

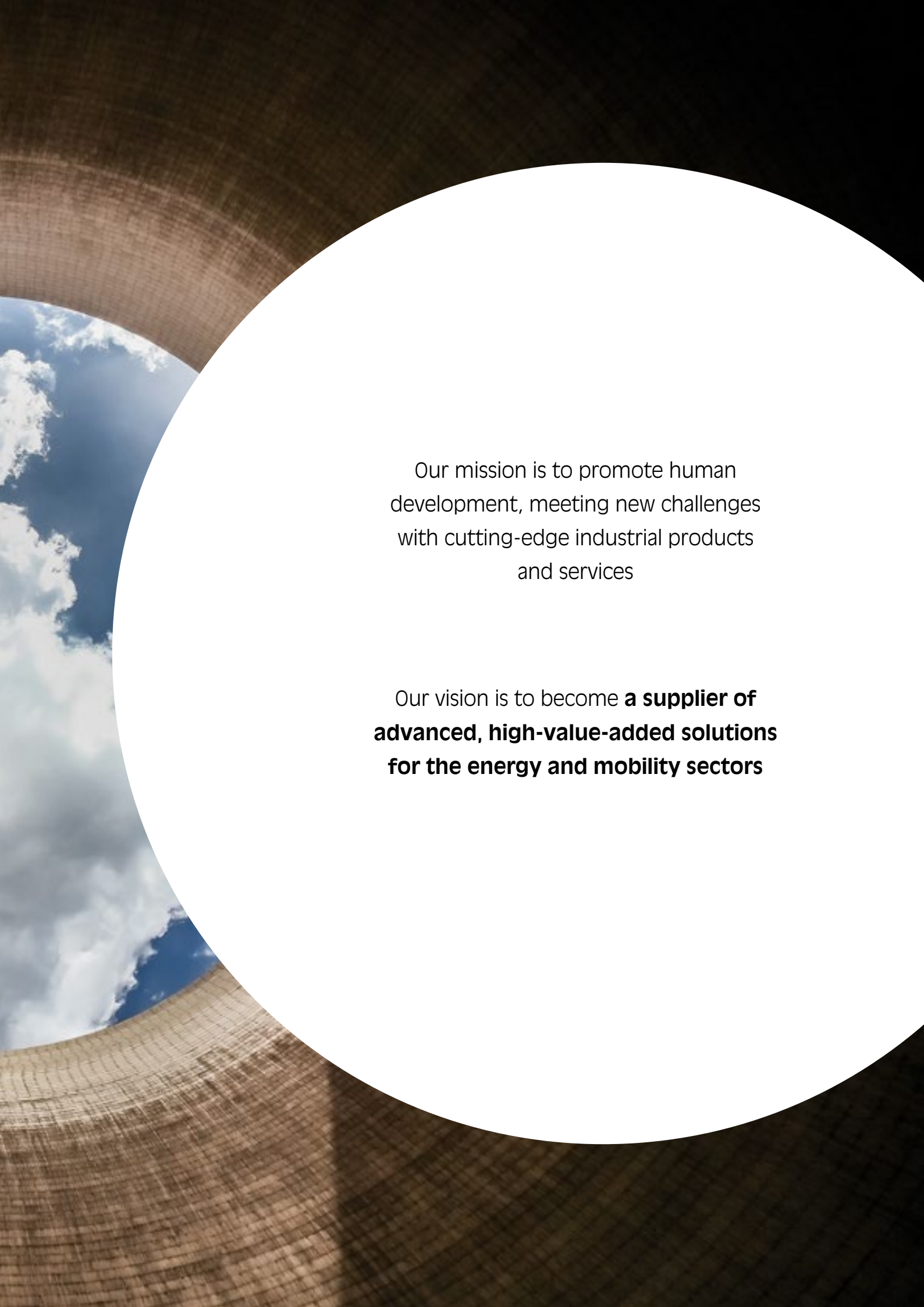


ANNUAL REPORT 2022

TUBACEX
GROUP

ANNUAL REPORT 2022

The logo for TUBACEX GROUP is positioned on the left side of the image. It features the word "TUBACEX" in a bold, white, sans-serif font, with a small red curved line above the letter "A". Below "TUBACEX" is the word "GROUP" in a smaller, white, sans-serif font. The background of the entire image is a close-up, low-angle shot of the interior of a large, circular, brick-lined tunnel. The bricks are arranged in a radial pattern, creating a strong sense of depth and perspective. The lighting is dramatic, with a bright circular opening at the end of the tunnel on the right, through which a blue sky with white clouds is visible. The rest of the tunnel is in shadow, with the brick texture clearly visible.



Our mission is to promote human development, meeting new challenges with cutting-edge industrial products and services

Our vision is to become **a supplier of advanced, high-value-added solutions for the energy and mobility sectors**

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Business Directory



Our Business Philosophy

The world is changing, and fast.

We are reinventing ourselves to forge our own path.

We are embracing this challenge with commitment and integrity, placing no limits on our ambition.

We began by making pipes; now we're a world leader in advanced tubular solutions.

If the world is on the move, we're the ones driving it forward.

We foster innovation, competitiveness and sustainability to mobilise change.

We take care of the environment and push for a decarbonised, circular economy.

We invest in talent. No barriers, no limitations.

We are building a business that cares.

We are committed to the advancement of humanity, providing solutions at the forefront of technical achievement.

We are global.

We measure our progress by our contribution to the well-being and empowerment of our people, our communities and our planet.

Promoting human development, meeting new challenges with cutting-edge products and services for industry.

That's why we are TUBACEX.



Letter to Shareholders





Chairman
Francisco J. García Sanz



CEO
Jesús Esmorís Esmorís

New horizons, diversification and growth


Dear shareholders,

We are embarking on a new phase in our company's history. Emboldened by our strategic plan, we are reinventing our organisation as a supplier of advanced industrial products and services for the energy and mobility sectors.

Today we present our annual report for 2022 having achieved our strongest performance in 14 years and an EBITDA of €92.3 million. This significant advance meant we were able to generate substantial cash flows, bringing our leverage down to 3.1 times net financial debt over EBITDA.

It was a year in which we exceeded our initial projections, achieving considerable growth in key product and service areas and a record order book of €1,650 million.

In the current context, we can be proud of achieving a real milestone in our company history: securing the gas sector's largest order for OCTG products. In parallel, our ever-increasing involvement in projects linked to the energy transition is positioning us as a key player in global energy security and the quest for a sustainable energy mix.



All of this has been achieved in a very challenging international economic climate, as factors such as high price indexes and Russia's war on Ukraine have disrupted all previous plans and forecasts. At Tubacex, we have succeeded in mitigating the impact of energy prices, a volatile raw materials market and rising inflation as far as possible, through savings in structural costs and efficient order management – greatly strengthening our resilience as a company.

Meanwhile, we have built up closer relationships with end users of our products and services, positioning ourselves in expanding geographic and customer markets. Just one example is the development of our new OCTG-CRA manufacturing plant in Abu Dhabi, which is progressing according to plan.

Looking forward to the next few years, we expect to see structural business and cash flow growth on the back of our current order book, supported by our strategic focus on products, processes and services. This will move us further towards the vision set out in our strategic plan as we consolidate our position in traditional markets and continue to branch out in to new businesses.

None of this would be possible without our commitment to sustainability in all of its dimensions,

encompassing environment, society and governance. In keeping with one of our key strategic objectives, we have taken further steps towards achieving net-zero carbon emissions across the Tubacex Group by 2050.

One of the highlights of 2022 was achieving a leading ranking in the Carbon Disclosure Project (CDP), the world's most respected climate change reporting framework, scoring an "A" overall. At the same time, we have upheld our commitment to people, communities and our approach to business.

Finally, thanks to our strong financial performance, the company recorded net profits of €20.2 million. Accordingly, at the Annual General Shareholders' Meeting the Board of Directors will be proposing a gross dividend distribution of €8.1 million, which equates to a payout of 40%.

For everything accomplished this year, I would like to express my sincerest thanks to you, our valued shareholders, for the trust and support that has brought us this far, as we open up new horizons for the company.

Together, we are building a more efficient, resilient and global Tubacex, leading the way in energy transition and offering game-changing concepts and solutions to our deeply valued clients.

