financed are accrued.

Moreover, grants, donations and legacies received from partners or owners do not constitute income, and must be registered directly in the shareholders´equity, regardless of the type of subsidy concerned, provided that it is not repayable.

3.11 Employee benefit obligations

Pension obligations

The Group has made certain commitments to its staff that meet the conditions for classification as defined benefit plans. Some of these commitments were covered in previous years by subscribing to a single premium insurance policy. As of 31 December 2020, the amount of these commitments amounted to EUR 5,390 thousand (EUR 6,844 thousand as of December 31, 2019), registered under the heading "Non-current liabilities - Employee benefits" of the accompanying consolidated balance sheet (Note 20).

Other long-term employee benefits

The General Shareholders' Meeting of the Parent Company held in May 2019 approved an incentive plan (in addition to the share-based payment plans described in Notes 3.12 and 14.6), in the long term for senior management members, that are part of the Tubacex Group's Senior Management, which depends on the achievement of the value generated in the company , measured by certain variables such as EBITDA, net debt and distribution of dividends.

In addition, in accordance with the commitments made by certain dependent companies with their employees, the Group must make seniority awards benefits at the time of retirement and other benefits agreed with employees whose disbursement takes place within a period of more than twelve months from the end of the financial year in which they have accrued.

The Group has recorded under the heading "Other accounts payable" of the non-current liability consolidated as of December 31, 2020 the liabilities derived from these commitments, amounting to EUR 1,873 thousand (EUR 1,965 thousand as of December 31, 2019) (Notes 20 and 24).

3.12 Share-based payments

The Group recognizes, on the one hand, the goods and services received as an asset or as an expense, taking into account its nature, at the time of obtaining it and, on the other hand, the corresponding increase in equity, if the transaction is settled with equity instruments, or the corresponding liability if the transaction is settled with an amount that is based on the value of the equity instruments.

In the case of transactions settled with equity instruments, both the services provided and the increase in equity are valued at the fair value of the equity instruments transferred, referring to the date of the concession agreement. If, on the other hand, the goods and services received and the corresponding liability are recognized at the fair value of the latter, referring to the date on which the conditions for recognition are met.

In the case of payments on shares settled through the delivery of equity instruments, fair value is charged linearly over the accrual period under the heading "Staff expenses" of the consolidated profit and loss account and is paid under the heading "Other equity instruments" in the consolidated balance sheet (Note 14.6) , based on the Group's estimate of the actions that will eventually be delivered.

Fair value is determined based on market prices available at the valuation date, taking into account their characteristics. If no market prices are available, generally accepted valuation techniques are used for valuation of financial instruments of these characteristics (Note 14.6).

3.13 Termination benefits

In accordance with current legislation, the Group is obliged to pay compensation to those employees with whom, under certain conditions, they terminate their employment relationships. Therefore, redundancy payments eligible for reasonable quantification are recorded as expenditure in the year in which the dismissal decision is taken.

3.14 Income Tax

On December 26, 2013, the communication took place to the Foral Treasury of Alava accrediting the intention that the Parent Company and certain dependent companies, based in the Basque Country and subject to the foral regulations of corporation tax, to tax from the year started on January 1, 2014 received under the Special Tax Consolidation Regime , regulated in Foral Standard 37.2013 of 13 December, of the Provincial Council of Alava of Corporation Tax, being Tubacex, S.A. the parent company of the Tax Group, and forming part of the consolidation perimeter Tubacex Servicios de Gestión S.L. since 2018 and Tubacex Advance Solutions S.L.U., Tubacex Services Solutions Holding S.L.U. and Tubacex Upstream Technologies S.A. since 2016.

Companies released under this special scheme apply the criteria laid down by the ICAC Resolution of 9 October 1997 with a view to recording the accounting effects of fiscal consolidation (Note 21).

The other companies under the Group are taxed individually by corporation tax on the basis of the different tax regimes applicable according to the different social domiciles.

Spanish corporation tax expenditure and similar taxes applicable to consolidated foreign entities are recognized in the consolidated income statement, except where they are the result of a transaction whose results are recorded directly in equity, in which case the corresponding tax is also recorded in equity.

Profit tax expenditure for the year is calculated by the sum of the current tax resulting from the application of the tax rate on the taxable basis for the financial year, after applying taxable deductions, plus the variation in anticipated and deferred tax assets and liabilities and tax credits, both on negative taxable basis and by deductions.

Deferred tax assets and liabilities include temporary differences that are identified as those amounts payable or recoverable by differences between the amounts in the assets and liabilities in the consolidated financial statements and their tax value, as well as the negative tax bases pending compensation and tax deduction credits, not taxed. These amounts are recorded by applying to the time difference or credit corresponding to the type of levy to which they are expected to be recovered or settled.

Deferred tax liabilities are recognized for all taxable temporary differences except, in general, if the temporary difference is derived from the initial recognition of a trading fund. For their part, deferred tax assets, identified with negative tax bases, outstanding deductions and temporary differences are recognized only if consolidated entities are deemed likely to have sufficient tax gains in the future against which to be able to make them effective.

According to IFRS, deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.15 Provisions and contingencies

The Directors of the TUBACEX Group in the formulation of the consolidated annual accounts differentiate between:

a) Provisions: creditor balances that cover current obligations arising from past events, the cancellation of which is likely to result in an outing of resources, but which are undetermined in terms of their amount and/or time of cancellation.

b) Contingent liabilities: possible obligations arising as a result of events, the future realization of which is conditioned on w.a. or not, occurring, one or more future events independent of the Will of the Group.

Consolidated annual accounts contain all provisions for which it is estimated that the likelihood that the obligation will have to be addressed is greater than otherwise. Contingent liabilities are not recognized in the consolidated annual accounts, but are reported in the consolidated report notes, to the extent that they are not considered remote.

The compensation to be received from a third party at the time of settlement of the obligation, provided that there are no doubts that such reimbursement will be received, is recorded as active, except in the event that there is a legal link through which some of the risk has been externalized, and under which the Group is not obliged to respond; in this situation, compensation shall be taken into account in order to estimate the amount for which, where appropriate, the corresponding provision shall be included.

Provision for emission allowances-

The costs related to the emission of greenhouse gases are systematically endowed with payment to the emission allowance provision, which is cancelled at the time of the delivery of the corresponding rights granted by the Public Administrations free of charge and those acquired on the market.

The provision is determined considering that the obligation will be cancelled:

- First, through the allowances transferred to the company's credit account in the National Register of Allowances, through a National Allocation Plan. The expense corresponding to this part of the obligation is determined by the book value of the issue allowances transferred.

- Then, through the remaining allowances registered. The expenditure corresponding to this part of the obligation is determined, in accordance with the method of the average price or weighted average cost of those allowances.

- Since the Group's allowances are sufficient, no additional provision has had to be recorded because of the need to acquire additional rights.

3.16 Revenue recognition

Proceeds from sales and provision of services are recognized by the market value of the goods or rights received in consideration for the goods and services provided, as appropriate, in the course of the normal operation of the Group's companies' business, net of discounts and applicable taxes.

Sale of goods

Sales are recognized when all significant risks and benefits arising from the ownership of the goods have been transferred, effective control over the goods is not retained, the amount of revenue can be measured with reliability, revenue is likely to be received, and costs incurred, or incurred, in connection with the transaction can be measured with reliability.

Interest and dividends

Interest received from financial assets is recognized using the effective interest rate method and dividends, when the shareholder's right to receive them is declared. In any case, interest and dividends on financial assets accrued after the time of acquisition are recognized as income in the consolidated profit and loss account.

3.17 Environmental matters

The Group recognises environmental investments at acquisition or production cost, net of the related accumulated depreciation, and classifies them by nature in the appropriate non-current asset accounts (see Notes 8 and 28).

Expenses incurred in order to comply with the applicable environmental legislation are classified by nature under “Other Operating Expenses” in the accompanying consolidated statement of profit or loss (see Note 28).

Expenses arising from greenhouse gas emissions (Law 1/2005, of 9 March) are recognised at their fair value or at the cost of the rights allocated or acquired with a credit to the related provision account when these gases are emitted during the production process.

3.18 Consolidated statements of cash flows

The following terms are used in the consolidated statement of cash flows, which was prepared using the indirect method, with the meanings specified:

- Cash flows. In and out of cash and its equivalents, understanding by them the short-term investments of high liquidity and without significant risk of alterations in their value.

- Exploitation activities. Typical activities of the entities that form TUBACEX Group, as well as other activities that cannot be classified as investment or financing.

- Investment activities. Those of acquisition, disposal or disposal by other means of long-term assets and other investments not included in the cash and its equivalents.

- Financing activities. Activities that produce changes in the size and composition of equity and liabilities that are not part of operating activities.

The Group classifies cash flows corresponding to interest received as investment activities and those paid as financing activities. Satisfied dividends are classified as financing activities.

3.19 Earning per share

The basic earnings per share are calculated as the ratio between the net profit of the period attributable to TUBACEX and the weighted average number of ordinary shares outstanding during that period, not including the average number of TUBACEX shares in the portfolio.

For its part, diluted earnings per share are calculated as the ratio between the net income of the period attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average of ordinary shares that would be issued if all potential ordinary shares were converted into ordinary shares of the company.

3.20 Related party transactions

In all the transactions the Group performs with related parties, it fixes transfer prices in line with the OECD guidelines governing transactions with Group companies and associates. Therefore, the Parent’s directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future that have not already been recognised.

4. Allocation of the loss of the Parent

The proposal for the distribution of the result of the financial year formulated by the Directors of the Parent Company and to be submitted for approval by the General Shareholders' Meeting is as follows (in thousands of euros):

	Exercise 2020
To Negative results from previous years	(9,895,733)
Total	**(9,895,733)**

The Directors of the Parent Company at their meeting on 30 April 2020 took the decision to replace the corresponding result implementation proposal for the initially agreed 2019 financial year (which was to allocate the result of the year to dividends in the amount of EUR 6 million, and the remainder to negative results from previous years) with the following :

	Exercise 2019
To Negative results from previous years	6,674,717
Total	**6,674,717**

5. Financial risk management policy and other

The activities carried out by the TUBACEX Group are exposed to various financial risks: market risk (including exchange rate risk and price risk), credit risk, liquidity risk and interest rate risk of cash flows.

The management carried out within the TUBACEX Group focuses on financial market uncertainty and seeks to minimize potential adverse effects on the Group's financial profitability. The Group uses derivatives to cover certain risks.

Risk management is controlled by the Group's Financial Department in accordance with policies approved by the Board of Directors. This department identifies, evaluates and covers financial risks in close collaboration with the Group's administrative-financial and purchasing departments. The Board of Directors sets policies for the management of global risk, as well as for specific matters such as exchange rate risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives and investment of excess liquidity.

5.1 Market risk

a.1) Foreign currecy risk-

The Group operates internationally and is therefore exposed to exchange rate risk for foreign exchange transactions, especially in US dollars and rupees. Exchange rate risk arises from future commercial transactions of commodity purchase and sale of foreign exchange products, recognized assets and liabilities, and net investments in overseas businesses.

As of December 31, 2020, if the euro had depreciated by 10% over the US dollar, keeping all other variables constant, the consolidated after-tax profit would have been lower by 4,868 thousand euros (down from 4,404 thousand euros in 2019) regardless of the effect of hedging policy.

In order to control the exchange rate risk arising from future commercial transactions for the purchase of raw materials and the sale of recognized products and assets and liabilities, the Group's companies use forward foreign exchange buying and selling contracts as appropriate, negotiated with financial institutions. Exchange rate risk arises when future trading transactions, recognized assets and liabilities are denominated in a currency other than the functional currency. The Group's Financial Department is responsible for managing the net position in each foreign currency using foreign currency forward external contracts. Note 10 shows the details of existing foreign exchange purchase and sale contracts as of December 31, 2020 and 2019.

For the purpose of submitting financial information, the Group Management designates external exchange rate contracts as exchange rate risk hedges for certain assets, liabilities or future transactions.

The Group has several investments in overseas businesses, whose net assets are exposed to the risk of foreign currency translation, mainly in US dollars and Indian rupees. As of December 31, 2020, net assets held in dollars amount to EUR 125,977 thousand, while net assets held in rupees amount to EUR 38,227 thousand (Note 2.3).

a.2) Commodity price risk-

Within the strategic plan, the Directors set as a key objective the reduce the impact of volatility of commodity prices on the consolidated income statement, having from the Group Management an exhaustive control of the positions of movement according to the time milestones of the production process and billing in order to minimize the aforementioned effect.

In cases where sales orders are traded at a variable price, the risk of commodity prices is significantly offset by the implicit hedging mechanism involved in the application of the alloy surcharge that the Group impacts its customers on the sale price, in these cases achieving highly effective natural coverage.

In the case of sales orders negotiated at a fixed price, the Group uses future commodity price contracts whose expected maturity correlates with the scheduling of the start of production of each order in order to ensure that the margins set at the time of the contracting of the sale are obtained.

In addition, for the inventories of one of the companies in the group, it uses commodity future contracts.

As of December 31, 2020, if the price of nickel had increased or decreased by 10%, consolidated purchases would have increased or decreased by approximately EUR 1,873 thousand (EUR 5,359 thousand, approximately 2019), being mitigated by the effect of the alloy surcharge on the sale price.

Similarly, if commodity prices as a whole had increased or decreased by 10%, consolidated purchases would have increased or decreased by approximately EUR 5,573 thousand (EUR 11,246 thousand, approximately 2019).

On the other hand, the quote price of oil implicitly influences the consolidated income statement, and its quantification is not possible. The reason lies in the correlation between the price of crude oil and the reduction of orders from the Oil & Gas market, which the Group supplies with its high value-added products. The strategic plan pursues objectives such as growing the value chain, increasing product diversification, as well as seeking the geographical diversification of the Tubacex Group seeking to mitigate exposure to the price of this raw material and the specific macroeconomic situations of the different markets.

a.3) Held-for-sale financial assets-

Market risk is mainly derived from investments held in investment funds classified as Fair Value with changes in other comprehensive income. The main objective of the Group's investment policy is to maximize the return on investments, keeping risks under control.

a.4) Investments in works of art-

In addition, the Group is exposed to market risks by investments in works of art and recorded in the Material Immobilization (Note 8). It is the Group's policy to request periodic valuations from independent third parties in order to identify potential latent disabilities, having carried out an appraisal in the 2020 financial year and showing the correct valuation of those assets.

5.2 Credit risk

The Group has no significant concentrations of credit risk. In addition, to cover the credit risks of sales, the Group follows a prudent coverage policy, mainly with credit insurance companies in the event that they do not target high-solvency customers.

Derivatives transactions and spot transactions are only formalized with high credit rating financial institutions. The Group has policies to limit the amount of risk with any financial institution.

As of 31 December 2020, exposure to this risk of the Group's assets is mainly limited to the appropriations under the heading trade receivables for sales and services, the aggregate amount of which amounts to EUR 62,332 thousand (EUR 94,558 thousand in 2019). Some of these appropriations amounting to EUR 4,928 thousand (EUR 5,562 thousand in 2019) are decayed accountingly (Note 12). As of December 31, 2020, the amount of appropriations committed under these expired headings amounts to APPROXIMATEly EUR 14,618 thousand (approximately EUR 31,133 thousand in 2019). Most of these appropriations have been due for less than two months and the Group considers that they are not of dubious recoverability, taking into account that normal business operations, sometimes, and for reasons other than the risk of insolvency, cause delays in collection.

5.3 Liquidity risk

The Group carries out prudent liquidity risk management, based on loans with broad maturities and good financial conditions, lines of credit with broad limits, part of them unwilling, that allow credit to be available in the short term, factoring lines that help anticipate customer collections, confirming lines that facilitate the management of payments to suppliers and through a heterogeneity of financing obtained by obtaining financial creditors between financial institutions, public administration granting CDTIs loans, financing of the European Investment Bank, the Spanish Development Financing Company, the Official Credit Institute or seeking financing in the Alternative Fixed Income Market (Note 17 and 18). All these mechanisms help Grupo Tubacex to have a good liquidity position.

The Directors of the Parent Company estimate that there will be no liquidity stresses in the short term (Note 2.8).

With regard to income tax liabilities, their settlement will occur approximately in seven months from 31 December 2020.

For trade and other accounts payable a breakdown by maturities it would be as follows:

	Thousands of Euros	
	2020	2019
Within 3 months	135,375	220,518
Between 3 and 12 months	22,563	26,775
After 12 months	-	17
	157,938	**247,310**

5.3 Cash flow and fair value interest rate risk

The Group's interest rate risk arises from foreign resources in the short and long term. Non-variable rate resources expose the Group to cash flow interest rate risk. Coverage of this type of risk is mainly carried out using IRS coverage (Note 10). Fixed-rate loans expose the Group to fair value interest rate risks.

Loans and other current and non-current paid liabilities as of December 31, 2020 amount to EUR 484,067 thousand (EUR 420,748 thousand in 2019). During the 2020 financial year, the approximate average balance of short-term financing from financial institutions amounted to EUR 88 million (approximately EUR 142 million in 2019). Taking into account the balance provided, an increase or decrease of 5% in market interest rates would have resulted respectively in a decrease or increase in the profit before tax, of 628 thousand euros (584 thousand euros in 2019). In addition, the Group has other current financial liabilities totaling 35,900 thousand euros (28,985 thousand euros in 2019).

As the Group does not have significant paid assets, the income and cash flows of the Group's operating activities are mostly independent of changes in market interest rates.

The fair values of the different categories of the consolidated balance sheet do not differ substantially from their book value as of December 31, 2020 and 2019.

Disclosures on the fair value hierarchy

Fair value is defined as the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date (for example, an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. At the initial time, the fair value of derivatives contracted by the group is equivalent to their transaction price in their main market (retail market).

For financial reporting purposes, fair value measurements are classified at level 1, 2 or 3 according to the degree to which the inputs applied are observable and the importance thereof for the measurement of fair value in its entirety, as described below:

- Level 1 – Inputs are based on quoted (not adjusted) prices for identical instruments traded on active markets.

- Level 2 – Inputs are based on quoted prices for similar instruments in asset markets (not included in level 1), quoted prices for identical or similar instruments in non-active markets, and techniques based on valuation models for which all significant inputs are market observable or can be corroborated by observable market data.

- Level 3 – Inputs are generally not observable and generally reflect estimates of market assumptions for determining the price of the asset or liability. The non-observable data used in valuation models are significant in the fair values of assets and liabilities.

The Group has determined that most of the inputs used for determining the fair value of derivative financial instruments are at Level 2 of the hierarchy, including the data used for the calculation of the self-credit risk adjustment and counterparty. Although the group has made this determination, credit risk adjustments use Level 3 inputs, such as credit estimates based on credit rating or comparable companies to assess the likelihood of bankruptcy of the company or company counterparties.

6. Segment reporting

6.1 Basis of segmentation

The Group is organized internally by operational segments, as described below, which are the strategic units of the business. Strategic business units have different products and services and are managed separately because they require different technologies and market strategies.

Information regarding the Tubacex Group's product portfolio, the markets in which it operates, and the general conditions of sale, can be found on the Group's corporate website.

As of December 31, 2020 and 2019, the Group is composed of the following operating segments, whose main products and services are as follows:

- Stainless segment

- Carbon segment

6.2 Bases and methodology of information reporting

Segment performance is measured on profit before segment taxes. The benefit of the segment is used as a measure of performance because the Group considers that such information is the most relevant in the evaluation of the results of certain segments in relation to other groups operating in such businesses.

Considered the basis for the main segmentation according to international standards (IFRS 8 "Operational Segments"), the TUBACEX Group has considered the two business units mentioned above as operational segments, since it considers that its organizational and management structure, as well as its internal information system for the administrative and executive body are such that the risks and yields are influenced predominantly by the fact that its operations are carried out in one or the other business area, understanding as such the set of related products and services. In short, it identifies by segmentation those identifiable components of the TUBACEX Group characterized by being subjected to risks and yields of a different nature than those corresponding to other operational components that develop their activity in different environments.

In this way, and according to his historical experience, he has determined the existence of the following segments:

- Seamless stainless steel tube
- Carbon steel tube

The following is the information by business segments:

	Thousands of euros					
	Stainless tube segment		Carbon tube segment		Total Consolidated	
	2020	2019	2020	2019	2020	2019
Total segment revenue	460,530	603,342	19,092	22,782	479,622	613,545
Depreciation and amortisation charge and impairment losses	(49,812)	(44,066)	(237)	(226)	(50,049)	(44,292)
Inventory write-downs (Note 11)	(20,172)	2,924	-	-	(20,172)	2,924
Finance income	1,572	1,696	140	84	1,712	1,780
Finance costs	(14,279)	(13,499)	-	-	(14,279)	(13.499)
Share in profits of companies accounted for using the equity method	(1,842)	430	-	-	(1,842)	430
Exchange differences	10,141	12,993	-	-	10,141	12,993
Badwill	(414,054)	(555,338)	(17,437)	(19,622)	(431,491)	(562,381)
Prucurements and Other expenses	**(27,916)**	**8,482**	**1,558**	**3,018**	**(26,358)**	**11,500**
Segment profit (loss) before tax	1,532	3,803	(355)	(629)	1,177	3,174
Income tax expense	**(26,384)**	**12,285**	**1,203**	**2,389**	**(25,181)**	**14,674**
Profit (Loss) for the year	993,934	1,041,870	44,987	41,707	1,038,921	1,083,577
Segment assets	6	6	-	-	6	6
Investments accounted for using the equity method	**993,940**	**1,041,876**	**44,987**	**41,707**	**1,038,927**	**1,083,583**
Total segment assets	17,465	60,004	1,742	212	19,207	60,216
Investments in non-current fixed assets	**732,385**	**705,606**	**8,098**	**42,336**	**740,483**	**747,942**

The business segments are managed globally, as the Group operates worldwide being its main markets Europe, the United States and India (Note 2.6). In Europe the main activities are carried out in Spain, Germany, Austria, France, Italy, Holland and the United Kingdom.

In the presentation of information by geographic segments, ordinary income is based on the geographical location of customers and the segment's assets are based on the geographical location of the assets.

The information based on geographical criteria is as follows:

a) The distribution of sales by geographical area as of December 31, 2020 and 2019 is as follows (in thousands of euros):

Geographic area	2020	%	2019	%
Spain	45,363	10%	43,983	8%
Germany	52,929	11%	78,913	13%
Italy	35,338	7%	58,281	9%
Norway	43,921	9%	39,214	6%
United Kingdom	27,086	6%	36,972	6%
France	20,819	4%	23,909	4%
Holland	16,069	3%	21,892	4%
Russia	7,364	2%	20,804	3%
Austria	13,938	3%	20,400	3%
Rest of Europe	38,780	8%	19,057	3%
United States	50,022	10%	77,718	13%
Other	127,993	27%	172,402	28%
Total sales	**479,622**	**100%**	**613,545**	**100%**

b) The distribution of net investments in non-current assets by geographical area as of December 31, 2020 and 2019 is as follows (in thousands of euros):

Geographic area	2020	%	2019	%
Spain	170,796	34%	190,994	39%
Rest of Europe	126,997	25%	141,918	29%
India	27,552	5%	29,968	6%
United States	84,316	17%	54,548	11%
Thailand	4,508	1%	4,886	1%
Brazil	229	0%	336	0%
Dubai	62,817	12%	61,166	12%
Saudi Arabia	5,945	1%	7,236	1%
Singapore	4,391	1%	-	0%
Canada	7,944	2%	-	0%
Norway	8,896	2%	-	0%
Total non-current assets	**504,391**	**100%**	**491,052**	**100%**

7. Intangible assets

The composition and movement in the accounts under the heading "Intangible Assets" during the 2020 and 2019 financial years have been as follows (in thousands of euros):

	Goodwill	Other intangible assets	Greenhouse gas emission allowances	Total
Cost –				
Cost at 01.01.19	**28,283**	**75,770**	**361**	**104,414**
Additions	-	4,802	464	5,266
Consolidation perimeter entries (Note 2.6)	-	54,742	-	54,742
Disposals	-	(821)	-	(821)
Traslation differences	-	44	-	44
Cost at 31.12.19	**28,283**	**134,537**	**825**	**163,645**
Additions	-	7,753	106	7,859
Consolidation perimeter entries (Note 2.6)	-	21,693	-	21,693
Disposals	-	(2,598)	-	(2,598)
Cost at 31.12.20	**28,283**	**161,385**	**931**	**190,599**
Accumulated Depreciation –				
Accumulated depreciation at 01.01.19	**(527)**	**(33,277)**	-	**(33,804)**
Endowments	(1,373)	(5,162)	-	(6,535)
Consolidation perimeter entries (Note 2.6)	-	(2,326)	-	(2,326)
Disposals	-	101	-	101
Traslation differences	-	(5)	-	(5)
Accumulated depreciation at 31.12.19	**(1,900)**	**(40,669)**	-	**(42,569)**
Endowments	-	(9,159)	-	(9,159)
Disposals	-	175	-	175
Accumulated depreciation at 31.12.20	**(1,900)**	**(49,653)**	**-**	**(51,553)**
Accumulated impairment at 31.12.2019	**(16,275)**	**(2,400)**	**-**	**(18,675)**
Endowments	-	(4,800)	-	(4,800)
Accumulated impairment at 31.12.2020	**(16,275)**	**(7,200)**	**-**	**(23,475)**
Net Intangible Immobilized, 31.12.2019	**10,108**	**91,468**	**825**	**102,401**
Net Intangible Immobilized, 31.12.2020	**10,108**	**104,532**	**931**	**115,571**

The most significant additions to the exercise have corresponded to research and development work on new products or ways of working more efficiently, and computer applications related to information processes, in production plants.

At the end of the 2020 and 2019 financial years, there were no firm commitments to buy intangible assets.

At the end of 2020 and 2019, the Group had fully amortized intangible assets that were still in use, mainly computer applications, amounting to EUR 16,879 and EUR 16,309 thousand, respectively.

7.1 Goodwill

The detail of goodwill is as follows:

2020:

	31.12.2019	31.12.2020
Tubacex Prakash India Pvt Ltd	10,008	10,008
Mis	100	100
Total	**10,108**	**10,108**

2019:

	31.12.2018	Amortization and others	31.12.2019
TSS Austria	1,373	(1,373)	-
Tubacex Prakash India Pvt Ltd	10,008	-	10,008
Mis	100	-	100
Total	**11,481**	**(1,373)**	**10,108**

Tubacex Prakash India Pvt Ltd Goodwill

Following the purchase by Indian dependent company Tubacex Prakash India Pvt Ltd of the production line from Prakash Steelage Pvt Ltd for Rs 2,091 million, a difference arose between the price paid and the net assets acquired, of Rs 708 million (10,008 billion euros).

The recoverable amount of this UGE has been determined based on calculations of the value in use. These calculations use cash flow projections based on management-approved financial budgets covering a five-year period. In the case of Indian society, Management has determined the gross margin budgeted based on its market development expectations. In particular, Management uses as its main valuation scenario annual growth in significant sales volumes, an after-tax discount rate applied to projections of 8.1% (same rate in 2019) and growth rate of 1.75% (1.9% in 2019), equivalent to the historical growth rate applicable to similar markets and geographies in which the UGE operates.

According to the estimates and projections available to the Group Directors, the forecasts of net cash flows attributable to this UGE bear the value of the trading fund concluded that it is not impaired as of December 31, 2020.

From a sensitivity analysis perspective, considering that the impact of the COVID-19 pandemic was extended by one more year, there would be no need to record any deterioration in that trading fund.

7.2 Emission allowances

The fair value and initial value of non-monetary subsidies received by the Group's companies in 2020 and 2019 related to allowances are detailed below:

Thousands of Euros			
2020		2019	
Fair value	Initial value	Fair value	Value Initial
289	714	203	758

The movement in the number of rights during the 2020 and 2019 financial years was as follows:

	Rights numbers
Balances as of December 31, 2018	**48,438**
High	30,361
Low	(39,247)
Balances as of December 31, 2019	**39,552**
High	29,743
Low	(27,035)
Balances as of December 31, 2020	**42,260**

7.3 Other Intangible assets

Intangible assets related to IBF

During the 2015 financial year under the heading "Other intangible assets" assets derived from the purchase of IBF were incorporated into fair value, S.p.A., namely an indefinite life mark and an agreement with a strategic customer for the production of a specific product, of which as of December 31, 2020, the Group keeps eur 11.7 million and EUR 2.2 million registered on the consolidated balance sheet Respectively. The registration of these assets led to the generation of a registered deferred liability in order to reflect the net transaction of the tax effect (Note 21) in the attached consolidated financial statements.

The Directors, at the end of the 2020 financial year, assessed whether the intangible asset corresponding to the IBF mark was impaired. In determining the recoverable amount, they have used the methodology based on the royalty rate, which is based on whether the value of the asset is equal to the present value of the income obtained or theoretical for the collection of a royalty that it generates or could generate. This value is updated at an increased discount rate with a premium, considering that by its nature it is an asset whose expected flows are subject to increased risk.

The main assumptions assumed for brand evaluation have been:

- Sales projections based on financial budgets approved by Directors covering a period of four years. These projected sales are lower than the sales projected in the Purchase Price Allocation (PPA) that was made in 2015.

- The Directors have estimated sales 2021 - 2024 based on their expectations of market development, considering that the current situation of the commodity market is very adverse and not lasting in the long term.

- It is considered that in the long term the hypotheses made in the purchase of IBF, S.p.A. in terms of market potential of that company have not changed.

- The royalty rate used has been 0.89%, which is similar to that used by the independent expert at the time of completion of the PPA.
- Flow updates have been performed at a discount rate of 9.68% (corresponding to a weighted average capital cost of 7.68% plus a 2% risk premium).

Based on the results of the previous evaluation, the Directors of the parent company consider that as of December 31, 2020, the IBF mark is not impaired. However, the assessment of the impairment of this intangible asset will be carried out at least annually.

From a sensitivity analysis perspective, considering that the impact of the COVID-19 pandemic was extended by one more year, there would be no need to record any deterioration in that mark.

With regard to the intangible related to the agreement with the strategic client, as mentioned above, it was registered at the time of the investments in business units, being associated with the 4 orders that management expected to receive prior to December 31, 2021, and of which, as of December 31, 2019, the Group kept registered in the consolidated balance sheet 7 million euros , corresponding to 3 orders, with an amount of EUR 2.4 million deteriorating in previous years, equivalent to an order. During the 2020 financial year, and although the Directors estimate that IBF will be awarded orders in the coming financial years, given the delays in the timetable initially envisaged, the Group has proceeded to record a deterioration of EUR 4.8 million under the heading "Depreciation and amortization charge impairment losses on non-current assets" of the consolidated profit and loss account.

Brand and relationships with NTS customers

During the 2019 financial year (Note 2.6),resulting from the acquisition of the NTS Group, in April 2019, intangible assets, trademarks and intangible assets associated with "Customer Relations" were incorporated under the heading "Other intangible assets", amounting to EUR 41,799 and EUR 10,617 thousand, respectively, the fair value of which was quantified by an independent expert in the purchase price allocation work. The registration of these assets led to the generation of a registered deferred tax liability in order to record the net transaction of the tax effect.

In accordance with accounting regulations, the Group has carried out a deterioration test for the brand. The main assumptions assumed for the valuation of trademarks have been:

- Sales projections covering a four-year period.
- The royalty rate used has been 3.5%, which is similar to that used by the independent expert at the time of completion of the PPA.
- Flows have been updated at a discount rate of between 15.4% and 16%.

From a sensitivity analysis perspective, considering that the impact of the COVID-19 pandemic was extended by one more year, there would be no need to record any deterioration in that mark.