ORGANIZATIONAL PROFILE

1





1.1

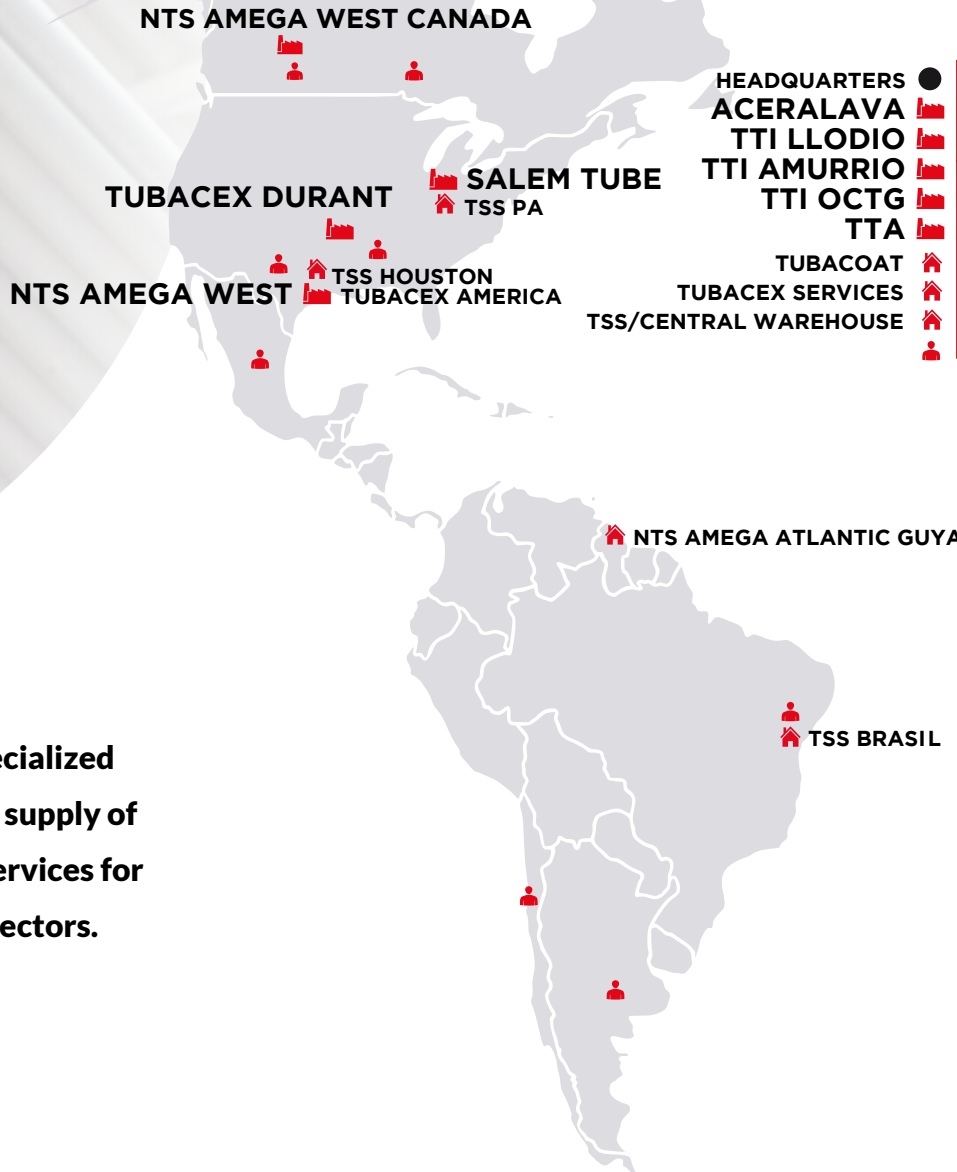
Presentation and
Group Companies

1.2

Corporate
Governance

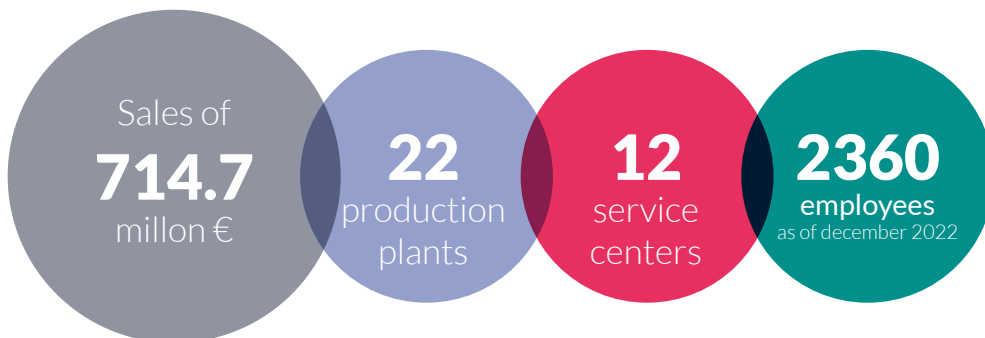
1.1

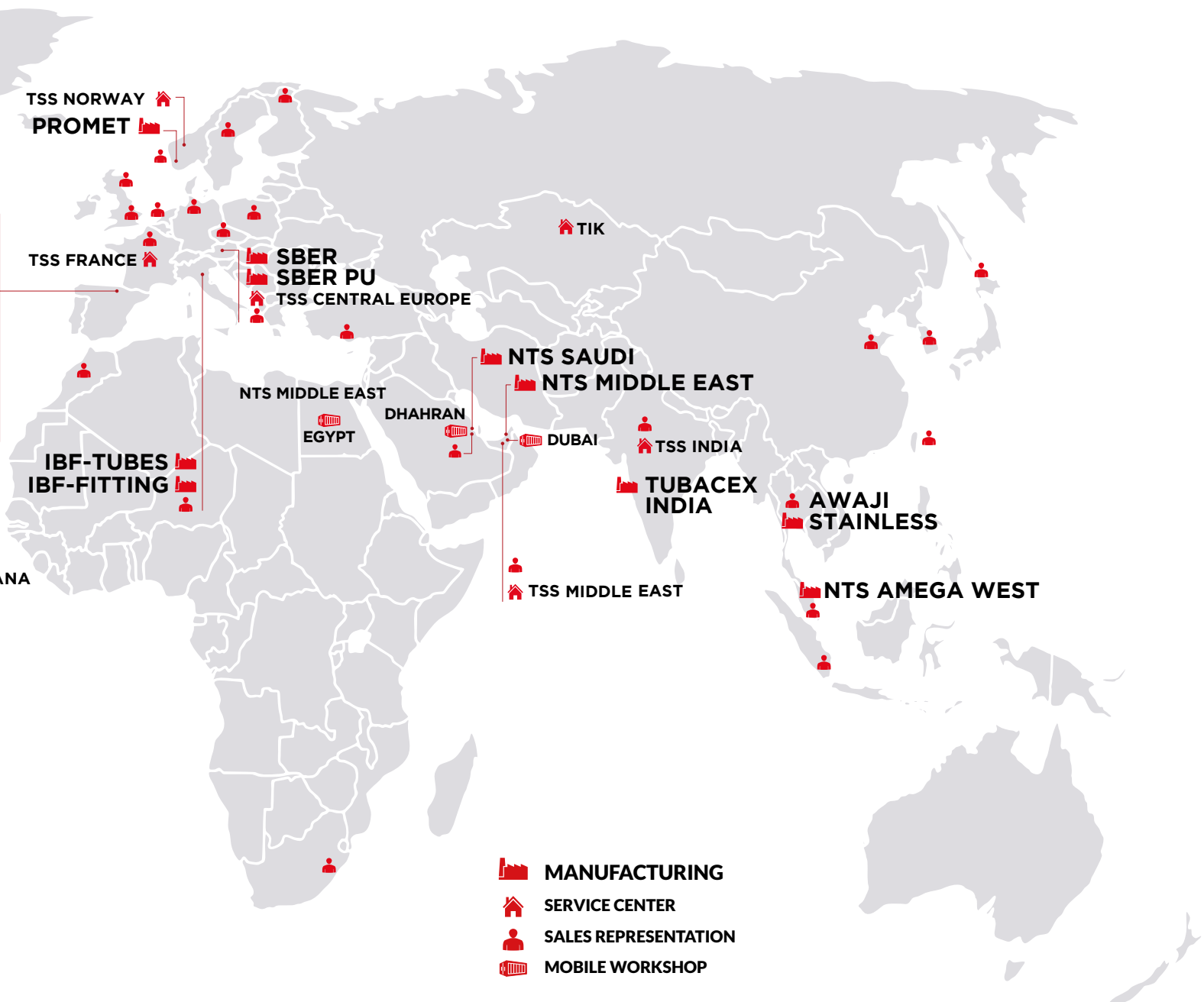
Presentation and Group Companies



Tubacex is a company specialized in the manufacturing and supply of high-tech products and services for the energy and mobility sectors.

Key figures 2022





Tubacex has established itself as a leader in its industry.

Founded in 1963, the company follows a fully integrated production model, maintaining complete control over every step from solution design to manufacturing and subsequent repair and maintenance services.

Tubacex operates 22 manufacturing plants located in Spain, Austria, Italy, USA, India, Thailand, Saudi Arabia, Dubai, Norway, Canada, Brazil, Singapore, Guyana, and Kazakhstan. Additionally, it has 12 service centers worldwide and commercial presence in 38 countries.

Tubacex primarily focuses on project-based markets. Furthermore, it has a specialized unit dedicated to the distribution market known as Tubacex Service Solutions (TSS).



Companies that form part of the Tubacex Group

Manufacturing

Bars, billets and ingots

ACERALAVA
TUBACEX GROUP

Seamless stainless steel tubes up to 72"

TTI
TUBACEX GROUP

SCHOELLER BLECKMANN
TUBACEX GROUP

TUBACEX INDIA
TUBACEX GROUP

SALEM TUBE
TUBACEX GROUP

IBF
TUBACEX GROUP

TUBACEX DURANT
TUBACEX GROUP

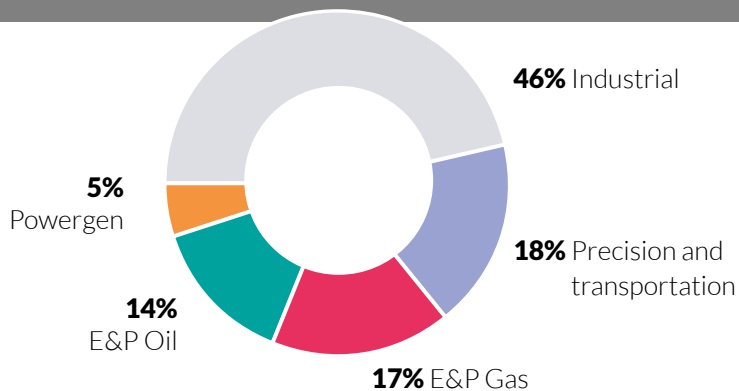
Fittings and special parts up to 72"

TTA
TUBACEX GROUP

AWAJI STAINLESS
TUBACEX GROUP

IBF
TUBACEX GROUP

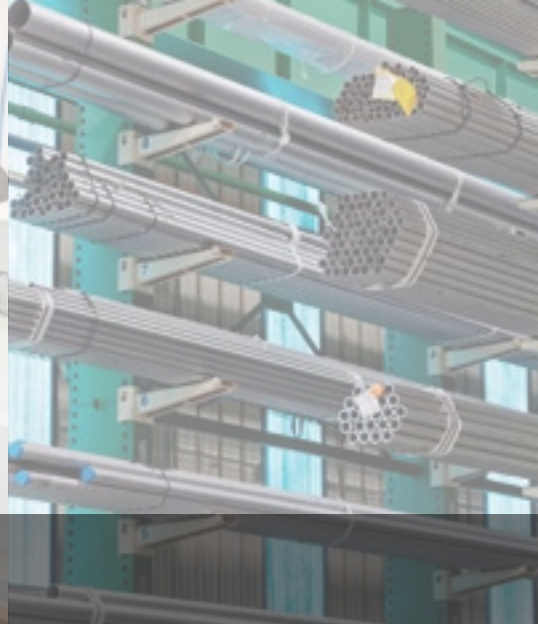
Main sectors of activity and sales percentages



Industrial applications

46%





Stainless steel machined parts

Value-added operations and services:
design, simulation, ceramic coating,
repairs...

Service

Stock and service

NTS

Group

NTS

Oriente Medio

NTS

Saudi

NTS AMEGA WEST

Singapore

NTS AMEGA WEST

USA

PROMET

NTS Group

TUBACEX UPSTREAM TECHNOLOGIES

TUBACEX GROUP

TUBACEX LOGISTICS

TUBACEX GROUP

TUBACOAT

TUBACEX GROUP

NTS

Group

TUBACEX SERVICES

TUBACEX GROUP

TSS

TUBACEX GROUP

TSS NORWAY

TUBACEX GROUP

TSS CENTRAL EUROPE

TUBACEX GROUP

TSS HOUSTON

TUBACEX GROUP

TSS MIDDLE EAST

TUBACEX GROUP

TSS BRAZIL

TUBACEX GROUP

TSS FRANCE

TUBACEX GROUP

TSS INDIA

TUBACEX GROUP

TSS PA

TUBACEX GROUP

E&P Gas

Precisión y transporte

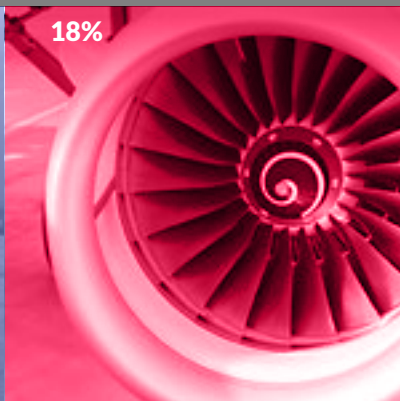
E&P Oil

Powergen

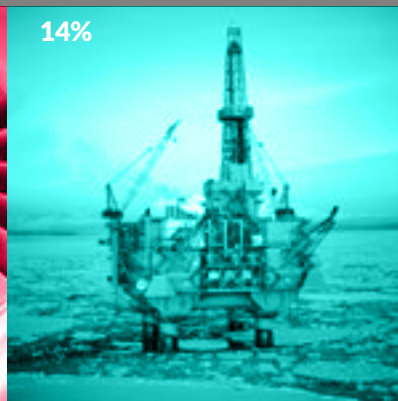
17%



18%



14%



5%



1.2 Corporate Governance

1.2.1 Board of Directors

During 2022, Tubacex appointed Mr. Manuel Moreu as vice president of the board of directors, as well as the co-optation appointment of Mrs. Gracia López Granados as an independent director, and her designation as the chairperson of the audit and compliance committee.

It is also worth noting that in 2022, the company experienced its first complete year with the new Chairman of the Board of Directors. Mr. Francisco Javier García Sanz had previously served as an independent director in

2021 before taking on the role of Chairman. He succeeded Mr. Álvaro Videgain, who had a significant tenure as the company's CEO. In May 2022, the Board of Directors honored Mr. Videgain by appointing him as the Honorary Chairman.

The Board has established several committees, including the Sustainability and Good Governance Committee, the Audit and Compliance Committee, the Nominations and Remuneration Committee, and the Strategy and Follow-up Committee, to assist in its work and ensure proper governance of Tubacex.

Composition of the Board of Directors at 31st December 2022





Commission on Sustainability and Good Governance

With the aim of strengthening Tubacex's corporate governance structure and in line with existing recommendations and best practices applicable, the Tubacex Board of Directors agreed in 2021 to establish a new Commission on Sustainability and Good Governance. The functions of this Commission are outlined in the "Regulation of the Commission on Sustainability and Good Governance," approved by the Board of Directors in its meeting on December 16, 2021.

Audit and Compliance Committee

Like the other committees, the Board of Directors approved its own regulations for the Audit and Compliance Committee in 2021, which until then had been governed by the Board of Directors' regulations. This regulation incorporated all the responsibilities assigned to this delegated body by the Companies Act and the best practices for listed companies, as well as the recommendations of the Code of Good Governance for Listed Companies

approved in 2020. It is worth noting that the Audit and Compliance Committee assumes the function of overseeing the process of preparing and presenting not only financial information but also non-financial information, as well as the supervision of non-financial risks.

Appointments and Remunerations Committee

Following the previously mentioned details, the Board of Directors gave its approval to the revised Regulations of the Appointments and Remunerations Committee in January 2022. These updated regulations incorporate the provisions outlined in the Companies Act and the Technical Guide of the Spanish Securities Market Commission (CNMV) specifically for this committee. This enhancement allows the Committee to adhere to best practices in its operations, strengthening its influence concerning both the Board of Directors and the executive team. The Committee's responsibilities include establishing policies related to appointments, remuneration, and cessation of the executive team.



Strategy and Follow up Committee

During 2022, the Board of Directors also approved the committee's own regulations for the Strategy and Follow up Committee, extracting and transferring this content from the previous Board of Directors' regulations. As usual, this committee is chaired by the Chairman of the Board of Directors.

At the end of 2022, following the annual evaluation of the board, each of the committees has planned their work for 2023 and defined their provisional schedule for the entire year, in line with the actions taken by the Board of Directors itself.