With regard to "customer relations", as the budget initially envisaged as a result of the pandemic had not been met, the Group has prepared a impairment test using the Multi-Period Excess Earnings Method, which is a widely used method in financial practice for the valuation of such intangibles. The main hypotheses, among others, assumed for the valuation of these intangibles have been:

- Sales projections based on the Directors business plan for the first few years and applying a growth rate for subsequent years based on the inflation rate, according to IMF forecasts, in the long term for each of the countries in which the Group operates.

- "Churn rate" based on the historical rotation of those customers.

- Contribution asset charge ranging from 10.6% to 15.4%.

- The flow update has been carried out at the weighted average cost of capital, ranging from 15.4% to 16%.

Brand and customer relations Amega West

As a result of the investments in business units described in Note 2.6, during the 2020 financial year, the Group has registered under the heading "Other intangible assets" of the consolidated balance sheet, trademarks and intangible assets associated with "customer relations" in the amounts of EUR 8,767 and EUR 7,863 thousand, respectively, the fair value of which has been quantified by an independent expert in the work of allocating the purchase price , as well as a deferred tax liability recorded in order to record the net transaction of the tax effect.

The main assumptions assumed for the valuation of trademarks have been:

- Sales projections covering a three-year period.

- The royalty rate used has been 3%, which is similar to that used by the independent expert at the time of completion of the PPA.

- Flows have been updated at a discount rate of between 17.2% and 18.4%.

With regard to "customer relations", they have been valued considering the "Multi-Period Excess Earnings Method", which is a widely used method in financial practice for the valuation of such intangibles. The main hypotheses, among others, assumed for the valuation of these intangibles have been:

- Sales projections based on the Directors ' business plan for the first few years and applying a growth rate for subsequent years based on the inflation rate, according to IMF forecasts, in the long term for each of the countries in which the Group operates.

- "Churn rate" based on the historical turnover of these customers

- Contribution asset charge ranging from 4.8% to 6.7%.

- The flow update has been carried out at a discount rate similar to the cost of shareholders´equity, increased by 1.5%, ranging from 13.3% to 14.8%.

Norwegian Piping Brand (TSS Norway)

The acquisition of More Holdco AS (TSS Norway) has brought together the accounting record of an intangible associated with the Norwegian Piping brand, amounting to EUR 5,063 thousand, together with its corresponding deferred tax liability. The valuation of that mark has been carried out taking into account the following assumptions:

- Sales projections covering a five-year period.

- The royalty rate used was 3%.

- Flows have been updated at a discount rate of 17.3%.

8. Property, plant and equipment

The composition of this heading of the consolidated balance sheet and its movement during the 2020 and 2019 financial years is as follows:

	Thousands of Euros						
	Land	Constructions	Technical facilities and machinery	Other facilities, tooling, furniture and other assets	Artworks	Advances and ongoing	Total
Cost –							
Cost at 01.01.19	**25,911**	**113,289**	**632,625**	**40,728**	**4,388**	**13,218**	**830,159**
Additions	2,588	11,698	13,969	12,459	-	14,236	54,950
IFRS Impact 16	74	3,225	1,711	-	-	-	5,010
Consolidation perimeter entries (Note 2.6)	-	4,085	14,305	4,791	-	-	23,181
Disposals	-	-	-	(389)	-	-	(389)
Transfers	498	1,139	2,202	4,217	-	(5,531)	2,525
Exchange differences	-	-	(297)	-	-	(68)	(365)
Cost at 31.12.19	**29,071**	**133,436**	**664,515**	**61,806**	**4,388**	**21,855**	**915,071**
Additions	-	1,059	6,761	4,534	-	6,736	19,090
Consolidation perimeter entries (Note 2.6)	-	8,300	13,610	157	-	12	22,079
Disposals	-	(24)	(1,399)	(3,095)	-	(172)	(4,690)
Transfers	-	41	5,174	1,642	-	(6,993)	(136)
Translation differences	(867)	(1,469)	(4,116)	(357)	-	(310)	(7,119)
Cost at 31.12.20	**28,204**	**141,343**	**684,545**	**64,687**	**4,388**	**21,128**	**944,295**
Accumulated Depreciation –							
Accumulated depreciation at 1.01.19	-	**(76,707)**	**(452,759)**	**(32,704)**	-	-	**(562,170)**
Endowments	-	(1,202)	(23,599)	(11,396)	-	-	(36,197)
IFRS Impact 16	-	(1,047)	(513)	-	-	-	(1,560)
Consolidation perimeter entries (Note 2.6)	-	(1,393)	(4,555)	(591)	-	-	(6,539)
Disposals	-	-	-	389	-	-	389
Translation differences	-	-	(323)	(213)	-	-	(536)
Accumulated depreciation at 31.12.19	-	**(80,349)**	**(481,749)**	**(44,515)**	-	-	**(606,613)**
Endowments	-	(3,288)	(24,652)	(8,150)	-	-	(36,090)
Disposals	-	12	315	2,230	-	-	2,557
Translation differences	-	1,527	2,562	619	-	-	4,708
Accumulated depreciation at 31.12.20		**(82,098)**	**(503,524)**	**(49,816)**	-	-	**(635,438)**
Accumulated impairment at 31.12.2019	-	-	-	-	**(331)**	-	**(331)**
(Endowment)/Reversal of the financial year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Accumulated impairment at 31.12.2020	-	-	-	-	**(331)**	-	**(331)**
Net assets, 31.12.2019	**29,071**	**53,087**	**182,766**	**17,291**	**4,057**	**21,855**	**308,127**
Net assets, 31,12,2020	**28,204**	**59,245**	**181,021**	**14,871**	**4,057**	**21,128**	**308,526**

The main acquisitions in the 2020 financial year correspond to investments aimed at the installation of the new warehouse in Galicia, the completion of investments in the new production plant in the United States, as well as machinery of the NTS Group.

As of December 31, 2020 and 2019, the Group had the following investments in fixed assets located abroad (in thousands of euros):

2020

Description	Value Accounting (Gross)	Amortization Accumulated	Corrections Valuations Accumulated
Land and buildings	101,333	(30,200)	-
Plant and machinery	346,713	(228,021)	-
Other items of property, plant and equipment	8,353	(2,151)	-
Property, plant and equipment in the course of construction	7,020	-	-
Total	**463,419**	**(260,372)**	**-**

2019

Description	Value Accounting (Gross)	Amortization Accumulated	Corrections Valuations Accumulated
Land and buildings	93,328	(29,498)	-
Plant and machinery	329,444	(222,720)	-
Other items of property, plant and equipment	15,455	(2,101)	-
Property, plant and equipment in the course of construction	4,435	-	-
Total	**442,662**	**(254,319)**	**-**

At the end of 2020 and 2019, the Group had fully amortized elements of the fixed material that were still in use, in accordance with the following detail (in thousands of euros):

Description	Book Value (Gross)	
	Exercise 2020	Exercise 2019
Buildings	54,064	56,322
Plant and machinery	323,856	265,012
Other facilities, tools and furniture	13,643	4,529
Other items of property, plant and equipment	26,595	28,008
Total	**418,158**	**353,871**

Works of art

It corresponds to the works of art owned by The Parent. The TUBACEX Group periodically commissions an independent expert whose market valuation is consistent with the valuation to which they are registered as of 31 December 2020 and 2019 (during the 2020 financial year the parent company has carried out the last appraisal). Works of art are not amortized, as they are understood not to depreciate over time. This characteristic of assets is provided only for fixed assets on the basis of applicable regulations.

Of the Group's fixed assets (Notes 3.1 and 8), at the end of the 2020 and 2019 financial years, the following elements (in thousands of euros) are not directly affected to the holding:

Description	2020 Cost	2020 Valuation corrections	2020 Total	2019 Cost	2019 Valuation corrections	2019 Total
Works of art	4,388	(331)	4,057	4,388	(331)	4,057

During 2020 and 2019 financial years, no movements have occurred.

Other disclosures

Directors consider that there is no evidence of impairment in the remaining assets of the Group as of December 31, 2020 or 2019.

As of 31 December 2020 and 2019, the Group maintained an unpaid amount with fixed-asset suppliers amounting to EUR 966 and EUR 613 thousand respectively, recorded under the heading "Trade and other payables" of the accompanying consolidated balance sheet (Note 19).

At the end of 2020, the Group had firm commitments to purchase fixed assets amounting to approximately EUR 372 thousand (EUR 2,635 thousand at the end of 2019).

As of December 31, 2020 and 2019, the Group had no mortgage guarantee of elements of the fixed assets.

The Group's policy is to formalize insurance policies to cover the potential risks to which the various elements of its immobilized material are subject. At the end of the 2020 and 2019 financial years, there was no coverage shortfall related to these risks.

The Group has no material assets valued at fair value as of December 31, 2020 (it also did not have 31 December 2019).

9. Financial assets

The detail as of December 31, 2020 and 2019 of this heading of the consolidated balance sheet is as follows:

2020:

	Thousands of euros			
	31.12.20			
	Fair value through profit or loss	Fair value with changes in other comprehensive income	At amortized cost	Total
Equity instruments	3,811	-	-	3,811
Other financial assets	-	48	798	846
Long-term/non-current	**3,811**	**48**	**798**	**4,657**
Other financial assets	25,769	-	908	26,677
Short-term/term	**25,769**	**-**	**908**	**26,677**
Total	**29,580**	**48**	**1,706**	**31,334**

2019:

	Thousands of euros			
	31.12.19			
	Fair value through profit or loss	Fair value with changes in other comprehensive income	At amortized cost	Total
Equity instruments	4,297	-	-	4,297
Other financial assets	-	198	714	912
Long-term/non-current	**4,297**	**198**	**714**	**5,209**
Other financial assets	23,647	-	909	24,556
Short-term/term	**23,647**	**-**	**909**	**24,556**
Total	**27,944**	**198**	**1,623**	**29,765**

Following the businesses combination carried out in Italy during the 2015 financial year Grupo Tubacex became a stake in (unlisted) companies, through IBF SpA,. At the end of the 2020 and 2019 financial years, the main balances of the two companies where IBF SpA holds a stake would be as follows:

Denomination	%	Value Books 2020	Value Books 2019	Capital	Result	Shareho lders´ equity
C.F.F. Srl (*)	40%	-	446	-	-	-
COPROSIDER Srl (*)	39%	39	39	100	273	3,989
Total		**39**	**485**			

(*) Financial statement figures as of December 31, 2019.

Under "Linked Company Credits" a credit granted to Coprosider Srl is classified for EUR 644 thousand (same amount in 2019). In addition, in the 2020 financial year, the amount of the share held at 31 December 2019 in the subsidiary C.F.F. Srl in the amount of EUR 446 thousand has been reclassified to that heading, considering that the company will recover the value of the investment in CFF when the merger of Coprosider Srl and CFF Srl ends.

The Company maintains invested some of the surplus treasury in investment funds, invested an amount of 25,754 thousand euros as of December 31, 2020 (22,307 thousand euros as of December 31, 2019).

Those are registered under the heading "Current financial assets" that have generated net financial income from the 110 thousand euro fair value variation under the heading "Financial income" of the consolidated income statement attached to December 31 2020 (994 thousand euros as of December 31, 2019).

10. Derivative financial instruments

A detail of the derivative financial instruments as of December 31, 2020 and 2019, is as follows:

2020:

	Notional		Thousands of Euros			
			Active		Liabilities	
	Amount in thousands	Unit	No Current	Current	Not ordinary	Current
Derivatives held for trading						
Forward sales of USD	5,159	Usd	-	268	-	-
Forward sales of GBP	1,162	Gbp	-	13	-	-
Forward purchases of USD	12,033	Usd	-	-	-	(511)
			-	**281**	**-**	**(511)**
Hedging derivatives						
Cash flow hedges						
Interest rate swaps	76,875	Euros	13	-	(648)	(199)
Term sale USD	11,956	Usd	-	414	-	-
GBP term sale	15	Gbp	-	-	-	-
Buying/Selling Raw Materials		Euros	-	-	-	(245)
			13	**414**	**(648)**	**(444)**
			13	**695**	**(648)**	**(955)**

2019:

	Notional		Thousands of Euros			
			Active		Liabilities	
	Amount in thousands	Unit	No Current	Current	Not ordinary	Current
Derivatives held for trading						
Forward sales of USD	10,113	Usd	-	2	-	(189)
Forward sales of GBP	1,477	Gbp	-	-	-	(73)
Forward purchases of USD	33,246	Usd	-	892	-	(115)
			-	**894**	**-**	**(377)**
Hedging derivatives						
Cash flow hedges						
Interest rate swaps	82,250	Euros	99	-	(96)	(208)
Term sale USD	22,724	Usd	-	285	-	(143)
Free-term purchase USD	2,849	Usd	-	82	-	-
GBP term sale	942	Gbp	-	-	-	(43)
Buying/Selling Raw Materials		Euros	-	940	-	-
			99	**1,307**	**(96)**	**(394)**
			99	**2,201**	**(96)**	**(771)**

These financial instruments are classified according to the categories set out in IFRS 9, depending on the valuation method, within the category of uns quoted prices obtained from observable markets.

10.1 Forward foreign currency purchase and sale contracts

As mentioned in Note 2.3., the Group's functional currency is the euro. To manage exchange risks, mainly the US dollar, the Group has contracted various foreign exchange buying and selling operations for its import and export operations, respectively.

As of December 31, 2020, the Group maintains forward currency sales contracts to which it does not apply non-accounting for non-ional value hedges of 5,770 thousand euros (10,431 thousand euros in 2019). In any case these derivatives have been contracted as instruments of economic hedging of foreign exchange sales.

The breakdown as of December 31, 2020 and 2019 by residual term and currency type of the notional values of foreign exchange forward sales contracts is as follows:

	Thousands of Euros			
	2020		2019	
	U.S. Dollars	Pounds	U.S. Dollars	Pounds
Within 1 year	4,468	1,302	8,770	1,661

On the other hand, the Group maintains as of December 31, 2020 forward foreign exchange purchase contracts held to negotiate with a notional of 10,302 thousand euros (28,635 thousand euros in 2019). The value of currencies held for trading amounts to US$12,033 thousand (US$33,246 thousand) U.S. December 31, 2019). In any case these derivatives have been contracted as instruments of economic hedging of foreign exchange purchases.

The breakdown as of December 31 by residual term and currency type of the notional values of forward purchase contracts is as follows:

	Thousands of Euros	
	U.S. Dollars	
	2020	2019
Within 1 year	10,302	28,635

The fair values of these forward currency buy-sell contracts have been estimated by discounting cash flows based on forward exchange rates available from public information sources.

10.2 Future commodity contracts

To cover the risks of volatility in the nickel prices it uses in its production process, the Group uses the contracting of price futures on the aforementioned raw material.

In particular, at the end of the financial year the Group has agreed to buy and sell several futures on the nickel that have not expired at the end of the financial year. As of December 31, 2020, the consolidated balance sheet contains a derivative of liabilities recorded in the amount of EUR 245 thousand under the heading "Derivative Financial Instruments", its associated deferred tax asset amounting to EUR 59 thousand under the heading "Deferred tax assets", and its negative effect on net worth amounting to EUR 186 thousand under the heading "Hedging operations – Adjustments for changes in value".

The fair values of these nickel price swap contracts are estimated by the cash flow discount considering the difference between the market prices of that raw material available from public information sources as of 31 December and the corresponding fixed price guaranteed in each contract.