This annual evaluation has been conducted by the governing body since 2002 to continuously improve the functioning of both the board and its delegated bodies and their main statutory roles, namely the Chairman, CEO, and Board Secretary. In 2022, this evaluation was carried out with the assistance of an external specialized firm to ensure greater objectivity and comparison with the best corporate governance practices in the listed company's market.



(The composition of the members of these committees can be consulted on the website www.tubacex.com or in the corresponding Non-Financial Information Report for the year 2022).

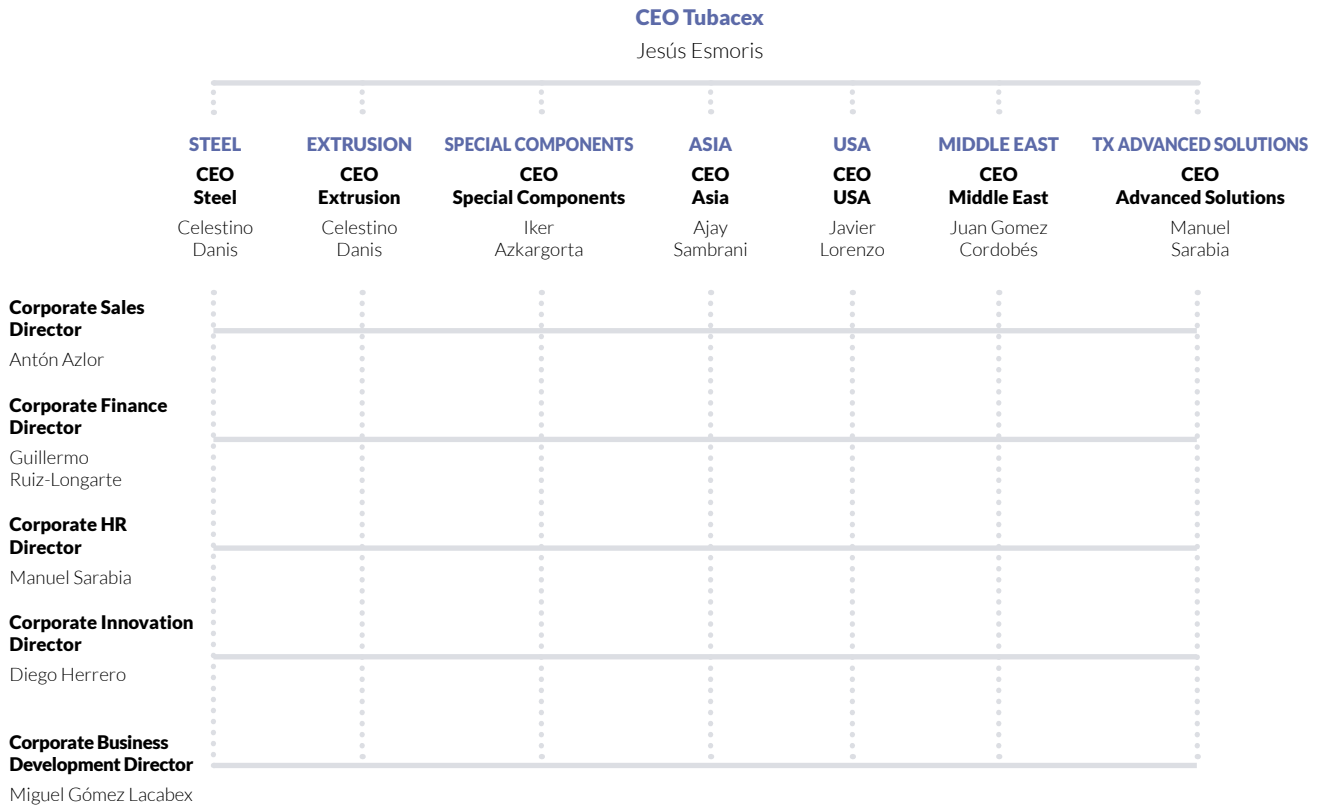




1.2.2 Management Committee

Tubacex is made up of a group of companies, whose coordination is carried out at the group level through the management team representing the different units and functional areas.

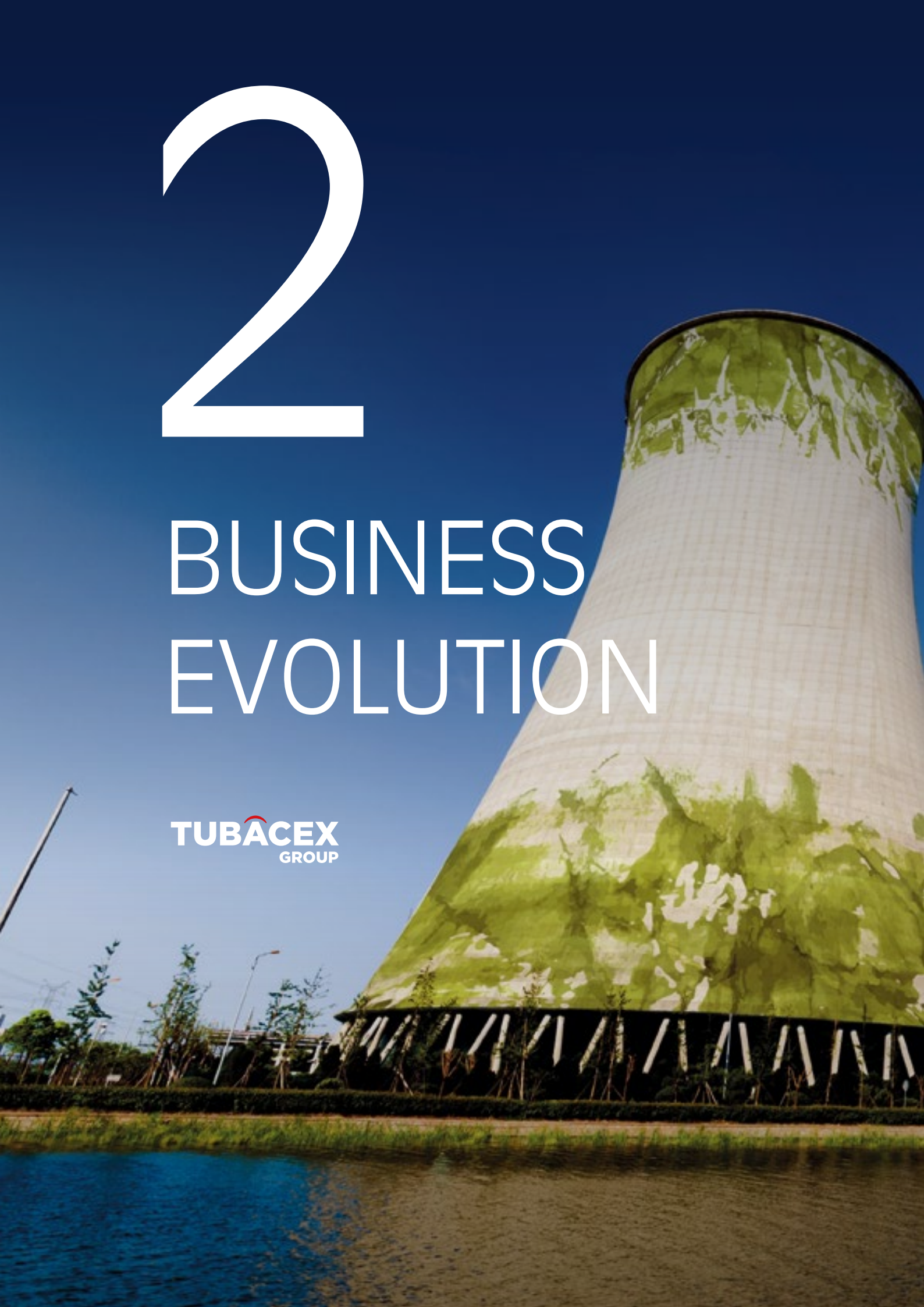
Composition of the Management Committee as of December 31, 2022:



2

BUSINESS EVOLUTION

TUBACEX
GROUP





2.1

Business
Situation

2.2

Business
Evolution

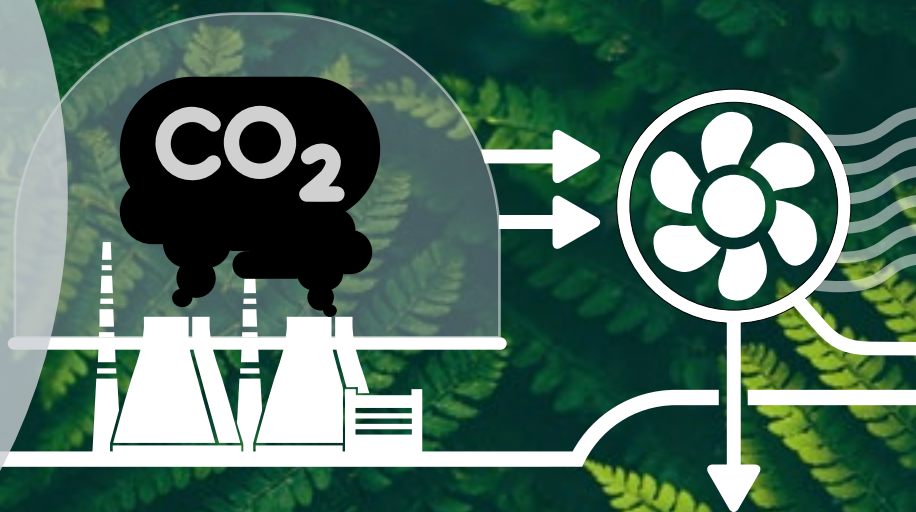
2.3

Market
Situation



2.1

Business Situation



Strong recovery in traditional market amidst global challenges.

During 2022, Tubacex's business has experienced an accelerated recovery, returning to pre-pandemic levels.

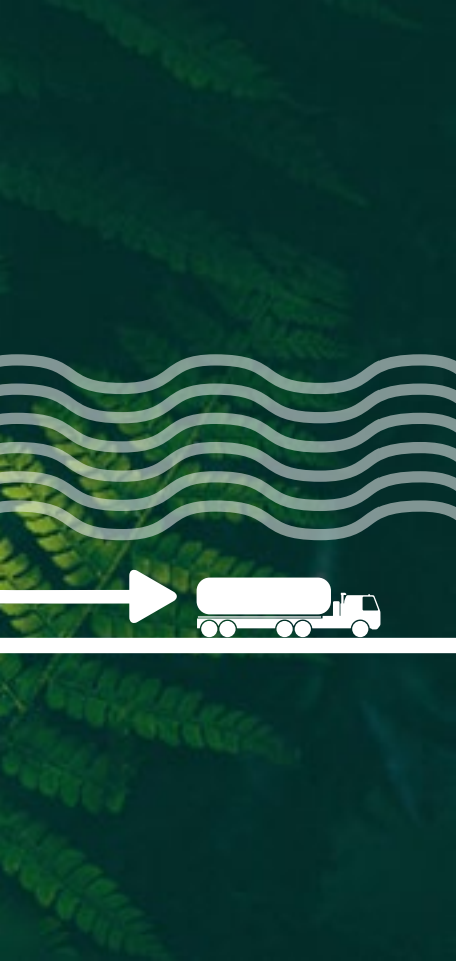
During 2022, Tubacex's business has experienced an accelerated recovery, returning to pre-pandemic levels.

Already in 2021, the business began a recovery that has accelerated throughout 2022, allowing it to return to levels prior to the COVID-19 crisis. It is expected that this positive trend will continue in 2023, even if the forecasts of an economic slowdown in 2023 are confirmed or if geopolitical tensions related to global energy supply evolve unfavorably.

The recovery has been clearly led by the Oil&Gas Exploration and Production sector (Upstream). The price of oil was below \$40 per barrel in 2020, but it has recovered

and surpassed \$100 per barrel throughout 2022. Additionally, the invasion of Ukraine by Russia and the international sanctions associated with it, have had a strong influence on its evolution. Growing concerns of an economic recession have placed it at around \$80 per barrel by the end of the year. However, regardless of price fluctuations driven in many cases by economic and geopolitical circumstances, energy companies have a strong financial position with ambitious public expansion plans after years of reduced investment volumes, and solid prospects for medium and long-term viability in the projects presented.

This, combined with the company's leadership position in this segment, has resulted in a significant increase in the OCTG and umbilicals portfolio in 2022, further supported by long-term supply contracts, providing important visibility to the Oil & Gas business.