10.3 Interest rate swaps

The Group uses fixed-rate financial swaps on variable interest rates to manage its exposure to interest rate fluctuations. The details of the contracts in force as of December 31, 2020 and 2019 are as follows:

2020:

Notional in thousands euros	Start date	End date	Interest rate
1,500	01/11/2017	01/05/2021	0,45%
2,500	20/02/2017	20/05/2021	0,946%
1,250	31/03/2017	31/03/2021	0,995%
2,625	04/06/2019	29/05/2024	0,09%
26,000	20/06/2022	20/06/2027	-0,027%
30,000	20/01/2020	20/01/2028	0,295%
2,500	16/07/2017	16/07/2021	0,9142%
7,500	05/06/2020	21/04/2025	0%
3,000	21/10/2020	21/10/2026	0%

2019:

Notional in thousands euros	Start date	End date	Interest rate
2,000	14/11/2014	14/11/2020	0,36%
4,500	01/11/2017	01/05/2021	0,45%
5,000	20/02/2017	20/05/2021	0,946%
3,750	31/03/2017	31/03/2021	0,995%
3,000	12/08/2015	12/11/2020	0,2425%
3,000	04/06/2019	29/05/2024	0,09%
26,000	20/06/2022	20/06/2027	(0,027%)
30,000	20/01/2020	20/01/2028	0,295%
5,000	16/07/2017	16/07/2021	0,9142%

10.4 Cash flow hedges

The total amount of cash flow hedges that has been transferred from equity to results and the detail of the consolidated profit and loss account lines, in which it has been recognized, is as follows:

	Thousands of Euros	
	Benefits/(Losses)	
	2020	2019
Interest rate swaps:		
- Finance income/costs	(230)	(292)
Foreign currency hedges:		
- Exchange differences	1,400	(603)
	1,170	**(895)**

The financial costs incurred by the IRS that expired in the 2020 financial year have been recorded under the heading "Financial expenses" in the accompanying consolidated income statement.

The Group incorporates a credit risk adjustment with the aim of reflecting both the counterparty's own and counterparty risk in the fair value of derivatives from generally accepted valuation models.

In particular, a calculation-based technique has been applied for the determination of credit risk adjustment through simulations of the total expected exposure (incorporating both current exposure and potential exposure) adjusted for the probability of non-compliance over time and by the severity (or potential loss) allocated to the Group and each of the counterparties. The expected total exposure of derivatives is obtained using observable market inputs, such as interest rate curves, exchange rate and volatility according to market conditions at the valuation date.

11. Inventories

The detail as of December 31, 2020 and 2019 of this heading of the accompanying consolidated balance sheet is as follows:

	Thousands of Euros	
	2020	2019
Goods held for resale	13.816	18.407
Raw materials and other supplies	114.170	128.267
Work in progress and semi-finished goods	55.315	79.901
Finished goods	109.468	107.367
Advances to suppliers	1.225	2.095
Write-downs	(30.498)	(31.041)
	263.496	**304.996**

Consumption of raw materials, other consumables and commercial invertories during the 2020 and 2019 financial years has been as follows:

	Thousands of Euros	
	2020	2019
Raw materials, other consumables and goods held for resale used/sold-		
Net purchases	204,671	307,966
Changes in inventories (*)	20,458	(252)
	225,129	**307,714**

The movement of impairment valuation corrections under the heading "Inventories" of the accompanying consolidated balance sheet was as follows (in thousands of euros):

2020:

	Initial Balance	Additions	Reversals	Final Balance
Goods held for resale, raw materials and goods held for transformation	16,322	1,964	(194)	18,092
Work in progress	2,917	252	(58)	3,111
Finished goods	11,802	24	(2,531)	9,295
Inventories deterioration	**31,041**	**2,240**	**(2,783)**	**30,498**

2019:

	Initial Balance	Additions	Reversals	Final Balance
Goods held for resale, raw materials and goods held for transformation	16,458	691	(827)	16,322
Work in progress	3,046	927	(1,056)	2,917
Finished goods	11,998	527	(723)	11,802
Inventories deterioration	**31,502**	**2,145**	**(2,606)**	**31,041**

The net purchase figure includes purchases made in the following currencies other than the euro:

Currency	Thousands of Euros	
	2020	2019
U.S. Dollar	80,338	130,315
Rupee India	19,456	24,726
Thai Baht	2,863	2,634

12. Trade and other receivables

The detail as of December 31, 2020 and 2019 of this heading of the accompanying consolidated balance sheet is as follows:

	Thousands of Euros	
	2020	2019
Trade receivables for sales and services	62,332	94,558
Commercial credits with related parties (Note 26)	554	272
Sundry receivables	6,926	5,449
Tax receivables (Note 21)	13,936	16,524
Current tax assets (Note 21)	611	2,756
	84,359	**119,559**
Less- Impairments	(4,928)	(5,562)
Total trade and other receivables	**79,431**	**113,997**

The movement of impairment of commercial debtors and other receivables is as follows:

	Thousands of Euros	
	2020	2019
Balance at 1st January	5,562	6,421
Charges (Notes 3.5 and 23)	987	978
Reversals (Notes 3.5 and 23)	(111)	(1,837)
Applications	(1,510)	-
Balance at December 31	**4,928**	**5,562**

The debtor balances with Public Administrations as of December 31, 2020 and 2019 are as follows (Note 21):

	Thousands of Euros	
	2020	2019
Treasury, debtor for various concepts:		
VAT	13,361	10,881
Other concepts	575	5,643
	13,936	**16,524**

13. Cash and cash equivalents

The detail as of December 31, 2020 and 2019 of this heading of the consolidated balance sheet is as follows:

	Thousands of Euros	
	2020	2019
Cash on hand and at banks	159,245	142,611
	159,245	**142,611**

This heading basically includes treasury and short-term bank deposits and promissory notes with an initial maturity of three months or a shorter term. Bank accounts are paid at market type. There are no restrictions on the free availability of such balances.

14. Equity and Shareholders´equity

14.1 Share Capital

The share capital as of December 31, 2020 and 2019 is represented by 132,978,782 shares of 0.45 euros of face value each, fully subscribed and disbursed as of December 31, 2020 and 2019.

All actions enjoy equal political and economic rights, except own actions, whose political rights are on record and whose economic rights are attributed proportionately to the rest of the actions. The entire capital of the Company is listed on the continuous market of the Spanish Inventories Exchange.

There are no restrictions on the free transmissibility of them.

As of December 31, 2020 and 2019, the only shareholder with a stake of more than 10% was Don Jose María Aristrain de la Cruz, that held an 11% stake.

14.2 Share premium

This reservation is freely available.

14.3 Reservation reserve

The detail of legal revaluation reserves is as follows:

	Thousands of Euros	
	2020	2019
Revaluation reserve Álava Regulation 4/1997	3,763	3,763

On the application of commercial law, the Group updated, as of 31 December 1996, the value of its fixed assets.

After the period for the balance of this reserve to be verified by the tax authorities has elapsed, the balance of this account may be allocated, tax-free, to:

- Elimination of negative results from previous exercises.

- Capital expansion, after elimination of the accumulated losses that appear on the balance sheet and after the establishment of the legal reserve.

- Non-distributable bookings, as regards the balance of the outstanding account.

14.4 Other reserves

A detail of "Other Reserves" as of December 31, 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Legal reserve	11,968	11,968
Voluntary bookings:		
Other reserves of the parent company	10,082	2,642
Consolidated reserves	183,927	181,549
Total Other Bookings	**205,977**	**196,159**

Legal reserve-

According to the Corporations Act, the public limited company must allocate a figure equal to 10% of the profit for the financial year to the legal reserve until it reaches at least 20% of the share capital. The legal reserve may be used to increase capital in the part of your balance that exceeds 10% of the already increased capital. Except for the purpose mentioned above, and as long as it does not exceed 20% of the share capital, this reserve may only be used for the compensation of losses and provided that no other reserves are available sufficient for this purpose.

This reservation is fully constituted as of December 31, 2020.

Other reserves of The Parent-
It corresponds to voluntary bookings, which are freely available.

14.5 Treasury shares

At the end of 2020 and 2019, the companies of the consolidated group held shares held by the Parent Company in accordance with the following details:

2020:

	Number of Actions	Value Nominal (Thousands of Euros)	Price Medium Acquisition (Euros)	Total Cost Acquisition (Thousands of Euros)
Treasury shares at the end of the 2020 financial year	7,378,668	3,320	2.43	13,530

2019:

	Number of Actions	Value Nominal (Thousands of Euros)	Price Medium Acquisition (Euros)	Total Cost Acquisition (Thousands of Euros)
Treasury shares at the end of the 2019 financial year	3,361,718	1,513	2.53	8,502

During the 2019 financial year, the Board of Directors approved the new incentive plan that partially affected portfolio actions (Notes 3.13 and 14.6).

The movement recorded in the exercise of the shares of the Parent Company during the years 2020 and 2019 was as follows:

2020:

	31.12.2019	Shopping	(Sales)	31.12.2020
Treasury shares	8,502	6,641	(1,613)	13,530

2019:

	31.12.2018	Shopping	(Sales)	31.12.2019
Treasury shares	7,850	2,384	(1,732)	8,502

The Group has recorded the result of the sale of its treasury shares in the amount of 299 thousand euros under the heading "Voluntary reserves".

14.6 Other equity instruments

On May 25, 2016, the Board of Directors and the General Shareholders' Meeting approved a long-term incentive plan (Note 3.11):

- a programme of purchase options on 500,000 shares for the CEO for two euros each with an initially planned financial year date of 31 March 2018.

- provide loans to 9 senior management members for the acquisition of 1,200,000 shares for 2 euros and an individual limit of 120,000 shares. The maturity of the loan initially foreseen on March 31, 2018, when it should be fully amortized either by payment in cash or the delivery to the ParentCompany of all shares acquired during the 2016 financial year. Tubacex would maintain during the term of the loan a right of pledge over the shares and borrowers shall be obliged not to dispose, transmit, dispose of or tax the shares acquired under it unless prior written consent of the Parent Company. In the event of termination of the employment relationship with the Borrower at the borrower's request, it shall entail the mandatory early repayment of the loan.

At the General Shareholders' Meeting in May 2018, it was approved to delay the expiration of the plan as of March 31, 2019.

In addition, at the General Shareholders' Meeting in May 2019, it was approved to extend the period of exercise of the plan to March 31, 2023 or March 31, 2024, the date to be chosen by the beneficiary.

These inventories options programmes materialized by signing a contract with the CEO and a series of agreements of the same characteristics with each of the 10 members of senior management.

In addition, this same General Meeting approved the granting of new long-term incentive plans, both for the CEO and the members of senior management for the same amounts and maturities as the previous plan.

For the valuation of these plans, the Parent through an independent expert has used binomial trees (model Cox, Ross and Rubinstein), a process that assumes that the movements of the share price are composed of a large number of small binomial movements, a model widely used in financial practice for the valuation of trades, in order to include the effect of market conditions on the valuation of the equity instruments granted. The main hypotheses used in the valuation were as follows:

- The 5-year interest rate at the valuation date stood at 0.031%.
- In order to determine dividends distributed per share, it was assumed that dividend return would be maintained for successive years.
- To determine inventories volatility, historical volatility of the last 260 sessions was used.

In determining the total cost of the plan, as well as the cost to be allocated in the 2020 financial year, the Directors of the Parent Company considered that:

- All beneficiaries will be eligible to receive the shares.
- The accrual period will be until March 31, 2023-2024.

In accordance with the above, it has been estimated that the total valuation of the amount accrued from those plans at the end of the financial year amounts to EUR 1,390 thousand (EUR 917 thousand as of December 31, 2019). As described in Note 3.11, the Parent Company registers the provision of services of the beneficiaries in accordance with their accrual, accruing the fair value of the equity instruments transferred during the period of validity of the same, which has resulted in a charge in the amount of EUR 473 thousand under the heading "Other reserves of the parent and of fully consolidated companies and companies accounted for using the equity method" of the consolidated balance sheet corresponding to the 2020 financial year attached by subscription to the heading "Other equity instruments" of equity as of December 31, 2020 (13 thousand euros under the heading "Staff expenses" of the profit and loss account and payment under the heading "Other equity instruments" of equity corresponding to December 31, 2019).

14.7 Valuation adjusments

Detail and changes-

The composition and movement in the accounts included in the other overall result during the 2020 and 2019 financial years is as follows:

	Thousands of Euros			
	Traslation differences	Cash coverage	Tax effect	Net
Balances as of December 31, 2018	**4,831**	**(535)**	**228**	**4,524**
Revenue and expenses generated in the financial year	1,681	218	(53)	1,846
Reclassification to results	-	895	(214)	681
Balances as of December 31, 2019	**6,512**	**578**	**(39)**	**7,051**
Revenue and expenses generated in the financial year	(14,068)	(627)	150	(14,545)
Reclassification to results	-	(1,170)	281	(889)
Balances as of December 31, 2020	**(7,556)**	**(1,219)**	**392**	**(8,383)**

Traslation differences-

The Group welcomed IFRS 1's traslation differences exemption "Adoption of IFRS for the first time" as a result, the traslations reserves included in another overall outcome are those generated as of 1 January 2004.

As a result of the devaluation, the US dollar and the Indian rupee during the 2020 financial year have resulted in a devaluation of net assets in these currencies, which has had an equity impact of EUR 13,085 thousand. The tax effect corresponds to cash coverage.

14.8 Capital management policies

The Group's objectives in managing equity capital are to safeguard the ability to continue as a functioning company, so that it can continue to yield to shareholders, benefit other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain and adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, may return capital, issue shares or may sell assets to reduce borrowing.

Consistent with other groups in the sector, TUBACEX controls the capital structure based on the leverage ratio. This ratio is calculated as net financial indebtedness divided by equity. Net indebtedness is determined by the sum of loans and other liabilities paid both in the short and long term and less cash and cash equivalents and current financial assets.

The key figures for the 2020 and 2019 financial years have been determined by management as follows:

	Thousands of Euros	
	2020	2019
Total Bank Indebtedness (Notes 17)	484,067	420,748
Less- Cash and cash equivalents and current financial assets (Notes 9 and 13)	(185,922)	(167,167)
Net debt	**298,145**	**253,581**
Equity	**298,444**	**335,641**
Indebtedness ratio	**100%**	**76%**

14.9 Minority interests

The movement the balance of the Group's minority interests according to their participation in the various equity components of the following dependent companies is as follows:

	Short-term provisions
Balance at December 31, 2018	**26,064**
Recognized income and expenses	
Benefits of exercise	3,525
Entries to the consolidation perimeter (Note 2.6)	36,712
Acquisition of minorities	(17,560)
Other movements	(585)
Balance at December 31, 2019	**48,156**
Recognized income and expenses	
Benefits of exercise	122
Entries to the consolidation perimeter (Note 2.6)	9,301
Other movements	3
Balance at December 31, 2020	**57,582**

The most significant variations for the 2020 financial year correspond to the investments in business units indicated in Note 2.6. For its part, those for the 2019 financial year corresponded to the investments in business units indicated in Note 2.6, as well as to the acquisitions of minorities that occurred during the 2019 financial year, which are as follows:

IBF, S.p.A.

On January 29, 2019, Tubacex, S.A. acquired 35% of the company IBF SpA, of which it was already a majority shareholder with the remaining 65%. The acquisition was made for 11 million euros, which were fully disbursed in January 2019. The operation is part of the growth strategy envisaged in the group's strategic plan. As a result of this transaction, the Group recorded a hedges charge amounting to EUR 15,689 thousand and a reserve payment of EUR 4,689 thousand.

Tubacex Upstream Technologies, S.A.

On October 14, 2019, Tubacex, S.A. acquired 8% of the total shares that make up the capital of Tubacex Upstream Technologies, S.A. and 20% of its economic rights, of which it was already a majority shareholder with 92% of the shares and 80% of economic rights. The acquisition was made for EUR 1 million, although the transaction is at a variable price whose accrual depends on the performance of one of the products that the company expects to market during the 2024-2034 financial years (payable after the close of each of those years). Considering the Directors ' best estimate, the Group recorded an amount of EUR 2,555 thousand under the heading "Other long-term financial liabilities" in the consolidated balance sheet as of December 31, 2019. This estimate has not changed during the 2020 financial year (Note 18). As a result of this operation, the Group recorded charges in hedges and reserves amounting to EUR 1,871 and EUR 1,684 thousand, respectively.