**THE STRATEGY
FOCUSED ON
ESTABLISHING
REGIONAL
PRESENCE HAS BEEN
INSTRUMENTAL IN
DRIVING GROWTH
AND ACHIEVING
SIGNIFICANT
MILESTONES IN
THE MIDDLE EAST,
AMERICA, AND EUROPE**

Tubacex's sales have experienced strong growth in 2022, nearly doubling the figures achieved in 2021, with increasing levels of profitability. This trend has intensified throughout the second half of the year, driven by the acceleration of investment projects in the energy market. The positive developments in the market, coupled with Tubacex's strategic emphasis on value and end customers, have resulted in an order backlog of 1,650 million euros at the end of the year. This backlog is expected to have a significant impact on the company's upcoming financial quarters. **This high volume is a result of a customer-centric approach with long-term supply contracts to ensure greater stability** in the cycle and avoid the fluctuations of a complex and capital-intensive value chain in the energy sector.

Energy Transition and Decarbonization

Following the guidelines set out in the 2022-2025 Strategic Plan, **the Tubacex Group positions itself as a key player in the energy transition, committing to decarbonization both within its value chain and that of its customers, supporting them in their quest for solutions that reduce their environmental impact.**

Noteworthy is the company's progress in the nuclear industry (with significant orders in 2022), high-tech industries (with record orders for the aerospace industry during the last fiscal year), and new solutions such as hydrogen, where the company is present both commercially and in new industrial initiatives for the use of this energy source. While a significant portion of its business is oriented towards more conventional energy sectors, the company is accompanying its customers in their decarbonization processes on one hand and positioning itself in low-emission technologies on the other.

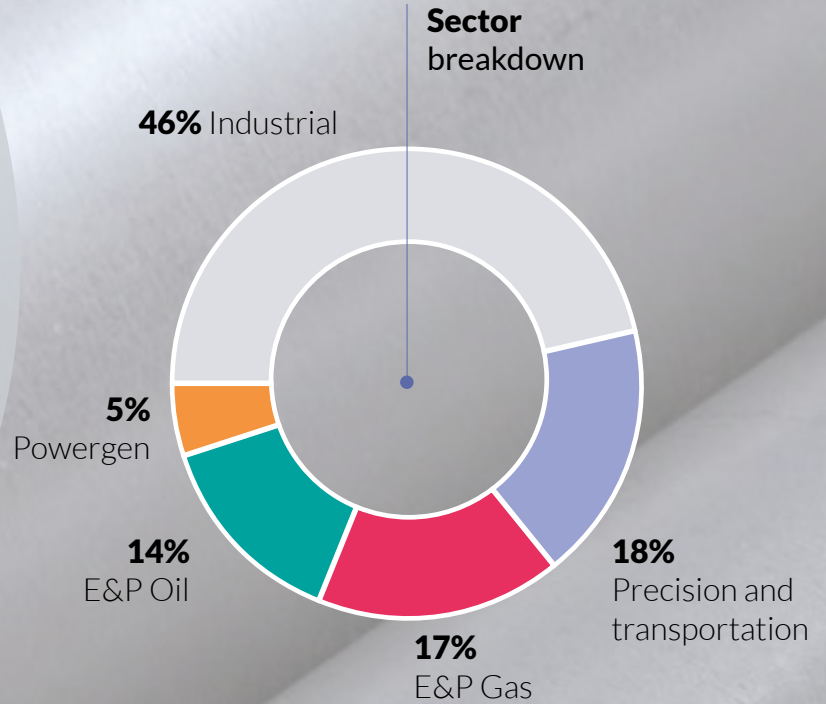
Raw Materials

The prices of the main raw materials used by the Tubacex Group (nickel, chrome, molybdenum, and scrap) have shown a trend of growth, with significant spikes due to geopolitical tensions, and ending the year at high price levels. The segment focused on the distribution of standard products, managed through the subsidiary Tubacex Service Solutions, has performed exceptionally well in this environment, achieving a record volume of incoming orders.

In conclusion, although 2022 presented numerous economic and geopolitical uncertainties, the Tubacex group has clearly improved its portfolio, sales, margins, and overall market positioning. Looking ahead to 2023, with the necessary caution, everything points to the positive trend observed in 2022 continuing into 2023.

2.2

Business Evolution



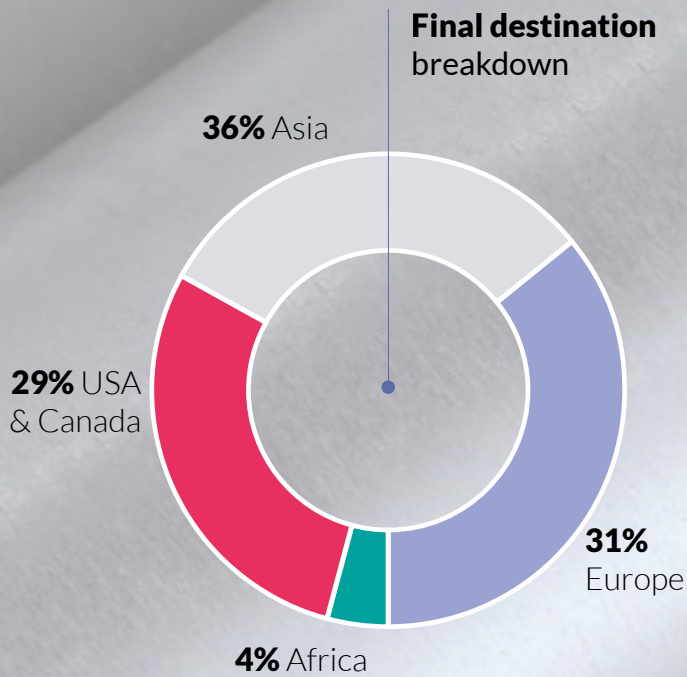
There has been a notable improvement in various business segments, with the Gas sector standing out prominently. Tubacex directs a significant portion of its high-value-added products towards this sector, which is expected to play a crucial role in the ongoing energy transition.

It is also noteworthy the positive trend experienced by the nuclear sector. Both energies have been recognized as transitional energies by the European Union, which allows Tubacex to anticipate that this favorable trend will continue, and the Group will be able to take advantage of its strong positioning in both sectors.

The good composition of the order backlog, with a high percentage of strategic and premium products, and its exceptional position as a provider of multi-energy products and services, enhance the company's visibility for the upcoming year.

In 2022, by sector: Industrial 46%, E&P Gas 17%, Others 18%, E&P Oil 14%, and Powergen 5%. As for destinations: Asia 36%, Europe 31%, America 29%, and Africa 4%.



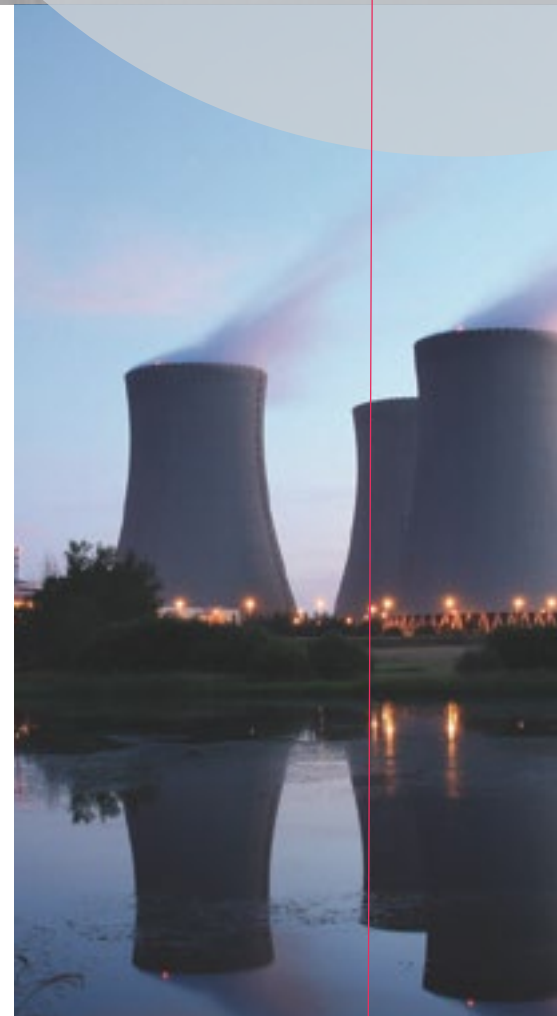


2.3 Market Situation

Tubacex continues with its strategy of strengthening key markets through local presence. The focus on local manufacturing brings Tubacex closer to key markets with operational presence in Guyana, Brazil, and Kazakhstan, where it has directly engaged with end users in the implementation of its solutions, resulting in increased order intake.

The geographical sales mix in 2022 continues to present a regional balance, reflecting the company's global and diversified strategy. Thus, the Asian market represents 36% of total sales, the European market 31%, the American market 29%, and the African market 4%.

Regarding regional situations, it is worth highlighting the **North American market**. Tubacex has consolidated its new production capacity (Salem Tubes, Tubacex Durant,





and NTS Amega West) focused on the aerospace and aeronautical sector, as well as instrumentation tubes, which have shown strong growth in their contribution to the group's sales.

Additionally, it is remarkable that the company has obtained its first contract for deep CO2 storage through injection wells located in North Dakota, USA, with deliveries scheduled for 2023.

Furthermore, in 2022, the company launched a service center aimed at coordinating inspection and logistics activities for offshore extraction operations by Petrobras in the Santos area.

In **Europe**, the situation in Norway is noteworthy, as the revival of the offshore market in the North Sea has revitalized supply chains for prominent energy operators operating in this sector.

The company's long-term agreements with umbilical manufacturers and the significant increase in sales to the distribution market through Tubacex Service Solutions (TSS), reaching record levels, have revitalized this geographical area for the company's strategy.

Moreover, the awarding of the largest contract in the company's history for gas extraction in **Abu Dhabi** involves the construction of a tube finishing and threading plant that will commence operations in late 2024. This represents a historic milestone in Tubacex's growth and market position, as this investment will position Tubacex as the global leader in the OCTG-CRA segment. The growth prospects for Tubacex in this region are solid and have a clear medium-to-long-term orientation.



**EXPANDING GLOBAL PRESENCE
WITH OFFICES, PLANTS, AND
SERVICE CENTERS, STRENGTHENING
RELATIONSHIPS WITH CUSTOMERS
AND KEY MARKETS**



It is also worth noting the case of Kazakhstan, where Tubacex has consolidated its direct commercial presence after significantly increasing its business volume in the region.

Finally, the **East Asian market** has been affected by the strict social and economic policies implemented in China in relation to COVID-19, measures that have been in place for most of the year. The completion of these measures in 2023 will have a very positive impact on order intake in this geographical area.

Commercial Structure

The Tubacex Group has a commercial network with offices in five major geographical areas (Europe, America, Asia, the Caspian region, and the Middle East) which, complemented by its own plant and service center presence and an extensive network of agents, covers the entire global market.

In the past two years, the company has opened commercial offices. In 2020, an office was opened in Norway to directly serve the North Sea market, in Kazakhstan to address a highly attractive market, and in Guyana due to the strong growth in that market.

The Group also employs industry/product managers who play a crucial role in enhancing the commercial network's efforts, especially in projects and new developments. They provide specialized technical and commercial support in various product areas, including OCTG, SURF applications (umbilicals and subsea installation pipes), mid and downstream industries, power generation industry, fertilizer industry, and other business sectors.

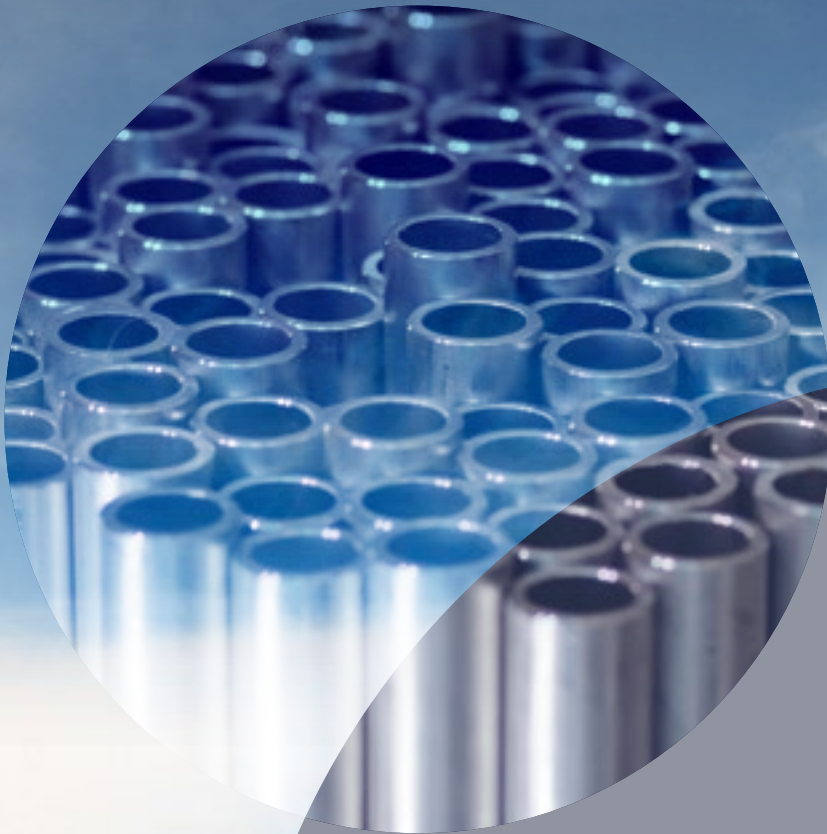
Additionally, the Tubacex has its own warehouses in different markets (Spain, USA, France, Austria, India, UAE, Norway, and Brazil), which strengthens the channel based on high availability and agile service.



3

STRATEGY

TUBACEX
GROUP



3.1

Strategic Plan
2022-2025

3.2

Risk
Management



3.1

Strategic Plan 2022-2025

With this strategic plan, Tubacex defines its transformation into a company that provides sophisticated industrial products and high-value-added services for the energy and mobility sector.

- Global company with production plants and services centers located in the most relevant markets worldwide.
- Specialist in high-demand applications where optimal performance can only be achieved through the utilization of sophisticated solutions.
- Committed to sustainability and the net zero emissions plan by 2050.

Business strategy

In 2022, Tubacex presented its new strategic plan with a focus on driving its vision to become a provider of sophisticated industrial products and high-value-added services for the energy and mobility sectors.



**MOVING FORWARD STEADILY
TOWARDS THE FULFILLMENT
OF THE STRATEGIC
PLAN 2022-2025**

During the last two years, the company has boosted its competitiveness, ensured its liquidity and solvency, and improved its commercial positioning. All of this is aimed at starting from an advantageous position in a recovering market. In parallel, Tubacex has defined its new strategic plan for 2022-2025, with sustainability, profitability, and competitiveness as its main pillars.

Tubacex's approach to the market will occur in three phases: In the **first phase**, the focus will be on strengthening the presence in its traditional products, which aim to support current customers in their decarbonization processes through products and services that minimize environmental impact and enhance process efficiency. The company will continue consolidating its leadership position in highly profitable segments. The **second phase**, which will coexist with the first, will be centered around low-emission energies, with the development of cutting-edge solutions for energy generation, storage, and transportation in emerging markets such as hydrogen or CCS (Carbon Capture and Storage). During the **third phase**, the company will examine opportunities for organic and inorganic growth in the energy and mobility sectors, driven by the initiation of new business ventures.



Strategic Lines

The company relies on five strategic lines:

1. Sustainability Plan

Driving an environmentally friendly company committed to its people and society, and extending its commitment to the supply chain, with an action plan aligned with the United Nations Sustainable Development Goals.

Circular Economy. Tubacex promotes circularity in its processes through specific investments that increase waste valorization and leverage digitalization and new technologies to achieve additional improvements. For more information, see section 4 of this annual report.

2. Stability of Current Business

Tubacex has positioned itself to achieve more stable results, supported by both product mix improvements and a focus on premium products with positive short- and medium-term prospects, as well

as commercial positioning through the attainment of long-term contracts.

In recent years, the company has signed various long-term agreements with key clients in its traditional market, projecting well towards new agreements that allow it to be present wherever the demand is. An example of this can be seen in the OCTG (Oil Country Tubular Goods) product segment, where the company has deployed a strategy focused on positioning with National Oil Companies, utilizing the factor of local content to secure long-term contracts tailored to each demand.

Additionally, the umbilical market stands out as a segment with a very positive short- to medium-term outlook, thanks to its positioning with key market operators (Aker, TFMC, and MFX). As part of a sector-wide effort to simplify the value chain, Tubacex is prepared to provide additional services alongside the sale of umbilicals, including welding, adaptors, and related logistics services. Furthermore, Tubacex will continue to prioritize



the development of its tubing business in the instrumentation segment (H&I), with a particular emphasis on the American market.

3. Diversification

While Tubacex's traditional business maintains stable results, the company is accelerating its diversification plan in line with decarbonization requirements. Despite its strong positioning in other industries such as aerospace or instrumentation, Tubacex is driving its diversification strategy to achieve a more balanced business mix, with a focus on gas, transition energy towards green energy, and alternatives to coal. This axis will be based on two aspects that will require analysis of internal development opportunities or inorganic growth:

- i. Increasing sales in developing businesses such as aerospace, pharmaceuticals, or semiconductors.
- ii. To gain presence in new sustainable businesses through the development of new products in

sustainable applications such as hydrogen generation, storage and transportation, CCS (Carbon Capture and Storage) applications, and others.

4. Net Debt Reduction

To meet the financial goals by 2025, it is essential to decrease debt by capitalizing on the positive industry cycle and concentrating on generating results and cash flow. Furthermore, it is important to continue reducing working capital requirements by maintaining optimal inventory levels tailored to the needs of each plant and utilizing digital solutions to optimize working capital.

5. Competitiveness

In recent years, the company has undergone a restructuring process to be ready for the launch of this strategic plan, adapting to the new market situation. The focus is on maximizing competitiveness through clear diligence in operational costs, raw material and scrap management, and operational excellence based on digitization.



3.2

Risk Management

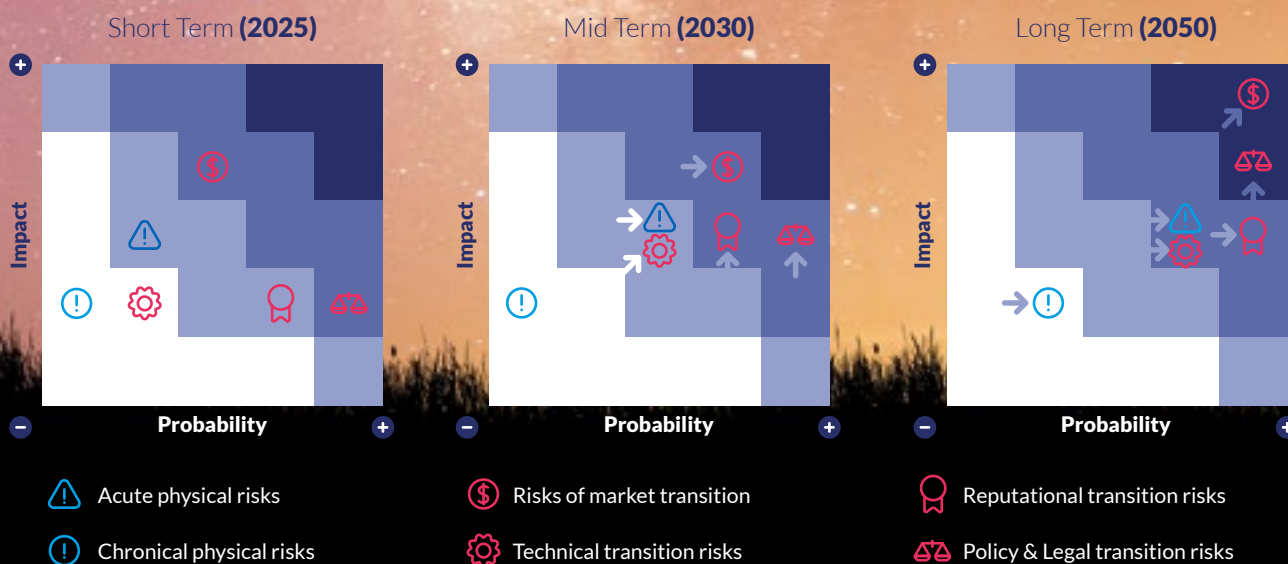


In 2022, the risk map was updated to include potential risks that could impact the strategic plan

In general, any threat that may hinder the company from achieving its objectives and executing its strategies successfully is considered a risk.

The Risk Control and Management Policy, along with its basic principles, are implemented through a comprehensive system of risk control and management. This system is based on appropriate definition and allocation of functions and responsibilities at the operational level, as well as procedures, methodologies, support tools, and information systems suitable for the different stages and activities of the system:

Climate change risks



IMPLEMENTING A COMPREHENSIVE RISK MANAGEMENT POLICY AND DEVELOPING A SPECIFIC ESG RISK MAP

- The Management Committee is responsible for conducting integrated risk management and control within the business processes and decision-making.
- The Internal Audit Department informs, advises, and reports to the Commission regarding risks associated with the balance sheet and functional areas of activity, with identification, measurement, and existing control over them.
- The Audit and Compliance Committee periodically reviews the internal control of risks and management systems, including financial, tax, and non-financial information-related risks, to identify, analyze, and report on key risks.

Annually, as part of the strategic reflection process, the corporate risk map is updated to identify and assess the risks to which the organization is exposed, provide an analytical view of the underlying causality relationships, and provide a comprehensive overview of the organization's overall exposure. The map provides an overview of risk locations and the potential pathways through which these risks can materialize. It establishes connections between business processes and their associated



risks, facilitating the assessment of their impact across the organization.

Risk identification is carried out through questionnaires and personal interviews with the responsible individuals from various business units and relevant corporate areas. Once the risks are identified, they are evaluated based on their probability of occurrence and impact on strategic objectives. Projects defined by the Management within their strategic plan mitigate the identified risks and allow for ongoing monitoring. The process is coordinated by the Internal Audit department, which presents the map to the Audit and Compliance Commission, and subsequently reports to the Board of Directors.

Additionally, using the same methodology employed in the strategic reflection process, **in 2022, the risk map was updated** with a short-term perspective to capture potential risks that could affect the organization's planned objectives

for the year 2023. A total of 13 individuals participated in the development of this risk map, identifying 29 key risks. The identified risks are categorized as follows:

- a) Business risks
- b) Market risks
- c) Operational, technological, environmental, social, and legal risks
- d) Credit risks
- e) Strategy and innovation risks
- f) Regulatory and political risks
- g) Reputational risk
- h) Corporate governance, ethics, and compliance risks
- i) Climate change risk
- j) ESG (Environmental, Social, and Governance) risks.



Alongside the corporate risk map, progress was made in 2022 towards **developing a specific map of ESG (Environmental, Social, and Governance) risks**. This map incorporates some of the risks and sub-risks already identified in previous exercises, as well as new aspects in the environmental and social domains. Among them, risks related to climate change and operations in biodiversity, as well as water management, and aspects related to Human Rights or diversity, equity, and inclusion are highlighted. The main risks identified in this area are as follows:

Environmental	Social	Governance
Climate Change	Health and Safety	Reputation and Stakeholder Management
Emissions	Talent Management and Recruitment	Communication
Circular Economy	Succession Planning	Regulation
Biodiversity Diversity,	Equity, and Inclusion	Cybersecurity and Data Protection
Water	Human Rights	Labor Conflicts

4

CO2

SUSTAINABILITY



4.1


Relationship
with Stakeholder
Groups

4.2

Materiality
Analysis

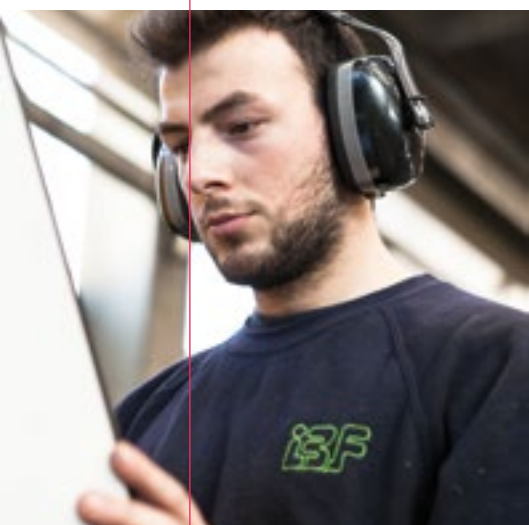
4.3

2030 Ambition



4.1

Relationship with Stakeholder Groups



Tubacex has defined five major stakeholder groups (shareholders and financial community, employees, customers, suppliers, and society) at the first level, which further expand into over 50 subgroups of stakeholders.

The various stakeholders establish regular communication channels to understand their expectations and interests, and to establish specific action plans.



Stakeholder Groups and Key Sources of Information

During the year, their needs and expectations are taken into consideration. On one hand, they are part of the strategic reflection process through the responsible individuals and members of the Management Committee. On the other hand, they have been crucial for identifying the aspects that comprise the materiality analysis presented below.

The relationships with stakeholders aim to continue fostering their involvement in the business project, involving the communities in which the company operates in the creation of sustainable and shared value. These relationships are based on transparency and trust.