15. Provisions

Long-term provisions–

The TUBACEX Group consists of provisions for the estimated amount of tax debts and probable or certain liability a resulting from ongoing litigation and for outstanding compensation or obligations of an undetermined amount, guarantees or other similar guarantees, the payment of which is not determinable as to their exact amount or is uncertain as to the date on which it will occur on the condition that certain conditions are met. The amount provisioned for this concept as of 31 December 2020 amounts to EUR 1 650 thousand, an amount deemed appropriate by the Directors.

Similarly, this heading includes provisions for possible environmental damage in the uns significant amount (Note 28).

Current provisions -

The movement of this heading during the 2020 and 2019 financial years has been (in thousands of euros):

	Short-term provisions
Balance at 31.12.18	**5,549**
Endowments	1,964
Consolidation perimeter entries (Note 2.6)	706
Applications to their purpose	(1,867)
Reversals	(123)
Balance at 31.12.19	**6,229**
Endowments	1,324
Consolidation perimeter entries (Note 2.6)	10,618
Applications to their purpose	(1,830)
Reversals	(73)
Balance at 31.12.20	**16,268**

The heading "Current provisions" includes provisions for possible contingencies arising from trade relations amounting to 3,307 and 3.586 thousands of euros as of December 31, 2020 and 2019, respectively. The final amount to be met will depend on the final resolution of discussions with the relevant customers, with the best available information being used for quantification as of December 31, 2020.
Endorsements delivered

The TUBACEX Group has delivered bank guarantees in order to ensure the good end of certain operations related to the normal course of business amounting to 72,211 thousand euros in 2020 (80,710 thousand euros in 2019). Of the total amount of guarantees as of December 31, 2020, EUR 51,920 thousand corresponds to Iran's contract (same amount as December 31, 2019) (Note 2.4). The Group Directors consider that the likelihood of a significant liability arising as a result of such guarantees is remote.

16. Deferred income

In December 2018, Tubacex Durant, Inc., reached an agreement with US Bancorp Community Development Corporation, a Minnesota corporation ("USBCDC"), related to the development, construction and equipment of a facility in Durant, Oklahoma. Under it, USBCDC made a capital contribution to USBCDC Investment Fund 272, LLC, a Missouri limited liability company (the "Fund") amounting to $10.9 million (equivalent to EUR 9.5 million).

This agreement is part of a tax incentive program ("NMTC Program"), provided for in the so-called Community Renewal Tax Relief Act of 2000, which is intended to encourage investment in communities in the United States considered low-income. This Act entitles tax credits ("NMTC") in federal corporation tax of up to 39% of investments made in certain community development entities ("CDE"). CDEs are privately run entities that are certified to invest in such low-income communities. Pursuant to USBCD's contribution of funds of $10.9 million, USBCDC will be entitled to tax credits during the seven-year period provided for in the regulations ("Recapture Period") in the amount of $13.3 million (equivalent to EUR 11.6 million).

Consequently, having allocated EUR 1,103 thousand to the profit and loss account, the Group maintains a eur 7,193 thousand amount under this heading as of 31 December 2020 corresponding to USBCDC's contribution to the Fund, net of commissions (EUR 8,296 thousand as of December 31, 2019) , this being the main amount recorded under this heading. The remaining balance recorded under this heading corresponds to various freezing grants received by group companies.

17. Bank borrowings (Long and Short Term)

The detail as of December 31, 2020 and 2019 of this heading of the accompanying consolidated balance sheet is as follows:

	Thousands of Euros	
	2020	2019
Non-current-		
Loans with credit institutions	205,015	166,588
Debt instruments and other marketable securities	17,702	-
Lines of credit and long-term credits	29,805	-
	252,522	**166,588**
Current-		
Debt instruments and other marketable securities	178,959	131,550
European Investment Bank	8,125	8,125
Lines of credit and short-term credits	2,317	67,622
Short-term loan maturities	36,561	32,682
Discounted effects (Note 3.5)	208	805
Export financing (Note 3.5)	3,242	11,785
Interests	2,133	1,591
	231,545	**254,160**

As in previous years, the Tubacex Group, through its Parent Company, has renewed a promissory note programme in the Alternative Fixed Income Market (MARF) with a maximum maturity of one year and with a limit of EUR 150 million, having also extended the ceiling by an additional EUR 50 million in September 2020, i.e. , up to a maximum living balance of EUR 200 million. In connection with this program, dated 8 September, a contract has been signed under the ICO Program promissory notes with the aim of issuing promissory notes with a guarantee of 70% of the Institute of Official Credit, E.P.E. The amount due as of 31 December 2020 is EUR 178,959 thousand with a maximum maturity of one year and an amount of EUR 2,702 due in 2022. The average interest rate associated with live emissions as of December 31, 2020 is approximately 0.63%. All of these amounts are accounted for under the heading " Debt instruments and other marketable securities " of the non-current and current liabilities of the accompanying consolidated balance sheet.

In addition, during 2019, the Tubacex Group registered in MARF a Bond Program, "EUR 100,000,000 Senior Unsecured Notes Programme Tubacex, S.A. 2019". Under this Programme, in March 2020, the Tubacex Group issued a bond amounting to EUR 15,000 thousand. In July 2020 this Bond Issuance Programme was extended to a living maximum amount of EUR 150 million.

During the 2020 financial year, a new loan of EUR 13,000 has been taken out.

Moreover, in 2020, the Tubacex Group, through its Parent Company, has signed bilateral loans under a framework agreement with different financial institutions amounting to EUR 60,500 thousand, with a guarantee of 70% of the Institute of Official Credit, E.P.E. (ICO), under Royal Decree-Law 8/2020 of 17 March 2020, of extraordinary urgent measures to deal with the economic and social impact of COVID-19. In December, a new bilateral loan of EUR 2,700 thousand was also signed under the ICO Avales Investment Covid-19 Line.

In addition, under the same Program previously existing lines of credit have also been renewed with a guarantee of 60% of the Official Credit Institute, E.P.E (ICO). These renewals have been an extension of the period, from one maturity to one year to maturities of between 2 and 5 years.

Under the line of Extraordinary Covid-19 circumstance, a line of credit with a guarantee of 70% of the insurer CESCE has been renewed, from a maturity of one year to three years.

In 2015, an agreement was reached with the European Investment Bank for the financing of investments amounting to EUR 65 million (Note 12), with a balance of EUR 52 million outstanding as of 31 December 2020.

In December 2018 an agreement was reached with the "Spanish Development Financing Company", "COFIDES" for the financing of investments amounting to 30 million euros (Note 12), with the provisions of 30 million euros as of December 31, 2020.

Also, during the first half of the 2019 financial year, the Group obtained new financing of EUR 30 million from the Official Credit Institute, E.P.E. "ICO" to finance the acquisition of the NTS ME group (Group acquired through its joint-ended company Tubacex Upstream Techonologies, S.A., see Note 2.6), with EUR 30 million provided for as of December 31, 2020.

Prior to the end of the financial year, in view of the prospect of not complying with some covenants at the close, the Parent Company obtained the corresponding authorizations for non-compliance from the financial institutions Banco Europeo de Inversiones, "Spanish Development Financing Company" and Instituto de Crédito Oficial, E.P.E.

The weighted average effective interest rate during the 2020 financial year of loans with credit institutions has been approximately Euribor + 1.76% (Euribor + 1.61% in the 2019 financial year).

The remaining contractual maturity periods for loans and other liabilities paid as of December 31, 2020 and 2019 are as follows:

	Thousands of Euros	
Expiration	2020	2019
One year	231,545	254,160
Two years	57,469	33,778
Three years	61,137	30,625
Four years	41,559	27,505
Five years	54,849	21,305
Rest	37,508	53,375
	484,067	**420,748**

The Group is granted foreign trade lines and credit policies with the following limits (in thousands of euros):

	2020		2019	
	Limit	Amount not Willing	Limit	Amount not Willing
Foreign trade lines	15,300	12,058	27,800	16,015
Credit policies	91,623	59,501	118,049	48,837
Total	**106,923**	**71,559**	**145,849**	**64,852**

The weighted average effective interest rate during the 2020 financial year of the credit lines has been approximately Euribor plus a spread of 1.1% (spread plus 1.17% in the 2019 financial year).

The Group has contracted certain interest rate swaps by exchanging the variable rate of several of its loans in order to ensure a fixed interest rate for the covered balances (Note 10).

18. Other current financial liabilities

The detail as of December 31, 2020 and 2019 under the heading "Other non-current financial liabilities" is as follows:

	Thousands of Euros	
	2020	2019
Non-current-		
Long-term refundable loans	1,878	835
Basque Institute of Finance Loan	3,407	3,993
Lease Liabilities (IFRS 16)	7,427	3,575
Others (Note 14.9)	7,790	7,431
	20,502	**15,834**
Current-		
Non-bank loans	15,000	8,000
NTS Purchase Contingent Price (Note 2.6)	-	5,000
Other	398	151
	15,398	**13,151**
	35,900	**28,985**

The loan granted by the Basque Institute of Finance has an maturity period in 2028.

19. Trade and other payables

The detail as of December 31, 2020 and 2019 of Trade and other payables is as follows:

	Thousands of Euros	
	2020	2019
Commercial creditors:		
Third parties	114,137	206,755
	114,137	**206,755**
Other payables-		
Unpaid remuneration	17,284	13,777
Creditor Public Administrations (Note 21)	10,464	14,893
Other debts	14,569	11,625
	42,317	**40,295**
Current tax liabilities (Note 21)	1,484	260
	157,938	**247,310**

Approximately a quarter of Trade and other payables other accounts payable have been paid at close through the financial instrument of confirming, which is the main means of payment used by the company.

Information about payment deferrals made to suppliers. Additional provision third. "Duty of Information" of Law 31.2014 of December 3

The following details the information required by the second final provision of Law 31.2014 of 3 December, which has been prepared by applying the Resolution of the Accounting and Auditing Institute of Accounts dated 29 January 2016 adapting to the new requirements required by the said Law for the first year closed after the entry into force of the same :

	Exercise 2020	Exercise 2019
Average period of payment to suppliers	105	89
Ratio of paid transactions	119	81
Ratio of unpaid transactions	43	119
Total payments made	100,220	285,496
Total outstanding payments	23,135	79,620

The data presented in the table above on payments to suppliers made from the parent company and other Spanish subsidiaries refer to those that by their nature are commercial creditors for debts to suppliers of goods and services, so that they include data relating to the items " Trade and other payables - Suppliers" of the current liability of the accompanying consolidated balance sheet.

"Average payment period to suppliers" means the expression of payment time or delay in payment of commercial debt. This "Average Vendor Payment Period" is calculated as the ratio formed in the numerator by the summation of the transaction ratio paid for the total amount of payments made plus the unpaid transaction ratio for the total amount of outstanding payments and, in the denominator, by the total amount of payments made and outstanding payments.

The ratio of paid transactions is calculated as the ratio formed in the numerator by the summation of the products corresponding to the amounts paid, by the number of payment days (difference between the calendar days elapsed from the end of the legal maximum payment period to the material payment of operation) and, in the denominator, the total amount of payments made.

Likewise, the ratio of unpaid transactions corresponds to the ratio formulated in the numerator by the summation of the products corresponding to the outstanding amounts, by the number of unpaid days (difference between the calendar days elapsed from the end of the legal maximum payment period to the day of closing of the annual accounts) and , in the denominator, the total amount of outstanding payments.

The maximum legal payment period applicable to companies established in Spain in financial year 15 in accordance with Law 11.2013, 26 July, which lays down measures to combat delinquency in commercial operations and in accordance with the transitional provisions laid down in Law 15.2010 of 5 July, is 30 days (unless the conditions laid down in it are met , which would allow the maximum payment period to be raised to 60 days).

20. Employee benefits obligations

The movement of the liability recognized by obligations incurred with staff during the 2020 and 2019 financial years is as follows (in thousands of euros):

	Long-term remuneration for defined benefit (Note 3.11)	Other long-term staff remuneration (Note 3.11)	Other	**Total**
Balances as of December 31, 2018	**6,301**	**1,561**	**799**	**8,661**
Reversals	(88)	-	(51)	(139)
Expenditure for the year (Note 24)	1,115	317	139	1,571
Entrances to the consolidation perimeter	703	236	-	939
Paid benefits	(1,187)	(149)	(239)	(1,575)
Balances as of December 31, 2019	**6,844**	**1,965**	**648**	**9,457**
Reversals	-	-	(30)	(30)
Expenditure for the year (Note 24)	812	36	-	848
Paid benefits	(2,266)	(128)	(226)	(2,620)
Balances as of December 31, 2020	**5,390**	**1,873**	**392**	**7,655**

Long-term remuneration for defined benefit

This heading includes certain legal obligations with employees of the SBER subgroup whose date of incorporation into the company had occurred before 1 January 2003 and which will be revealed at the date of retirement or retirement for other reasons in accordance with the legislation in force in Austria.

The total obligation accrued from this defined benefit plan has been calculated using accepted actuarial methods and considering mortality scenarios in accordance with the country's most recent tables, amounting to EUR 5,390 thousand by 31 December 2020 (EUR 6,844 thousand by 31 December 2019).

The discount rate applied is 0.7% (0.95% in 2019) and the wage growth scenario of 2.6% (2.6% in 2019).

Other long-term staff pay

The balance recorded under this heading includes the estimate of the amounts accrued to be paid in the future for a series of retirement awards to SBER Subgroup employees payable at 25, 35 and 40 years of service to the company and consisting of one, two or three monthly payments, respectively.

Under certain circumstances, labour regulation in Austria allows employees that meet a number of conditions to benefit from a partial retirement programme. Those employees that are eligible for the aforementioned program work 50% of the working day until the date of retirement and receive 75% of the salary corresponding to a full working day being the additional 25% discount paid supported by the country's social security agencies.

In addition, as indicated in Note 3.11, the Board of Directors of the parent company approved on 25 March 2013 an incentive plan for the members of the Group's Senior Management, which are part of the Group's Senior Management (Note 26), which includes the right to receive a multiannual remuneration to be calculated as a percentage on the increase in the value of the company.

The value of the company is defined according to a formula whose variables are directly linked to the achievement of the objectives of the Group's Strategic Plan.

According to the best estimates of the Directors, no amount has been accrued as of December 31, 2020 and 2019.

21. Tax matters

The General Shareholders' Meeting of the parent company, at its meeting on 29 May 2013, approved the acceptance of the same and certain subsidiaries, based in the Basque Country and subject to the foral regulations of corporation tax, to the special tax regime for tax consolidation from the year started on January 1, 2014 , which is contained in Chapter VI of Title VI of the Foral Standard 37.2013, of December 13, of the Provincial Council of Alava of Corporation Tax.

This Tax Group, which is taxed under number 01.14.A for the purposes of the implementation of the Fiscal Consolidation Regime, is composed of Tubacex, S.A., as a parent company, and by the companies of the Group, Acería de Alava, S.A.U., Tubacex Tubos Inoxidables S.A.U., Tubacex Taylor Accesorios S.A.U., Tubacex Services Solutions S.A.U., Tubacoat S.L., Red Distribuidora de Tubos y Accesorios S.A.U., CFT Servicios Inmobiliarios S.A.U. and Tubos Mecanicos Norte S.A.U. During the 2016 financial year they entered the consolidation perimeter Tubacex Advanced Solutions S.L.U., Tubacex Services Solutions Holding S.L.U. and Tubacex Upstream Technologies S.A. and in the 2018 financial year Tubacex Servicios de Gestión, S.L.U., being integrated into the group number 01/14/A since the exercise of its constitution, that is, since the financial year started on January 1, 2016 and the financial year started on January 1, 2018, respectively.

21.1 Current balances with public administrations

The composition of current balances with public administrations is as follows (in thousands of euros):

	Thousands of Euros	
	2020	2019
VAT refundable (Note 14)	7,699	10,881
Other receivables (Note 14)	6,237	5,643
Current tax assets	611	2,756
Total receivables from public authorities	**14,547**	**19,280**
VAT payable	5,208	8,981
Accrued social security taxes payable	2,325	2,850
Personal income tax withholdings payable	2,000	2,242
Other payables	931	820
Income tax payable	1,484	260
Total payables to public authorities	**11,948**	**15,153**

21.2 Reconciliation of accounting loss and tax base

The detail of consolidated income tax expenditure for the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019
Current tax	(392)	1,240
Deferred taxes-		
Origination and reversal of temporary differences	(785)	(4,414)
	(1,177)	**(3,174)**

The reconciliation between tax expense(income) and the profit before tax is as follows:

	Thousands of Euros	
	2020	2019
Consolidated loss before tax	(26,358)	11,500
Cumulative income tax expense at the tax rate of the Parent (24%) (2018: 26%)	(6,332)	2,760
Permanent differences and consolidation adjustments	(2,515)	(1,520)
Difference due to tax rates of subsidiaries	6,725	(1,525)
Current year tax credits and tax relief	(506)	(2,247)
Adjustment of prior years' taxes	1,451	(642)
Total consolidated tax expense (benefit) recognised	**(1,177)**	**(3,174)**

The nature of the tax deductions recognized in the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019
Investments in new non-current assets and research and development	506	2,247
	506	**2,247**

21.3 Deferred Tax Assets and Liabilities

The detail as of December 31, 2020 and 2019 of deferred tax assets and liabilities is as follows:

	Thousands of Euros			
	Active		Liabilities	
	2020	2019	2020	2019
Due to provisions and other items	14,593	16,471	(12,140)	(8,604)
Tax loss carryforwards	34,285	32,890	(554)	-
Unused tax credits and tax relief	26,649	25,785	-	-
Revaluation of assets (Note 2-f)	-	-	(7,942)	(10,740)
	75,527	75,146	(20,636)	(19,344)
Derivative financial instruments	91	64	-	-
	75,618	**75,210**	**(20,636)**	**(19,344)**

The Group registers deferred tax assets with the following aspects in mind:

- The Group considers more than likely that in the future there will be sufficient profits that will offset the negative tax bases activated and in this sense the plan drawn up by the Group envisages the increase in productivity, sales volume and, therefore, the Profitability of the Group in its core business. The Group will continue with the implementation of the strategic investments envisaged in its Strategic Plan 2018-2022, with the consolidation of new products of very high added value in the oil, gas, electricity generation and nuclear power sectors, which guarantee a strongly reinforced competitive position once the international crisis has been overcome.

- The business plan used by the Group to make the estimates that justify and support the recoverability of deferred tax assets is in line with the market reality and the entity's specifications. The outlook for business tax units would be as follows:

- For their part, the tax credits generated in Austria amounting to EUR 19 million (same amount as December 31, 2019) have no time limit for recoverability while their recoverability is due to compliance with the Industrial Plan.

- Finally, the tax credits generated in Italy EUR 8 million (same amount as december 31, 2019) also do not have a time limit for recoverability and are expected to be recovered in a short time horizon taking into account the Company's historical generation of tax bases and the Group's prospects in this component.

- On the basis of the foregoing, the Group Management considers that the recognition of tax credits is justified, estimating their recovery on a horizon not exceeding 10 years, and in any case within the established legal limits. The Group Directors consider this criterion appropriate.

The detail of the deferred tax asset and liability rate variation that has been recognized against income/(expense) by deferred income tax on the consolidated profit and loss account is as follows:

	Thousands of Euros			
	Active		Liabilities	
	2020	2019	2020	2019
Due to provisions and other items	(1,878)	264	(3,536)	-
Due to other items	27	(164)	-	(2,998)
Tax loss carryforwards	1,395	7,848	(554)	-
Unused tax credits and tax relief	864	897	-	-
Revaluation of assets included in the scope of consolidation (Note 2.6)	-	-	2,798	(1,969)
Total	**408**	**8,845**	**1,292**	**(4,967)**

Tax losses carryforward

At the end of the 2020 and 2019 financial years, the detail of loss credits to be cleared recorded in the accompanying consolidated balance sheet is as follows:

Year incurred	2020	2019
2010	1,162	1,088
2011	6,526	6,398
2012	695	673
2013	872	841
2015	1,956	1,943
2016	5,690	5,414
2017	5,857	6,366
2018	3,413	4,009
2019	6,469	6,158
2020	1,645	-
	34,285	**32,890**

Of the total of these claims for losses to be compensated, approximately EUR 4 million has been generated in alavesas companies at a time prior to entry into the consolidated tax being the time limit for their compensation in the years 2040 and 2041. There are also 17 million in the Austrian subsidiary and 5 million of the Italian subsidiary, with no time limit under the country's tax regulations for its recoverability.

Unused tax credits and tax relief

At the end of the 2020 and 2019 financial years, the detail of deduction and bonus rights to be cleared recorded in the accompanying consolidated balance sheet, all generated in the foral tax consolidated, is as follows:

Year Of Origin	2020	2019	Expiration
2001	11	11	2031
2002	12	12	2032
2003	5	5	2033
2004	281	281	2034
2005	49	49	2035
2006	587	587	2036
2007	710	710	2037
2008	939	939	2038
2009	2,028	2,028	2039
2010	2,633	2,633	2040
2011	4,001	4,001	2041
2012	2,853	2,853	2042
2013	4,588	4,588	2043
2015	663	668	2045
2016	226	238	2046
2017	2,051	2,051	2047
2018	2,075	2,075	2048
2019	2,437	2,056	2049
2020	500	-	2050
	26.649	**25.785**	

Pre-2013 deductions (EUR 14,109 thousand) must be recovered individually for each company that generated it once they were generated prior to entry into the fiscal consolidated. Of these deductions 4,174 thousand euros would be double tax deductions and 5,436 thousand euros would be deductions with limit.

The total amount of the current and deferred income tax, relating to items charged or paid directly against another overall result during the 2020 and 2019 financial years, is as follows:

	Thousands of Euros	
	2020	2019
Cash flow hedges (Note 10)	431	(267)

21.4 Unregistered deferred tax assets

The Group has not recorded in the accompanying balance sheet certain assets by deferred tax, by a criterion of prudence, taking into account accounting regulations, and in the face of the high amount already capitalized in previous years.

The details of these unregistered assets are as follows (in euros):

	Year Of Origin	2020	Expiration
Deductions	2014	41,946	2044
Negative tax bases	2015	22,568	2045
Deductions	2015	41,221	2045
Negative tax bases	2016	57,015	2046
Deductions	2016	45,291	2046
Negative tax bases	2017	111,778	2047
Deductions	2017	10,202	2047
Negative tax bases	2018	59,428	2048
Deductions	2018	13,281	2048
Negative tax bases	2019	55,738	2049
Deductions	2019	1,468	2049
Negative tax bases	2020	9,083,250	2050
		9,543,186	

21.5 Years open for review and tax audits

Under current law, taxes cannot be considered definitively settled until the returns submitted have been inspected by the tax authorities, or the four-year limitation period has elapsed. At the end of 2020 part of the Group has open for inspection the 2014 and following year of corporation tax, Value Added Tax and withholding tax on direct resident taxes, as well as the last four years for the other taxes that apply to it, can be reviewed all deductions and tax bases generated in the previous years with a limit of ten years when used in any of the exercises opened for inspection.

The Group Directors consider that the settlements of these taxes have been adequately exercised, so that, even if discrepancies arise in the regulatory interpretation in force by the tax treatment granted to transactions, the resulting liabilities, if materialized, would not significantly affect the accompanying consolidated annual accounts.

The Directors of the Company do not expect additional material liabilities not covered by consideration to be accrued as a result of the tax administration's review of the exercises opened for inspection. In this regard, in accordance with the provisions of the Ninth Additional Provision of Royal Decree Law 11/2020 of March 31 and additional provision 1a of royal decree Law 15/2020 of April 21, the period from 14 March to 30 May 2020 shall not count for the purposes of the limitation periods laid down in Law 58/2003 of 17 December, General Taxation, and the usual limitation periods are therefore extended by an additional 78 days.

22. Earnings per share

22.1 Basic earnings per share

Basic earnings/ (losses) per share are calculated by dividing the profit/(loss) of the year attributable to the Company's shareholders, by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

	2020	2019
Earnings attributable to the Parent's ordinary shareholders	(25,181)	14,674
Number of ordinary shares in circulation (Nota 16)	127,608,589	129,617,064
Basic earnings per share (euros)	(0.1973)	0.1132

The average number of ordinary shares outstanding is calculated as follows:

	2020	2019
Ordinary shares outstanding (Note 14.1)	132,978,782	132,978,782
Effect of own actions (Note 14.5)	(5,370,193)	(3,361,718)
Number of common shares outstanding	**127,608,589**	**129,617,064**

22.2 Diluted earnings per share

Diluted earnings per share are calculated by attaching the weighted average number of ordinary shares outstanding to reflect the translation of all diluted potential ordinary shares.

	2020	2019
Gains/(Losses) attributable to shareholders Society's ordinary	(25,181)	14,674
Number of ordinary shares in Circulation	131,008,589	133,017,064
Diluted earnings/ (losses) per share (euros)	(0.1922)	0.1103

The average number of ordinary shares outstanding is calculated as follows:

	2020	2019
Ordinary shares outstanding (Note 14.1)	132,978,782	132,978,782
Effect of own actions (Note 14.5)	(5,370,193)	(3,361,718)
Effect shared based payments programs (Note 14.6)	3,400,000	3,400,000
Number of common shares outstanding	**131,008,589**	**133,017,064**

23. Other income and other expenses

The detail of the heading "Other operating income" in the consolidated profit and loss account attached in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Grants related to income	6,937	2,753
Transfer of grants to profit or loss	-	23
Other income	4,093	4,904
	11,030	**7,680**

The detail of "Other operating expenses" of the consolidated profit and loss account attached in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Operating lease expenses	1,828	4,425
Repairs and conservation	27,052	34,173
Independent professional services	6,825	8,039
Transport	10,794	23,956
Insurance premiums	2,509	2,159
Procurements	14,353	15,922
Other expenses	21,910	30,401
Tributes	448	1,966
Variation of traffic provisions (Notes 3.5 and 12)	876	3
	86,595	**121,044**

24. Staff costs

Its detail during the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019
Wages, salaries and similar expenses	96,444	106,931
Contributions to pension plans	2,736	2,103
Social Security	30,437	31,518
Other social expenses	3,924	6,088
Provisions for benefits		
Employees and Long-Term Incentive Plan (Notes 14.6 and 20)	-	(438)
	133,541	**146,202**

The average number of persons employed by the Group during the 2020 and 2019 financial years, detailed by category, is as follows:

Categories	2020	2019
Senior Management	10	10
Intermediate commands and supervisors	362	358
Technicians and professionals	446	453
Operations staff	1,562	1,732
Total	**2,380**	**2,553**

The above average tables take into account all those that have or have had an employment relationship with the company during the average financial year according to the time during which they have provided their services. Workers affected by Temporary Employment Regulation (ERTE) dossiers have been averaged according to the effective service time provided.

In addition, the gender distribution at the end of the 2020 and 2019 financial years, detailed by category, is as follows:

	2020		2019	
Categories	Men	Women	Men	Women
Senior Management	10	-	10	-
Intermediate commands and supervisors	353	63	311	108
Technicians and professionals	263	187	307	131
Operations staff	1,565	109	1,664	99
Total	**2,191**	**359**	**2,292**	**338**

The Board of Directors of the Parent as of December 31, 2020 is composed of 4 women and 8 men (4 women and 8 men as of December 31, 2019).

The total number of employees of the Tubacex Group with disabilities in 2020 was 20 people (25 people in 2019).

25. Related party transactions and balances

Related party transactions

The detail of transactions carried out with related parties, the effects of which have not been eliminated during the consolidation process, during the 2020 and 2019 financial years are as follows:

2020

	Revenue	Provision-ments	Other income	Other operating expenses	Financial expenses
CFF SRL	20	56	-	-	-
Coprosider	365	3	2	1	5
	385	**59**	**2**	**1**	**5**

2019:

	Revenue	Provision-ments	Other income	Other operating expenses	Financial expenses
CFF SRL	22	126	-	-	-
Coprosider	392	62	3	2	4
	414	**188**	**3**	**2**	**4**

Related party balances

The amount of balances in the consolidated balance sheet linked to December 31, 2020 and 2019 is as follows (in thousands of euros):

2020:

	Debtor Balances			Creditor Balances
	Short-term credits (Note 9)	Other non-current financial assets (Note 9)	Trade and other receivables (Note 12)	Trade and other payables (Note 19)
CFF SRL	-	-	-	(8)
Coprosider	-	644	3	(11)
SBTechnisches	-	70	260	-
Awaji Materia	908	-	-	-
Tubacex Foundation	-	-	196	-
Other	-	-	95	-
	908	**714**	**554**	**(19)**

2019:

	Debtor Balances			Creditor Balances
	Short-term credits (Note 9)	Other non-current financial assets (Note 9)	Trade and other receivables (Note 12)	Trade and other payables (Note 19)
CFF SRL	-	-	8	(12)
Coprosider	-	644	54	(16)
SBTechnisches	-	70	-	-
Awaji Materia	909	-	-	-
Other	-	-	210	-
	909	**714**	**272**	**(28)**

26. Remuneration of executives

The remuneration accrued during the financial years ended December 31, 2020 and 2019 by the key staff of the Directorate are as follows:

	Thousands of Euros	
	2020	2019
Current employee remuneration, executives	1,763	2,643
Post-employment benefits	111	111
	1,874	**2,754**

As of December 31, 2020 and 2019, the Group's Senior Management staff does not maintain balances for advances or credits. The concept of post-employment benefit basically corresponds to contributions to a contribution plan defined in a voluntary social security entity.

27. Disclosures relating to the Parent's directors

27.1 Remuneration and balances with Parent´s directors

During the 2020 financial year, the members of the Board of Directors have accrued EUR 837 thousand in fixed fees and allowances for attendance at meetings of the Board of Directors (EUR 862 thousand in the 2019 financial year).

These amounts do not include in any case the additional remuneration accrued by those directors that perform representative or executive work, which in 2020 amounted to 624 thousand euros (777 thousand euros in 2019), and 42 thousand euros correspond to post-employment benefits (mainly contributions to a contribution plan defined in a voluntary social security entity) (42 thousand euros in 2019).

Finally, during 2020, as was the case in 2019, members of the Board of Directors have not accrued statutory allowances and care on the advice of other companies in the consolidated group.

As of December 31, 2020 and 2019, they do not maintain balances for advances or credits with the Group.

As of December 31, 2020 and 2019, the Group has no pension and life insurance obligations with respect to the previous or current members of its Board of Directors of the parent company, nor does it have obligations on its own as collateral.

The insurance premium accrued during the 2020 financial year corresponding to the Civil Liability Insurance of the Directors amounts to EUR 31 thousand (EUR 30 thousand during the 2019 financial year).

27.2 Transactions performed outside the normal course of business or not on an arm's length basis by the Parent's directors

During the 2020 financial year, the Directors of the parent company have not carried out transactions outside ordinary traffic or under conditions other than market traffic with the Company, or with group companies.

27.3 Ownership interests and positions held in other companies by the Parent's directors and persons related to them

At the end of the 2020 financial year, the members of the Board of Directors of Tubacex, S.A., as well as certain persons linked to them as defined in the Law on Capital Companies, have not maintained relations with other companies that by their activity will represent a conflict of interest to them or to Tubacex, having not produced any communication to the Board of Directors or the rest of the Directors in the sense indicated in article 229 , which is why these consolidated annual accounts do not include any breakdown to this effect.

28. Environmental information

The Group's operations are subject to environmental protection legislation ("environmental laws") and worker safety and health ("occupational safety laws"). The Group considers that it substantially complies with such laws and maintains procedures designed to promote and ensure compliance.

The Group, in the year ended 31 December 2020, it maintains investments of approximately 1,598 thousand euros (2,064 thousand euros in 2019) and has incurred in 999 thousand euros (1,550 thousand euros in 2019) for environmental costs corresponding, basically, to acid withdrawals, repairs and conservation and advisory and audit services of independent professionals.