Stakeholder Groups (SG)

Information Sources

Shareholders and Financial Community

General Shareholders' Meeting
Meetings
Shareholder Channel

Customers

Satisfaction surveys
Commercial indicators
Visits
Participation in forums
Trade fairs
Customer's Day
Market studies

Suppliers

Meetings
Participation in forums
Alliances

Human Team


Satisfaction
EFQM
Suggestions
Key forums
Training

Society

Training centers,
diversity-focused
organizations,
NGOs, media,
regulatory bodies

Key forums
Training
Meetings
Board of Trustees
Alliances
Key projects





4.2

Materiality Analysis

Tubacex defines a material aspect as one that can significantly influence its capacity to generate value for stakeholders, either positively or negatively. By conducting a materiality analysis, Tubacex identifies and reports on the aspects that have significant economic, environmental, and social impacts on the Group's strategy. This approach enables Tubacex to align its strategy with stakeholder expectations, with active participation from stakeholders in the identification process.

For the development of its materiality analysis, Tubacex bases its approach on the guidelines for determining material topics from the consolidated GRI standards, applying the principles of stakeholder engagement, sustainability context, and completeness, integrating the concept of double materiality. Thus, the impact of these aspects is analyzed for each stakeholder group and their impact on the business through assessments by the members of the executive committee.

The temporal assessment incorporates three scopes: short-term (within the next 5 years), medium-term (between the next 5 and 10 years), and long-term (over 10 years).

The following steps are taken during the process:

1. Impact Materiality and Prioritization

A sustainability issue is considered material from an impact perspective when it refers to the material, actual, or potential positive or negative impacts of the company on people or the environment in the

short, medium, and long term. To identify material aspects, benchmarking analysis with other companies is used as a reference, as well as analysis of the most relevant aspects within the framework of the 2030 agenda. For the first time, the SASB standards from the Sustainability Accounting Standards Board have also been considered.

2. Financial Materiality

Through the identification of material issues that can generate financial effects, risks, or opportunities for the company, Tubacex conducts an evaluation to prioritize relevant topics based on their impact on the business and each stakeholder group. This process leads to the development of a materiality matrix. To actively involve stakeholders, Tubacex initiated a consultation process by conducting surveys. A representative sample from each stakeholder group, including suppliers, society, employees, customers, and the financial community, was invited to assess the impact of each

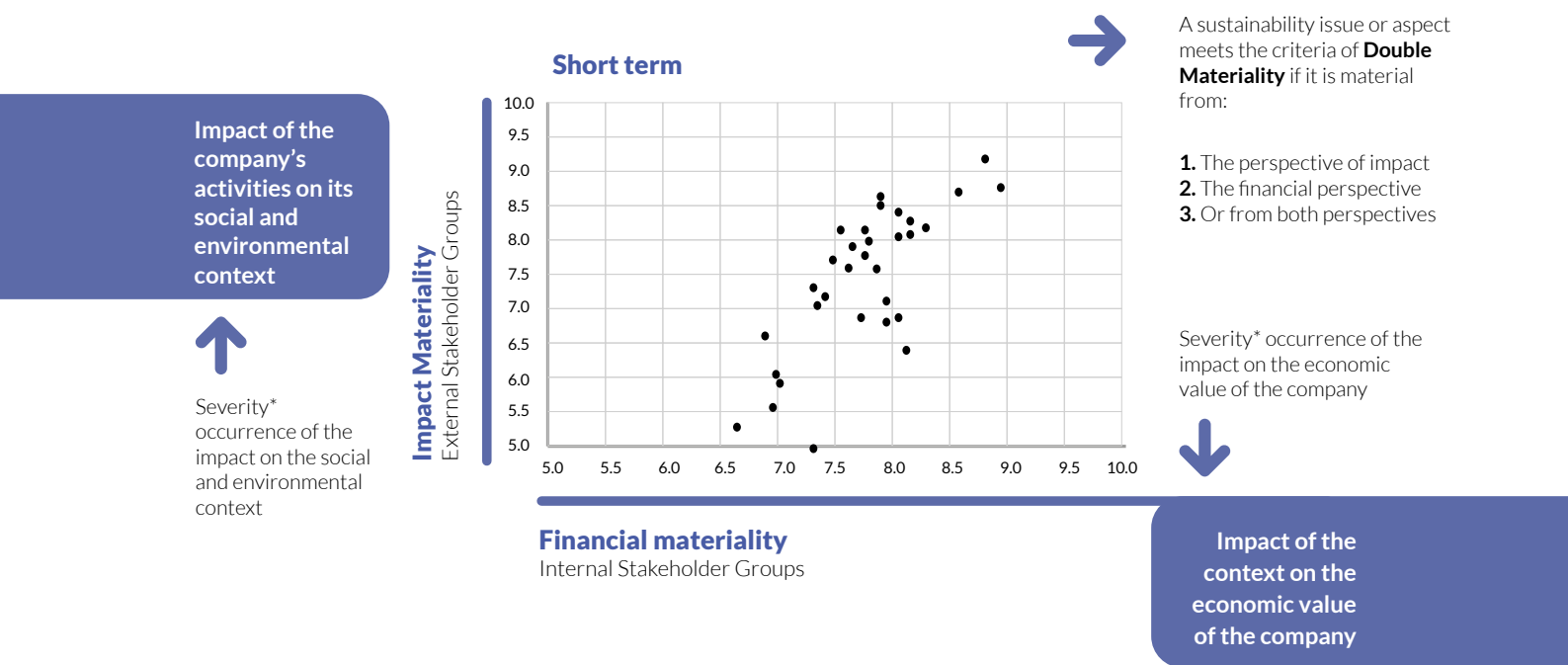
aspect. This approach demonstrates Tubacex's commitment to participatory listening models and represents a significant step forward in promoting stakeholder participation.

3. Validation of Results

In addition to the assessment by stakeholders, the company has evaluated the different impacts through an assessment by representatives of the management team, whose responses have been calibrated by both the top executive figure and the sustainability management. This validation ensures a balance of relevant aspects based on their scope.

4. Analysis of Relationship with SDGs

As in previous years, an analysis of the relationship and interdependence with the Sustainable Development Goals (SDGs) has been conducted throughout the document, with a final summary of "Contribution to the SDGs."



4.3

2030 Ambition

Tubacex has been a signatory of the United Nations Global Compact since 2004, demonstrating its commitment to the most significant voluntary initiative in the areas of Human Rights, labor standards, environmental sustainability, and anti-corruption efforts.

By joining the UN Global Compact, Tubacex contributes to the promotion of the fundamental pillars necessary to address the major challenges of sustainable development, endorsing the 10 universal principles and reporting its progress annually in fulfilling these commitments. Moreover, Tubacex materializes its commitment to advancing the major sustainable development challenges channeled through the 2030 agenda and its Sustainable Development Goals (SDGs).



Contributing to human progress by driving responsible business practices.

In recent years, Tubacex has actively participated in advancing the 2030 agenda. Through various initiatives, it has paved the way for a more responsible business. Now, with its new strategy, the company has taken a further step by defining its sustainability ambitions and a set of actions that align with its commitment to people, the planet, and transparency.

In this way, the company has established a roadmap that sets out the key areas of action, objectives, commitments, and initiatives in environmental, social, and governance matters. Its strategy aims to:



















1



4.3.1. Climate Neutrality and Circularity

Tubacex is actively working towards achieving carbon neutrality and promoting a circular business model

Material Aspect	Section EINF	UN Principles	Main SDGs
Sustainable energy management	Environment	7, 8	  
Waste management	Environment	7, 8	 
Environmental management	Environment	7, 8	  
Circular economy	Environment	7, 8	 
Mitigation and adaptation to climate change	Environment	7, 8, 9	 
Environmental compliance	Environment	7, 8, 9	 
Sustainable supplier management	Environment	8	 

Tubacex is aware of the nature of its activities and the associated environmental impact, primarily in terms of emissions and waste generation. Therefore, it has developed a roadmap that allows it to mitigate its environmental impact through actions that directly contribute to more efficient and responsible management. This is a public commitment aligned with the Paris Agreement, aiming to achieve carbon neutrality by 2050.

In 2022, Tubacex incorporated its environmental strategy within the framework of its sustainability strategy, making it one of its key pillars. Thus, it maintains its priorities in terms of decarbonization of industrial processes, promoting waste management and recycling, and driving suppliers towards ESG objectives through specific actions and targets.



THE COMMITMENTS MADE IN THIS FIELD ARE

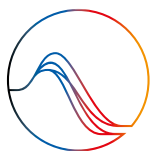
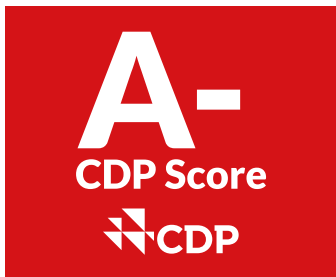
Reduction of 60% (scope 1 and 2) by 2030 and 30% Scope 3

>40% of green energy by 2030

Net Zero by 2050

>95% of waste recycled by 2030

100% of suppliers evaluated on ESG basis



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Decarbonization

One of the most significant events of the 2022 fiscal year was the rating obtained in the CDP index for corporate transparency and performance in climate change matters, where Tubacex achieved a leadership score (A-), positioning itself among the best companies worldwide in terms of sustainability. CDP (Carbon Disclosure Project) is the world's leading non-profit environmental organization in climate disclosure programs. This high performance is fully aligned with its 2030 climate roadmap, which includes clear commitments to reduce Greenhouse Gas Emissions (GHG) (Scopes 1 and 2) by 60% by 2030 and achieve "net-zero emissions" by 2050.

Circularity

Durante 2022 se ha impulsado firmemente el compromiso público. During 2022, the commitment to waste reduction has been strongly promoted, initiating the process of recovering all the scrap generated in the steel mill. This process is carried out in a specialized recovery plant in Europe, dedicated to treating products from the stainless-steel industry, with the aim of treating and recovering around 25,000 tons per year of slag and refractories, thus avoiding their

disposal in landfills. Additionally, throughout the year, Tubacex has continued to work on a project to improve the use of recycled material, resulting in a 14% reduction in the use of materials with a higher environmental footprint (Ni, Cr, Mo), as well as other waste management and water consumption diagnostic projects, among others.

Supply Chain

Tubacex has continued to extend its supplier evaluation process throughout the supply chain, reaching 801 suppliers evaluated on ESG through its risk management tool pilot.

Reporting

In terms of reporting, Tubacex has defined a qualitative model with three horizons for assessing climate risks and transition, aligned with TFCF recommendations. Climate and transition risks have also been included in the global risk model. On the other hand, during 2022, the calculation system for EU taxonomy KPIs (Sales, CAPEX, OPEX) has

been redefined. To improve the reporting system, Tubacex has continued the development of its corporate reporting tool on ESG during 2022. The first data collection using this tool will take place in the 2023 fiscal year.

Climate Change Risk Management

In 2021, Tubacex incorporated climate risks and transition risks into its global risk model. The qualitative assessment of climate risks is carried out in accordance with TCFD criteria, evaluating both physical risks, resulting from the effects of climate change on business activities, and transition risks, resulting from the impacts of a transition to a low-carbon economy. In 2022, the company shifted from a qualitative approach to a quantitative approach for both transition risks (market and regulatory) and physical risks.




For transition risks, scenarios from the IEA (APS, STEPS, SDS, and NZE) were used as a reference, as well as proprietary models and estimates for the evolution of non-energy sectors. For physical risks, RCP 4.5 and 8.5 were used.



2

4.3.2. To contribute to the development of innovative solutions for the energy transition

Tubacex participates in innovative initiatives that lead the energy transition, leveraging its technological capabilities to serve its customers and diversify its business.

Material Aspect	Section EINF	UN Principles	Main SDGs
Sustainable energy management	Environment	7.8	  



THE COMMITMENTS MADE IN THIS FIELD ARE

To Achieve a turnover of 50 million from new energy sources by 2025

To Allocate between 1-2% of sales to R&D by 2025



3

4.3.3. Taking care of people and the immediate environment

Tubacex is composed of a global team that drives the business project from different levels of responsibility. People are a key asset in achieving strategic objectives and creating value for stakeholders. Providing safe and pleasant work environments, as well as having the best talent and developing it, are priorities in the management of the organization. Tubacex promotes principles of equality and respect for diversity, both within the company and in the communities where it operates.