The Group has not received environmental subsidies during the 2020 financial year or in the 2019 financial year.

As of December 31, 2020, except for the provision under the headings "non-current provisions" of the accompanying consolidated balance sheet (Note 15), the Group has no further provisions recorded for potential environmental risks since the Directors consider that there are no significant contingencies related to possible litigation, compensation or other concepts.

29. Fees paid to auditors

During the 2020 and 2019 financial years, fees relating to audit services of accounts (regardless of the time of their billing) and other services provided by the auditor of the Group's consolidated annual accounts, Deloitte, S.L., and by companies belonging to the Deloitte network, as well as fees for services invoiced by the auditors of individual annual accounts of the companies included in the consolidation and by the entities linked to them by control , common property or management have been as follows regardless of the time of your billing, are as follows (in thousands of euros):

	2020	2019
Audit services	514	522
Other attest services	69	35
Total audit and related services	**583**	**557**
Tax advisory services	260	193
Other services	4	3
Total audit and related services	**847**	**753**

In addition, other auditors have billed 168 thousand euros (184 thousand euros in 2019) for audit services, 39 thousand euros of tax advisory services and 79 thousand other services.

30. Subsequent Events

No economic event has been revealed after the end of the financial year ended 31 December 2020, which significantly affects the accompanying consolidated annual accounts of the TUBACEX Group.

31. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

TUBACEX, S.A. AND SUBSIDIARIES

INFORMATION RELATING TO THE SUBSIDIARIES IN THE YEAR ENDED DECEMBER 31, 2020

Society	Home	Activity	Auditor	% of participation			Thousands of Euros					
				Direct	Indirect	Total	Capital (*)	Reserves and other own fund items (*)	Results (*)	Dividend on account (*)	Operating profit (*)	Total own funds (*)
Acería de Alava, S.A.U.	Alava (Spain)	Steel manufacturing	Deloitte	100	-	100	7,300	55,186	(1,417)	-	(1,424)	61,069
Tubacex Services Solutions Holding S.L.U.	Alava (Spain)	Tube marketing		100	-	100	31,183	4,460	1,242	-	11	36,885
Tubacex Services Solutions, S.A.U.	Alava (Spain)	Tube marketing	Deloitte	-	100	100	1,142	9,090	6	-	494	10,238
Tubos Mecánicos, S.A.U. (Sub-consolidated)	Barcelona (Spain)	Manufacture and marketing of carbon tube	Deloitte		100	100	5,437	29,983	1,559	-	1,418	36,979
Tubos Mecánicos Norte, S.A.U,	Alava (Spain)	Carbon tube marketing	Deloitte	-	100	100	Included in subconsolid "Mechanical Tubes"					
Tubacex Services Solutions France, S.A.S.	Soissons (France)	Tube marketing	Deloitte	-	100	100	500	3,897	600	-	623	4,997
Tubacex India Pvt Ltd	India	Comercializadora	n/a	-	100	100	550	(104)	50	-	593	496
Tubacex Services Solutions Do Brasil Participacoes Ltda	Sao Paulo (Brazil)	Tube marketing	n/a	-	100	100	1,068	(911)	(241)	-	(238)	(84)
Tubacex Services Solutions Austria Gmbh	Ternitz (Austria)	Tube marketing	n/a	-	100	100	35	3,114	231	-	446	3,380
Tubacex Service Solutions Middel East, FZCO	Dubai (United Arab Emirates)	Tube marketing	n/a	-	51	100	2,930	67	276	-	280	3,273
CFT Servicios Inmobiliarios, S.A.U.	Alava (Spain)	Tube marketing	n/a	100	-	100	60	1,099	-	-	-	1,159
Red Distribuidora de Tubos y Accesorios, S.A.U. (R.T.A.)	Alava (Spain)	Tube marketing	n/a	100	-	100	76	5,016	107	-	71	5,199
Schoeller - Bleckmann Edelstahlrohr Inmobilien, AG	Ternitz (Austria)	Real estate	Deloitte	100	-	100	70	4,632	33	-	35	4,735
Schoeller – Bleckmann Edelstahlrohr GmbH (Sub-consolidated)	Ternitz (Austria)	Tube manufacturing and marketing	Deloitte	100	-	100	3,500	43,703	(306)	-	2,222	46,897
Schoeller - Bleckmann Technisches Service GmbH	Ternitz (Austria)	Technical support services	Deloitte	-	100	100	Included in the Sub-Consolidated "Schoeller-Bleckmann Edelstahlhohr GmbH"					
Schoeller – Bleckmann Technisches Service GmbH & Co. KG	Ternitz (Austria)	Technical support services	Deloitte	-	100	100						
Schoeller - Bleckmann Edelstahlrohr Deutschland GmbH	Dusseldorf (Germany)	Tube marketing	Deloitte	100	-	100	26	287	(134)	-	(158)	179
Schoeller - Bleckmann Tube France	Paris (France)	Tube marketing	Deloitte	100	-	100	36	100	-	-	-	138
Tubacex Taylor Accessories, S.A.U.	Alava (Spain)	Manufacture of accessories	Deloitte	100	-	100	8,891	1,523	(95)	-	(220)	(10,319)
Tubacex Stainless Tubes, S.A.U.	Alava (Spain)	Tube manufacturing and marketing	Deloitte	100	-	100	15,028	39,844	(19,697)	-	(18,408)	35,176
Tubacex AIE Innovation	Biscay (Spain)	Innovation	n/a	92	8	100	6	219	254	-	294	479
Tubacoat, S.L.	Biscay (Spain)	Industrial development and marketing of long steel products	n/a	100	-	100	60	293	(417)	-	(578)	(64)
Tubacex Services, S.L.	Cantabria (Spain)	Manufacture and marketing of special steel tubes	Deloitte	81	-	81	3,704	1,361	(55)	-	45	5,010
Tubacex Middle East Holding, S.L.	Cantabria (Spain)	Holding shares	n/a	100	-	100	3	-	-	-	-	3
IBF SpA (Sub-Consolidated)	Italy	Manufacture of high-end fittings	Deloitte	100	-	100	15,000	23,262	(8,129)	-	(7,086)	30,133
Tubacex Awaji Thailand, LTD	Thailand	Manufacture of fittings	Audit House corp.,LTD.	-	60	60	Included in Sub-Consolidated "IBF SpA"					
Tubacex Prakash India Pvt Ltd	India	Manufacture and marketing of special steel tubes	Deloitte	68	-	68	1,413	34,704	3,264	-	2,164	39,381
Tubacex Foundation	Biscay (Spain)	Promoting social purposes	n/a	100	-	100	500	3,987	600	-	623	4,997
Tubacex Upstream Techonologies S.A.	Biscay (Spain)	Manufacture and marketing of special steel tubes	Deloitte	100	-	100	1,000	7,045	8,295	-	12,093	16,340
NTS Middle East, FZCO	Dubai(United Emirates)	Mechanical repair of drilling tools	Grant Thornton LLp	-	51	51	783	60,959	9,279	-	2,798	71,021
Promet As	Tananger (Norway)	Precision engineering	Grant Thornton LLp	-	34	34	Included in the Subconolid" NTS Middel East FZCO"					
NTS Saudi Company LTD	Al Khobar (Saudi Arabia)	Mechanical repair of drilling tools	Grant Thornton LLp	-	49	49	Included in the Subconolid" NTS Middel East FZCO"					
NTS Amega West USA, INC	Delaware (USA)	Manufacturing and equipment rental services in the tube industry	Grant Thornton LLp	-	49	49	Included in the Subconolid" NTS Middel East FZCO"					
NTS Rocket Canada, LTD	Singapore (Singapore)	Manufacturing and equipment rental services in the tube industry	Grant Thornton LLp	-	49	49	Included in the Subconolid" NTS Middel East FZCO"					
NTS Rocket Pte, Ltd	Alberta (Canada)	Manufacturing and equipment rental services in the tube industry	Grant Thornton LLp	-	49	49	Included in the Subconolid" NTS Middel East FZCO"					
Tubacex Advance Solutions S.L.	Biscay (Spain)	Tube marketing	n/a	100	-	100	3	1	(11)	-	(5)	(7)
Tubacex Norway	Norway	Tube marketing	n/a	-	100	100	10	1,075	1,445	-	1,445	2,530
Tubacex Europe, B.V	Holland	Tube marketing		100	-	100	16	182	40	-	38	238
Tubacex Logistics, S.A.	Leioa (Bizkaia)	Transport and logísitca	n/a	75	-	75	72	571	136	-	195	779
Tubacex Italy	Milan (Italy)	Tube marketing	n/a	100	-	100	-	193	22	-	22	215
Tubacex Servicios de Gestión S.L.U.	Biscay (Spain)	Advice and consulting	n/a	100	-	100	3	226	185	-	(290)	44
EIC Energy Advanced Engineering Foundation	Biscay (Spain)	Development of technology projects	n/a	25	-	25	30	-	40	-	40	70
Tubacex US Holding, Inc	Delaware (USA)	Holding shares	n/a	100	-	100				-		
Salem Tube, Inc	Pennsylvania (USA)	Pipe manufacturing	Grossman Yanak & Ford	-	100	100	18,093	21,887	1,346	-	1,799	41,316
Tubacex America Inc	Houston (USA)	Tube marketing	Grossman Yanak & Ford	-	100	100	1	4,720	978	-	1,257	5,699
Tubacex Durant, Inc	Delaware (USA)	Pipe manufacturing	Grossman Yanak & Ford	-	100	100	-	4,844	(1,951)	-	(1,760)	2,893
Tubacex CIS Limited Liability Company	Moscu (Russia)	Tube marketing	n/a	100	-	100	84	(27)	(37)	-	(46)	20

This Annex is an integral part of Note 1 of the report of the annual accounts, together with which it should be read.

(*) The data contained in this Annex have been obtained from the individual closures of the integrated companies on the basis of the Group's accounting policies.

TUBACEX, S.A. AND SUBSIDIARIES

INFORMATION RELATING TO THE SUBSIDIARIES IN THE YEAR ENDED DECEMBER 31, 2019

				% of participation			Thousands of Euros					
Society	Home	Activity	Auditor	Direct	Indirect	Total	Capital (*)	Reserves and other own fund items (*)	Results (*)	Dividend on account (*)	Operating profit (*)	Total own funds (*)
Acería de Alava, S.A.U.	Alava (Spain)	Steel manufacturing	Deloitte	100,00	-	100,00	7,300	52,573	12,560	-	13,213	72,433
Tubacex Services Solutions Holding S.L.U.	Alava (Spain)	Tube marketing		100,00	-	100,00	31,183	4,475	(19)	-	(19)	35,639
Tubacex Services Solutions, S.A.U.	Alava (Spain)	Tube marketing	Deloitte	-	100,00	100,00	1,142	11,147	(1,703)	-	(1,196)	10,586
Tubos Mecánicos, S.A.U. (Sub-consolidated)	Barcelona (Spain)	Manufacture and marketing of carbon tube	Deloitte	-	100,00	100,00	5,437	27,562	3,017	-	2,934	36,016
Tubos Mecánicos Norte, S.A.U,	Alava (Spain)	Carbon tube marketing	Deloitte	-	100,00	100,00	Included in Sub-Consolidated "Mechanical Tubes"					
Tubacex America Inc	Houston (USA)	Tube marketing	n/a	-	100,00	100,00	1	3,957	1,238	-	1,644	5,196
Tubacex Services Solutions France, S.A.S.	Soissons (France)	Tube marketing	Deloitte	-	100,00	100,00	500	3,165	643	-	951	4,308
Tubacex Service Solutions India, Pvt Ltd	India	Comercializadora	n/a	-	100,00	100,00	550	(431)	385	-	524	504
Tubacex Services Solutions Do Brasil Trade and Distribution of Tubes and Acos Especiais, Ltda	Sao Paulo (Brazil)	Tube marketing	n/a	-	100,00	100,00	1,068	(717)	(162)	-	(200)	189
Tubacex Services Solutions Austria, Gmbh	Ternitz (Austria)	Tube marketing	n/a	-	51,00	100,00	35	2,357	1,012	-	1,204	3,404
Tubacex Service Solutions Middle East, FZCO	Dubai (United Arab Emirates)	Tube marketing	n/a	-	51,00	100,00	2,930	133	232	-	232	3,295
CFT Servicios Inmobiliarios, S.A.U.	Alava (Spain)	Tube marketing	n/a	100,00	-	100,00	60	1,099	-	-	-	1,159
RTA, Red Distribuidora de Tubos y Accesorios, S.A.U. (R.T.A.)	Alava (Spain)	Tube marketing	n/a	100,00	-	100,00	76	4,906	143	-	76	5,125
Schoeller - Bleckmann Edelstahlrohr Inmobilien, AG	Ternitz (Austria)	Real estate	Deloitte	100,00	-	100,00	70	4,600	32	-	10	4,702
Schoeller – Bleckmann Edelstahlrohr, GmbH (Sub-consolidated)	Ternitz (Austria)	Tube manufacturing and marketing	Deloitte	100,00	-	100,00	3,500	43,622	645	-	1,395	47,767
Schoeller - Bleckmann Technisches Service GmbH	Ternitz (Austria)	Technical support services	Deloitte	-	100,00	100,00	Included in Sub-Consolidated "Schoeller – Bleckmann Edelstahlrohr GmbH"					
Schoeller – Bleckmann Technisches Service GmbH & Co. KG	Ternitz (Austria)	Technical support services	Deloitte	-	100,00	100,00	Included in Sub-Consolidated "Schoeller – Bleckmann Edelstahlrohr GmbH"					
Schoeller - Bleckmann Edelstahlrohr Deutschland GmbH	Dusseldorf (Germany)	Tube marketing	Deloitte	100,00		100,00	26	67	220	-	275	313
Schoeller - Bleckmann Tube France	Paris (France)	Tube marketing	Deloitte	100,00		100,00	38	98	3	-	4	139
Tubacex Taylor Accessories, S.A.U.	Alava (Spain)	Manufacture of accessories	Deloitte	100,00	-	100,00	8,891	1,219	427	-	462	10,537
Tubacex Stainless Tubes, S.A.U.	Alava (Spain)	Tube manufacturing and marketing	Deloitte	100,00	-	100,00	15,028	51,869	(17,407)	-	(16,139)	49,490
Tubacex Innovation, IEA	Alava (Spain)	Innovation	n/a	91,67	8,33	100,00	6	327	(107)	-	(61)	226
Tubacoat, S.L.	Biscay (Spain)	Industrial development and marketing of long steel products	n/a	100,00	-	100,00	60	407	(393)	-	(347)	74
Tubacex Services, S.L.	Cantabria (Spain)	Manufacture and marketing of special steel tubes	Deloitte	81,00	-	81,00	3,704	1,751	(240)	-	(143)	5,215
IBF, SpA (Sub-Consolidated)	Italy	Manufacture of high-end fittings	Deloitte	100,00	-	100,00	15,000	26,836	(3,508)	-	(2,717)	38,328
Tubacex Awaji Thailand, Ltd	Thailand	Manufacture of fittings	n/a	-	60,00	60,00	Included in Sub-Consolidated "IBF SpA"					
Tubacex Prakash India, Pvt Ltd	India	Manufacture and marketing of special steel tubes	Deloitte	67,53	-	67,53	1,413	36,097	1,734	-	2,604	39,244
Tubacex Foundation	Biscay (Spain)	Promoting social purposes	n/a	100,00	-	100,00	500	(407)	(99)	-	(99)	(6)
Tubacex Upstream technologies, S.A.	Biscay (Spain)	Manufacture and marketing of special steel tubes	Deloitte	100,00	-	100,00	1,000	9,033	(2,400)	-	(1,486)	7,633
NTS Middle East, FZCO	Dubai (United Arab Emirates)	Mechanical repair of drilling tools	Crowe	-	49,00	40,00	2,487	37,260	2,482	-	8,110	42,229
Promet AS	Tananger (Norway)	Precision engineering	Crowe	-	49,00	40,00	Included in Sub-Consolidated "NTS Middle East FZCO"					
NTS Saudi Company LTD.	Al Khobar (Saudi Arabia)	Mechanical repair of drilling tools	Crowe	-	49,00	40,00	Included in Sub-Consolidated "NTS Middle East FZCO"					
Tubacex Advance Solutions S.L.	Biscay (Spain)	Tube marketing	n/a	100,00	-	100,00	3	(1)	(3)	-	(3)	(1)
Tubacex Europe, B.V							16	174	8	-	5	198
Tubacex Logistics, S.A.	Leioa (Bizkaia)	Transport and logísitca	n/a	70,00	-	70,00	60	212	348	-	357	620
Tubacex, S.A. Secondary Headquarters	Milan (Italy)	Tube marketing	n/a	100,00	-	100,00	-	220	40	-	41	260
Tubacex Servicios de Gestion S.L.U.	Biscay (Spain)	Advice and consulting	n/a	100,00	-	100,00	3	283	(118)	-	(95)	168
EIC Energy Advanced Engineering Foundation	Biscay (Spain)	Development of technology projects	n/a	25,00	-	25,00	24	-	-	-	-	24
Tubacex US Holding, Inc	Delaware (USA)	Holding shares	n/a	100,00		100,00	-	-	-	-	-	-
Salem Tube, Inc	Pennsylvania (USA)	Pipe manufacturing	Grossman Yanak & Ford	-	100,00	100,00	18,093	22,562	3,637	-	3,440	44,292
Tubacex Durant, Inc	Delaware (USA)	Pipe manufacturing	Grossman Yanak & Ford	100,00	-	100,00	-	7,468	(1,094)	-	(840)	6,374
Tubacex CIS Limited Liability Company	Moscu (Russia)	Tube marketing	n/a	100,00	-	100,00	43	-	(27)	-	(33)	16