Material Aspect	Section EINF	UN Principles	Main SDGs
Safety and health	People	1	 
Talent attraction and retention	People	6	 
Equality and diversity	People	6	   
Employee training	People	•	  
Child labor	Human rights	5	
Development of local communities (Foundation)	Society	5.6	   
Human rights	Ethics and integrity	1.2	 
Safety and health of customers	Customers	•	 
Quality of products and services provided	Customers	•	 
Customer satisfaction	Customers	•	 



**THE COMMITMENTS
MADE IN THIS
FIELD ARE**

To Reduce accident rates by 75% by 2030

To Certify 100% of plants with ISO 45001

To Train 100% of the workforce in ESG by 2025

To Increase workforce diversity and reduce the gender pay gap

In order to assess the effectiveness of the management approach, Tubacex annually conducts a perception survey based on the **EFQM** model (European Foundation for Quality Management). In 2022, this survey was relaunched using the most updated version of the model. Training was provided to middle management and senior executives to familiarize them with the approach and criteria of the new model, as well as the actions undertaken by the company in its journey towards excellence.

Additionally, as part of Tubacex's objective to strengthen employee commitment to the business project, the company conducted its first employee engagement survey in October 2022, resulting in an overall score of 3.8/5. This survey was launched within the EFQM survey framework to leverage participation synergies and incorporated a set of metrics based on internationally recognized measurement standards. Safe working environments.



Average workforce by company	2022	2021
Acería de Álava	198	171
Tubacex Tubos Inoxidables	409	423
Schoeller Bleckmann	364	327
Schoeller Bleckmann Technisches Service	43	44
Tubacex Taylor Accesories	27	26
Salem Tube	97	95
Tubacex Service Solutions	64	60
Tubos Mecánicos*	0	69
Tubacex S.A. Tubacex Servicios de Gestión.	42	41
Tubacex Innovación	15	15
Oficinas Comerciales	38	41
Perímetro anterior	1,297	1,312

Average workforce by company	2022	2021
IBF	183	157
Tubacex Prakash	199	186
Tubacex Services	11	13
Tubacoat	3	2
Tubacex Logistics	2	3
Tubacex Awaji Thailand	91	68
Tubacex Upstream Technologies	8	6
Grupo NTS	290	256
TOTAL	2,084	2,003
Tubacex Durant	94	71
Amega West	167	106
TSS Norway	15	14
TOTAL	2,360	2,194

* This report does not include information regarding Tubos Mecánicos, which ceased to be part of the Group in December 2021.

Safe working spaces

The protection of health and safety at work is a top priority for the Tubacex Group. Fully aware of the impact and risks associated with its activities, the company's priority is to carry out its ordinary operations in a safe environment. Specific management

processes, corporate policies, and action plans are in place to minimize the impact of its activities on the work-force. The main productive business units are certified with ISO 45001, one of the most demanding certifications in terms of safety and health.

Work accidents (frequency and severity) broken down by gender

	2022			2021		
	Men	Women	Total	Men	Women	Total
Accidents with sick leaves	51	2	53	36	3	39
Accidents without sick leave	78	4	82	52	3	55
Total number of accidents	129	6	135	88	6	94
Frequency ^[1]	11.99	3.27	10.89	13.39	6.61	12.41
Severity ^[2]	0.34	0.17	0.32	0.51	0.05	0.44

*100% of the Group's companies are included

^[1]Number of accidents with leave per million hours

^[2]Number of days lost per accident with leave divided by number of hours worked per thousand

ISO
45001

**TUBACEX
INDIA**

IBF

**TUBACEX
SERVICES**

**SCHOELLER
BLECKMANN**

ACERALAVA

TTI

SALEM TUBE



Talent attraction and retention

Tubacex is a flexible company that adapts and anticipates new trends in talent attraction and retention. It is fully aware of the need to attract and retain talent, as well as foster commitment among professionals who are actively seeking employment, including its own employees. To achieve this, the company promotes professional development, communication, and participation, which enhances satisfaction levels and commitment to the business project.

Employees by country and gender

	2022				2021		
	Men	Women	% Women	Total	Men	Women	Total
Spain	612	130	17.50	742	656	144	800
Austria	368	44	10.67	412	337	39	376
Italy	169	17	9.13	186	144	16	160
India	202	10	4.71	212	188	11	199
UAE	136	22	13.92	158	119	19	138
United States	267	51	16.08	317	215	38	253
Saudi Arabia	98	9	8.49	106	86	9	95
Thailand	70	21	23.07	91	48	20	68
Norway	40	8	17.02	47	36	7	43
France	7	1	12.50	8	6	1	7
China	3	3	50	6	3	3	6
Brazil	9	2	18.18	11	5	0	5
Germany	1	0	0	1	1	0	1
The Netherlands	3	2	40	5	4	2	6
Singapore	19	6	24	25	14	5	19
Korea	1	0	0	1	1	0	1
Canada	26	6	23.07	31	14	3	17
Total	2,030	330	13.98	2,360	1,877	317	2,194

Equality and diversity

Tubacex is committed to promoting equal opportunities and diversity. Its multinational and multicultural nature is an enriching aspect that is preserved and fostered within the organization. The company creates and promotes diverse and inclusive work environments that contribute to achieving its corporate and business objectives, avoiding situations of labor and wage discrimination.

Total training hours by professional categories

The following are the training hours by professional categories for 2022:

Training hours

	2022	2021
Management	1,718	999
Middle management and supervisors	1,522	1,674
Technicians and professionals	4,455	2,463
Operations staff	26,027	18,455
Total number of training hours	33,722	23,591
Average number of training hours per employee	14.3	10.7

*100% of the Group's companies are included.

Training initiatives have been intensified in the different companies of the group based on identified needs. In the case of the United States (specifically, the Durant plant in Oklahoma), training has been intensive, especially for new hires, with a focus on Operations, Safety and Health, and Maintenance.

During 2022, internal online training has been maintained. Under the format of "Training Pills," training sessions on products, applications, materials, market strategies, and diversification have been organized, delivered by internal professionals, and mainly targeting technical teams, sales teams, and departmental managers.

4

4.3.4. Transparency and Good Governance

Tubacex conducts its activities in strict compliance with applicable regulations regarding pre-vention and anti-corruption measures, promoting the principles outlined in the Code of Con-duct and extending this commitment to all companies that are part of the Group or have business relationships with Tubacex.

Material Aspect	Section EINF	UN Principles	Main SDGs
Presence of corruption cases	Fight against bribery and corruption	10	 
Ethics and Compliance	Human Rights	10	 
Good Governance	Ethics and integrity	10	 
Risk Management	Ethics and integrity	10	 
Cybersecurity	Customers	•	  

Tubacex is one of the best-positioned companies in terms of Corporate Governance and is repeatedly mentioned as an example of good governance among Spanish companies, setting a standard ahead of larger corporations. It was one of the first Spanish companies to incorporate Good Governance measures into its management bodies. Tubacex follows nearly all existing recommendations

on good governance while committing to incorporating any aspects that enhance the transparency of its management.

As part of Tubacex’s strategic commitment to sustainability goals, the company has included ESG criteria in the objectives set in the Professional Development Plans for **its senior management and middle managers**. Specifically, there is a set of



THE COMMITMENTS MADE IN THIS FIELD ARE

Develop and publish the corporate policies

Have a remuneration scheme linked to ESG

Have a sustainable financing framework

Apply due diligence processes in all corporate operations

21 key performance indicators that will be crucial for their evaluation.

In line with this, a supplement to the Base Document of the Commercial **Paper program** has been registered in the Alternative Fixed-Income Market (MARF) for an amount of 200 million euros, linking the program to the achievement of **specific sustainability goals** such as waste recycling, safety, and health.

This represents **Tubacex's first source of financing tied to sustainability criteria**. Through this, the company will diversify its sources of funding, access new investors, optimize costs, and further reinforce Tubacex's social and environmental responsibility throughout its value chain, strengthening its commitments to accelerate the energy transition.

Furthermore, numerous initiatives in the field of **information security** have been carried out throughout 2022. These projects enhance the level of maturity in terms of cybersecurity and are aimed at improving prevention of attacks, developing reaction and defense procedures, as well as training and raising awareness among users. Notable implementations include various defense, prevention, and training capabilities in the field of cybersecurity.

Ethics and Integrity

Tubacex has its own code of conduct that outlines the actions expected from all members within the company, extending its principles of behavior to all individuals and organizations that interact with the organization.

This code of conduct, publicly available on its website, is based on the fundamental principles of the Universal Declaration of Human Rights, the International Labor Organization, and the OECD principles for multinational enterprises, as well as the principles of the United Nations Global Compact. Beyond compliance with local laws, Tubacex upholds a set of non-negotiable standards previously identified, defined, and developed within the company. This Code provides a framework against which any activity can be measured in areas such as money laundering, conflicts of interest, bribery and corruption, among others.

Human Rights

Tubacex is fully committed to the protection of human rights, which form the basis of applicable legislation for all business units on which each unit carries out its activities. Human rights are fully protected by local legislation in each case and are supported by all individuals within the group.

To reaffirm its commitment to human rights, Tubacex launched its responsible declaration in 2022, which incorporates its commitments in this area. Specifically, the company commits to:

- To abolish child labor: Comply with all laws regulating the minimum working age for each individual position, including any laws related to employment, apprenticeship, and internships for young people and students. Group standards will prevail over local legislation regarding the minimum age for employment.
- To prohibit the use of forced labor and exploitative working conditions.
- To avoid causing or contributing to adverse impacts on human rights through its own activities and address such impacts when they occur.
- To seek to prevent or mitigate negative consequences on human rights directly related to its operations, products, or services through its business activities.





- To seek to prevent or mitigate negative repercussions on human rights directly related to its operations, products, or services through its business relationships.
- To eliminate discrimination in employment and occupation and promote health and safety in the workplace.
- To defend freedom of association and the effective recognition of the right to collective bargaining.
- To ensure the right to equal remuneration for work of equal value.

Anti-Corruption and Bribery

Tubacex conducts its activities in strict compliance with applicable regulations regarding prevention and the fight against corruption, promoting the principles outlined in the Code of Conduct and extending this commitment to all companies that are part of the Group or have business relationships with Tubacex. The company conducts its commercial activities in strict compliance with current legislation, managing its business and contractual actions transparently and in accordance with the principles established in the Code of Conduct.

Diversity
Corporate and equality

Development
Local communities

FOUNDATION TUBACEX

Quality Education,
talent attraction and retention

A foundation to channel Tubacex's support to society

The Tubacex Foundation is an entity closely linked to the business strategy and the UN's 2030 agenda, which has served as a fundamental channel for the promotion of projects within three main areas of action: **quality education, corporate diversity, and social action**. Through the Foundation, support programs for society have been defined, and common lines of work have been established for the rest of the business units within the Group, aligned with the identified material aspects: Quality education, talent attraction and retention, corporate diversity, equality, and development of local communities.

Quality education

Tubacex implements dual training programs in partnership with the Basque Government, the Austrian Government, and several training centers. These programs span four years, with 75% of the training taking place in the workplace and the remaining 25% in classrooms. Notably, one year of international experience at any of the Group's plants in the US, Italy, Austria, or India is included, which provides valuable enrichment and comprehensive training for participants.

As of the end of 2022, 27 students were part of these specialized training programs in Austria. In the case of the Alava located production plants (TTI and Acerálava), this training had to be halted during 2021 due to the work context, as students were unable to combine theoretical training with on-site training. Tubacex also promotes the internationalization of educational processes by offering international scholarships.

Social action, local communities

The Tubacex Group has continued to support the work of Collaborate Burma in Thailand, promoting the social development of displaced Burmese children in Thailand. This program focuses on the promotion of comprehensive education, acting throughout the child's development cycle: from orphanages, daycare centers, schools, to access to the job market in adulthood.

On the other hand, in the context of the humanitarian crisis caused **by Russia's invasion of Ukraine**, Tubacex launched an aid program mainly aimed at workers and families of a collaborating company located in a war-devastated region with a close commercial relationship with Tubacex.

A total of five families, women, and children were relocated from the Ukraine-Hungary border to the Basque Country. Thanks to the accompaniment and collaboration of the SOS Ukraine organization, Ukrainian families were placed with host families who supported them during an initial integration phase. The Tubacex Foundation has provided continuous support to facilitate their integration and ensure the well-

being of these families. At the end of the year, two of the families remained in the Basque Country, continuing their integration process in rental homes, and receiving close monitoring from Tubacex. A third family consisting of two women and a child joined them, arriving in the Basque Country on their own and receiving support from Tubacex. In total, 20 people (6 families) have benefited from this aid program.

Beyond this program, Tubacex has joined third-party initiatives to help displaced Ukrainian citizens.

It is worth noting their financial participation in a trip organized by several companies to deliver humanitarian aid to Poland and bring Ukrainian refugee families to the Basque Country, as well as the group's support for one of Tubacex's workers in Llodio to bring more than twenty Ukrainian nationals to the Ayala Valley.

Finally, during 2022, the cultural and museum-related activities of the Foundation continued, supporting projects developed at the Guggenheim Museum in Bilbao and the Artium Museum in Vitoria-Gasteiz.