This Annex is an integral part of Note 1 of the report of the annual accounts, together with which it should be read.
(*) The data contained in this Annex have been obtained from the individual closures of the integrated companies on the basis of the Group's accounting policies.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Tubacex, S.A. and and Subsidiaries composing the TUBACEX Group

Consolidated management report
For the annual financial year
December 31, 2020

After a long crisis in our sector, TUBACEX began 2020 with very good prospects. The organic and inorganic growth of recent years and the efforts made in the commercial, industrial and R&D field to position ourselves as a global supplier of tubular solutions allowed us to anticipate a very significant growth in results for this year. However, the coVID-19 eruption changed everything. The global pandemic has led to the sequential and periodic closure of several countries, as well as an unprecedented drop in economic activity.

The fall in energy consumption caused by the global recession and the high uncertainty about the future evolution of the virus, are motivating the reduction of investments of our end customers, as well as cancellations of some orders and the delay in the award and implementation of large projects. This situation has nullified the good prospects we had by 2020 and forced us to manage an extremely complicated situation.

Oil prices fell by more than 60% between February and April 2020 as the pandemic caused a collapse in global oil demand and raised concerns about storage capacity. The reduction in supply came both from the adjustment by OPEC+ as well as by the closure of plants and bankruptcies of North American producers. In parallel, the gradual revival of economic activity has made demand dynamic. From the historical lows below the $20 played in April, the price of the brent barrel started a bullish rally that is going on during the start of 2021. The brent barrel closed in December at $51.8, implying a fall in the year of 21.5%.

The price of nickel has evolved similarly, following a significant upward trend since April, a month in which it accumulated an annual drop of more than 13%. Nickel closed December at $16,607 per tonne, a revaluation of 17.8% in 2020, albeit still a long way from its historical levels. The other two alloys with significant weight in the Group's supply for the manufacture of stainless steel are molybdenum and chromium. The price of molybdenum has remained stable compared to the end of 2019, while chromium has increased by 12%.

In this context of very high uncertainty, the TUBACEX Group adopted a shock plan with three fundamental lines of action: strengthening the financial structure, adapting the cost structure and commercial focus on the signing of multiannual contracts and long-term agreements. The efforts made on these three axes have allowed the Company to close the financial year with reasonable results.

1. EVOLUTION OF THE GROUP'S BUSINESS IN 2020

A detailed analysis of the evolution of the main business variables during 2020 will examine the variation in the main items of the consolidated profit and loss account, together with the most significant facts arising from the Group's financial, commercial and industrial activity.

1.1 Analytical evolution of the Group's profit and loss account.
1.2 Financial activity.
1.3 Commercial activity.
1.4 Industrial activity.

1.1 Analytical evolution of the Group's profit and loss account

The following, and for comparative purposes, the main chapters of the consolidated profit and loss accounts for the years 2020, 2019 and 2018 (in millions of euros) are set out.

	2020	%	2019	%	2018	%
Net sales	*479,62*	*100,00*	*613,55*	*100,00*	*622,12*	*100,00*
Other income	*13,77*	*2,87*	*12,58*	*2,05*	*12,77*	*2,05*
Variation in stocks	*-20,17*	*-4,21*	*2,92*	*0,48*	*28,86*	*4,43*
Total value of the holding	***473,22***	***98,67***	***629,05***	***102,53***	***662,43***	***106,48***
Procurement and procurement	*-225,13*	*-46,94*	*-307,71*	*-50,15*	*-328,94*	*-52,87*
Personnel expenses	*-133,54*	*-27,84*	*-146,20*	*-23,83*	*-133,47*	*-21,45*
External and operating expenses	*-86,60*	*-18,05*	*-121,04*	*-19,73*	*-130,45*	*-20,97*
Negative difference in business combination	*10,14*	*2,11*	*12,99*	*2,12*	-	-
Gross operating income	***38,10***	***7,94***	***67,08***	***10,93***	***69,58***	***11,18***
Depreciation and impairment expenses	*-50,05*	*-10,44*	*-44,29*	*-7,22*	*-35,13*	*-5,65*
Net operating profit	***-11,95***	***-2,49***	***22,79***	***3,71***	***34,45***	***5,54***
Financial Result	***-12,57***	***-2,62***	***-11,72***	***-1,91***	***-14,79***	***-2,38***
Exchange rate difference	***-1,84***	***-0,38***	***0,43***	***0,07***	***0,24***	***0,04***
Benefit of ordinary activities	***-26,36***	***-5,50***	***11,50***	***1,87***	***19,89***	***3,20***
Income tax	*1,18*	*0,25*	*3,17*	*0,52*	*-2,46*	*-0,40*
Net income for the year	***-25,18***	***-5,25***	***14,67***	***2,39***	***17,43***	***2,80***
Minority interests	*-0,12*	*-0,03*	*-3,53*	*-0,57*	*-0,05*	*-0,01*
Profit attributed to the parent company	***-25,30***	***-5,28***	***11,15***	***1,82***	***17,38***	***2,79***

In terms of trend, the most important elements in the evolution recorded in the consolidated profit and loss account are analyzed:

- Sales have fallen by 21.8% compared to 2019 and close the year away from initial expectations as a result of reduced global activity caused by the Covid-19 pandemic

- The ratio representing the cost of supply on the revenue figure (net sales + stock variation) stands at 49.0% versus 49.9% in 2019 thanks to the Group's best in efficiency.

- The item "Other operating expenses" has been reduced by 28.5% compared to 2019 and its percentage on sales figure also improves by 18.0% compared to 19.7% in 2019. This significant reduction in both absolute and relative terms is the result of the Group's cost adjustment plan before the global economic crisis situation

- The increase in depreciation and impairment costs is due to the recording of an extraordinary accounting adjustment made voluntarily to anticipate the amortization of intangible assets in the Italian subsidiary relating to the nuclear sector. Such an adjustment, although affecting the Group's net operating income and net income, has no effect on the cash.

- The Group's financial debt has increased by EUR 44.6 million to EUR 298.1 million. This increase is due to both the increase in working capital and the non-organic growth investments made. It should be noted that TUBACEX manufactures on request, given the nature of the products it offers, tailor-made for specific projects. Therefore, net debt is closely linked to working capital that is mostly already sold and with a net value of positive realization.

1.2 Financial Activity

Total net worth was EUR 298.4 million at the end of 2020, representing 28.7% over total liabilities (31.0% in 2019). The reduction in equity attributable to the parent company of EUR 46.6 million compared to 2019 is the result of three main effects. The negative net profit generated, the share buyback program and the effect of the variation in conversion differences on foreign currency denominated balance sheets. Despite this reduction, Net Worth accounts for 80.8% of net debt, reflecting the strength of the Balance Sheet.

As usual, once again, the Group's strong financial position must be highlighted. Since the beginning of the pandemic, TUBACEX's financial strategy has focused on a double aspect to address this uncertain scenario. On the one hand, the box situation has been strengthened. As of December 31, the fund amounted to EUR 185.9 million. If we add to this figure the amount of the authorised and unwilling lines of credit, the Group's overall liquidity position is more than EUR 240 million. This structure ensures the Financial Solvency of the Group in the medium and long term. On the other hand, efforts have focused on extending debt maturities. Thus, long-term financial debt accounts for 52.2% of total financial debt at the end of the year, compared to 39.6% in December 2019. With these actions, liquidity is ensured, the complete operation of the company in extraordinary circumstances that condition the business activity at the global level, but above all ensure its immediate recoverability as soon as the global market circumstances allow.

As for the stock market, the global pandemic caused by coronavirus has resulted in significant stock declines in most companies, but especially those in those cyclical sectors linked to economic growth, tourism and energy consumption, such as TUBACEX.

In line with this overall market behavior, TUBACEX's stock was adjusted hard during the first three quarters of the year, correcting its trend in the last quarter, but without avoiding closing the year with a significant correction. The share price closed December at 1.37 euros, representing a market capitalization of 182.2 million euros and a fall of 51.6% in the year.

As regards value liquidity, the number of shares traded in 2020 on the regulated market amounted to 88.4 million securities, up from 33.8 million in the same period in 2019, representing a turnover of 66.5% of the capital.

TUBACEX has been part of the IBEX SMALL CAP index of the 30 most floating capital corrected securities since June 2015, excluding the 35 values of the "IBEX 35" and the 20 values of the "IBEX Medium Cap".

1.3 Commercial Activity

The Group's consolidated sales were 479.62 million euros in 2020, a decrease of 21.8% compared to the previous year. The main causes of this development have been explained in point 1.1 above.

The distribution by geographical area of the Group's sales in the last two financial years has been as follows (in millions of euros):

	2020	2019	2020/2019
Spain	45,36	43,98	+3.1%
Rest of Europe	250,32	319,44	-21,6%
Us.	50,02	77,71	-35,6%
Other countries	133,91	172,40	-22,3%
Total sales	479,62	613,55	-21,8%

These figures represent a market distribution that is made up of 62% of sales destined for the European market, 10% to the US. 28% to countries in the rest of the world. In 2019 the distribution was 59%, 13% and 28% respectively.

Europe's high weight in revenue figure is explained by the group's sales to new facilities in the oil, gas and energy sectors, it is common for the Group's engineering or client equipment manufacturer to be European but the final destination of the product is a different geographical area.

1.4 Industrial Activity

Investments made in fixed assets in the 2020 financial year accounted for approximately EUR 19.2 million, compared to EUR 55 million invested in 2019.

The main investments of the year correspond to the acquisition of strategic assets through the NTS Group company as well as the completion of investments in the new production plant in the United States.

The NTS Group, acquired in 2019 by the Joint Venture formed between TUBACEX and ADQ, has acquired the assets of Amega West Services, a world leader in the manufacture and rental of high-tech land and marine oil and gas drilling rigs and well bottom tools for drilling operations. With the addition of these assets, the NTS Group is consolidated as a market leader in the Middle East (UAE/GCC) and second globally offering drilling modules and repair and maintenance services.

On the other hand, remember that investment in the new production plant in the United States has several objectives, such as the local presence in a market that imports the vast majority of its demand, and to develop the ability to manufacture new high value-added products, both for the American market and globally.

The rest of the investments have corresponded to the normal business operation of the different companies of the Group.

2. GROUP SITUATION

TUBACEX began the 2020 exercise with very good prospects. After a continued decline in activity over the past four years, the Group began the year with a robust and high quality portfolio, as well as the expectation of important awards. However, the coVID-19 eruption changed everything.

The global pandemic situation has caused an unprecedented drop in economic activity globally. Faced with this situation of very high uncertainty, the TUBACEX Group adopted a shock plan with three lines of action: strengthening the financial structure, adapting the cost structure and commercial focus on the signing of multiannual contracts and long-term agreements. The efforts made by the three axes reflect the reasonable results obtained even in an environment as dramatic as the current one.

Financial restructuring has been successfully completed, diversifying funding sources and significantly extending debt maturities. The liquidity position at the end of the year of more than 240 million euros guarantees our solvency in the short and medium term, even in the worst of the scenarios.

Cost reduction programmes have made it possible to achieve a recurring positive annual impact of more than EUR 30M on the basis of fixed costs.

Finally, the efforts made in the commercial area have allowed to negotiate and sign, even at a time as complicated of the market as the current one, binding long-term contracts with the main end-users the products of higher added value and that lay the foundations for the future growth of the Group.

The Group thus faces a 2021 also full of uncertainty. Although the start of the vaccination process resulted in increased optimism and confidence in the markets, the third wave and fear of successive ones, coupled with variations in the virus have delayed the recovery of activity and still uncertain return to pre-COVID activity levels19.

In addition, TUBACEX is aware that the global pandemic has led to a structural change in society, not only on a personal level but on environmental awareness that will have a significant impact on the future of the business. For this reason, commitments to sustainable development goals are being promoted and accelerated. Internally, with the signing of the letter of accession to Science Based Target (SBT), with which the Group assumes the objective of reducing its CO_2 emissions by 50% by 2030. From an external point of view, collaborating with the target sectors of their products in reducing their emissions thanks to advanced high-strength materials and the continuous development of new technologies. The energy transition to cleaner energy sources and sustainable development are an irrepressible trend and TUBACEX wants to play a key role in this process.

3. PROSPECTS AND FUTURE EVOLUTION OF THE GROUP'S BUSINESS

As for the future, in the short term and as a result of the low levels of order entry in recent months, a very weak first half of 2021 is expected. The shock plan implemented by the Group over the last few months, attacking its cost base, securing its structural liquidity and signing long-term strategic agreements with key clients, allows to deal with this situation with total guarantee. As the year progresses and if, as expected, the pandemic situation and vaccination process develop as expected, economic activity in the main destinations of our products should gradually recover. In this sense the valuation of key raw materials such as oil or nickel act as advanced indicators of this trend.

In this uncertain context we expect a year 2021 from least to most in acquisition and with a transition towards a year 2022 that should not be conditioned by the current devastating external effects. The company expects to be able to end the year with an important order book and with a high level of visibility for the following exercises.

4. ACQUISITION AND DISPOSAL OF OWN SHARES

At the end of 2020, the number of own shares was 7,378,668, up from 3,361,718 close in 2019.

5. PROPOSAL FOR THE DISTRIBUTION OF RESULTS

The proposal for the distribution of results of Tubacex, S.A., which the Board of Directors will elevate to the General Shareholders' Meeting is as follows:

	In euros
Negative results from previous years	-9.895.733
Total	-9.895.733

6. INFORMATION ON FINANCIAL INSTRUMENTS

Note 10 of the Consolidated Annual Accounts Report provides detailed information on foreign currency, commodities and interest rate swaps maintained by the TUBACEX Group as of 31 December 2020.

7. OTHER

7.1 Audit Fees

The audit fees for the professional work carried out in the TUBACEX Group in the 2020 financial year amounted to EUR 514 thousand.

8. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission (http://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?nif=A-01003946)

9. STATE OF NON-FINANCIAL INFORMATION

Literal texts of the Non-Financial Statement of Information are also incorporated. This text has been approved by the Board of Directors of Tubacex S.A. and is an integral part of the Consolidated Management Report for the 2020 financial year.