Heavenly Home Orphanage

80 children
4 caregivers and 7 volunteers
Maintenance expenses.

Chicken School Nursery

123 children
5 teachers
Floor and wall repairs.
School fees of 83 children.

SAW School

180 children
12 teachers
Maintenance expenses.

RESULTS

5



5.1

Tubacex Share
Performance
in 2022

5.2

Profit for
the year

5.3

EU
Taxonomy





5.1

Tubacex Share Performance in 2022

At year-end 2022, Tubacex's share capital stood at €58.04 million divided into 128,978,782 shares with a par value of €0.45 each.

The company's entire share capital is listed on the Spanish Stock Exchange's continuous market.

Tubacex is part of the General Index of the Madrid Stock Exchange and is included in the IBEX SMALL CAP index, made up of the 30 most significant companies after the IBEX MEDIUM CAP.

Following the uncertainty that characterised 2020 and 2021 due to the volatility in the financial markets resulting from the global Covid-19 pandemic and its consequences, Tubacex's shares performed very positively in 2022, closing the year on €1.998 per

share which entails a market capitalisation of €257.7 million, 33.0% higher than the figure of €193.7 million at year-end 2021.

The highest share price achieved by Tubacex during the year was €2.615 per share on 7 June. The lowest was €1.552 per share on 13 and 24 January.

In terms of liquidity, 51.2 million shares were traded on the regulated market during the year compared with 78.4 million in 2021, representing a turnover of 40% of capital.

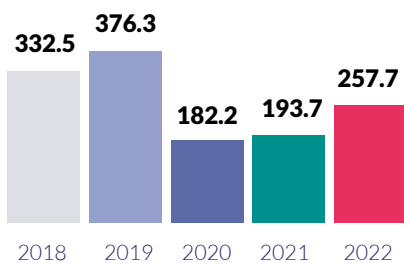


Tubacex stock market performance

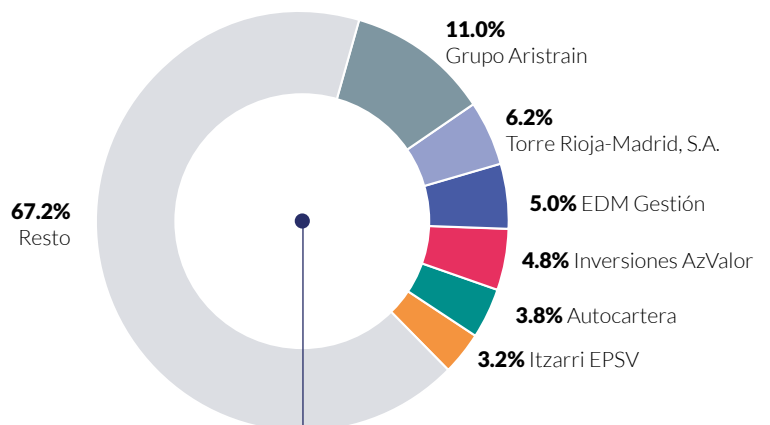
	2020	2021	2022
Share capital (€M)	59.84	58.04	58.04
Share par value (€)	0.45	0.45	0.45
Listed shares (€M)	132.98	128.98	128.98
Share price (€)			
Maximum	2.89	2.00	2.62
Minimum	0.94	1.31	1.55
Latest	1.37	1.50	2.00
Annual evolution (%)	-51.6%	9.6%	33.0%
Trading frequency (%)	100%	100%	100%
Trading volume			
• Million shares	88.4	78.4	51.2
• Million euro	128.1	125.4	103.8
Turnover (times capital)	0.7	0.6	0.4
Market capitalisation (€M)	193.7	193.7	257.7



Share price performance in 2022



Fluctuations in market capitalisation



Tubacex Shareholders 31-12-2022

Source: CNMV



5.2

Profit for the year

Record results in profitability, liquidity and order book visibility were achieved in 2022. These results reflect the strength of Tubacex's diversified global position and are even more remarkable in the current context of global economic uncertainty and high inflation rates.

RESULTS WELL ABOVE THE INITIAL PROSPECT OF SURPASSING PRE-COVID LEVELS

(€M)	FY 2021	FY 2022	% variación
Sales	365.0	714.7	95.8%
EBITDA	17.5	92.3	426.5%
EBITDA margin	4.8%	12.9%	
EBIT	(27.3)	44.5	n.s.
EBIT Margin	neg.	6.2%	
Attributable Net Profit	(32.2)	20.2	n.s.
Net margin	neg.	2.8%	

(€M)	31/12/2021	31/12/2022	€M variation
Equity Attributable to the Parent Company	197.4	221.5	24.1
Equity/NFD	58.7%	77.1%	
Working Capital	222.5	230.0	7.5
Working Capital / Sales	60.9%	32.2%	
Structural Net Financial Debt ⁽¹⁾	113.8	57.1	-56.6
Total Net Financial Debt	336.2	287.1	-49.1
NFD/EBITDA	19.2x	3.1x	

neg.: negative

n.m.: not material

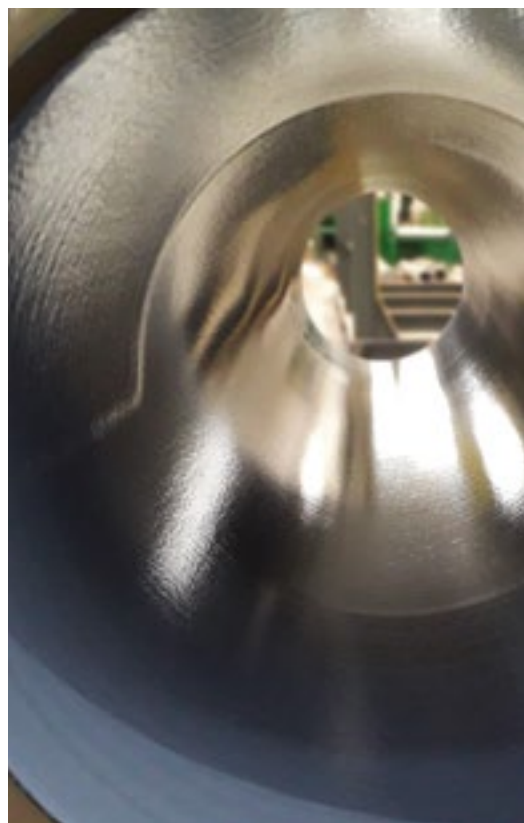
⁽¹⁾ Total Net Financial Debt - Working Capital

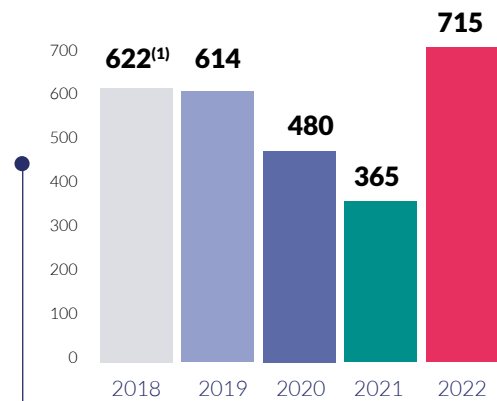
NB: The figures in the accompanying table differ from the consolidated income statement for 2021 due to the impact of discontinued operations (sale of Tubos Mecánicos on 23 December 2021), as required by current regulations. The same accounting policy as in previous years is maintained to facilitate the comparison of information.

Income statement

Sales in 2022 amounted to €714.7 million, 95.8% above the previous year. This growth reflects both the increase in volumes sold and the improved mix, and is evidence of the market's recovery to pre-pandemic levels. In fact, at year-end the order book stood at €1,650 million, the highest level in the group's history with a significant percentage of high value-added products. The outlook for 2023 is therefore very positive, improving on the results for 2022.

EBITDA for the year stood at €92.3 million, with a margin of 12.9%. Both EBITDA and the margin are the highest in the last 14 years and reflect a clear upward trend, with EBITDA improving in the last quarter of the year for the sixth consecutive quarter. The good mix and the efforts made in the last two years to adjust costs have enabled us to partially compensate for the inflationary environment and achieve record figures for the company.

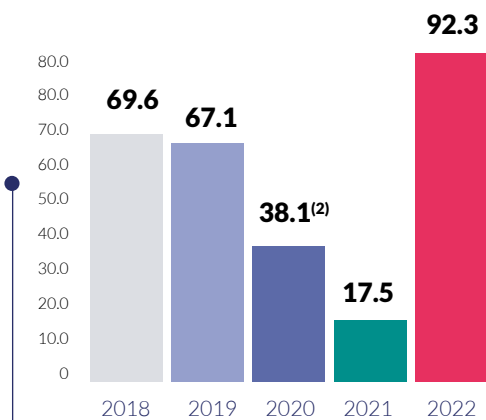




Sales performance (€M)

Consolidated figures

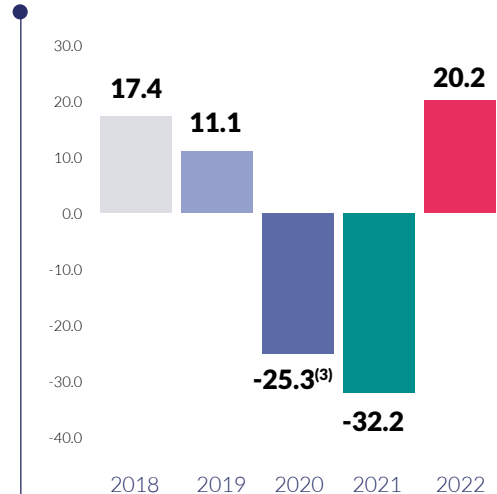
(1) The 2018 sales figure has been restated as a result of a reclassification of €55.2 million between the headings Revenue and Change in inventories, with no impact on the Group's results.



EBITDA performance (€M)

Consolidated figures

(2) 2020 EBITDA includes restructuring costs incurred during the year to bring the Group's structure into line with the new business environment, and an extraordinary provision recorded on a voluntary basis.



Net profit performance (€M)

Consolidated figures

(3) Net Profit for 2020 includes extraordinary negative adjustments made voluntarily and without any impact on cash for a total amount of €20.3 million.

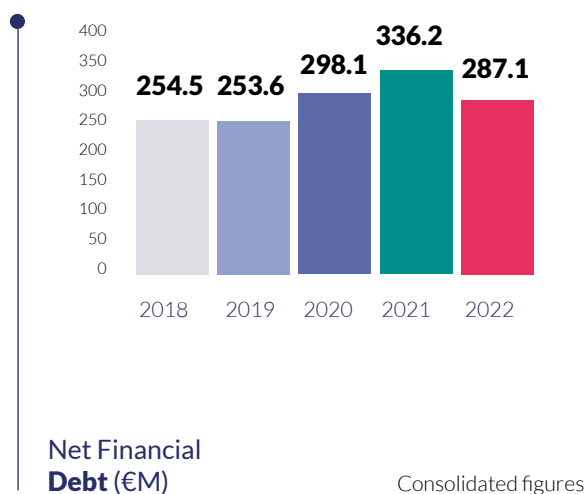
Balance sheet and financial situation

Working capital stands at €230.0 million, €7.5 million above the 2021 year-end figure. Working capital includes a major increase in inventories of €64.8 million, for three main reasons: (i) the rise in raw material and energy prices reflected in the increased inventory value; (ii) the higher value of inventories due to the improved product mix in manufacturing; and (iii) inventory in progress linked to special premium orders with longer lead times, particularly the Petrobras and EDF orders.

Working capital as a percentage of sales improved substantially from 60.9% in 2021 to 32.2% at the

present time, which is just short of the strategic target of 30%.

Net financial debt at year-end stood at €287.1 million, a reduction of €49.1 million compared with the previous year, despite the increase in working capital. The net financial debt to EBITDA ratio improved significantly from 19.2x to 3.1x. The liquidity position increased from €158.0 million at year-end 2021 to €175.4 million. The cash generation expected in the coming quarters due to the visibility provided by the portfolio will enable us to maintain this upward trend over those quarters.



5.3

EU Taxonomy

In 2021 Tubacex carried out an analysis of its activity and classified the companies forming part of the Group as eligible or non-eligible based on their inclusion in Annex I of Regulation (EU) 2020/852 of the European Parliament.

As a result of the analysis of their activities, companies engaging in steel manufacturing and, by extension, all those involved in pipe manufacturing, were considered to be eligible.

However, having studied the implications of the activity description (3.9 manufacture of iron and steel) for determining eligibility

and the subsequent alignment assessment, in 2022 Tubacex decided to redefine its eligibility. In this redefinition process, its steel manufacturing activity (Acerálava) and the sales of Acerálava's steel supply companies (TSS) (eligible activity) were considered to eligible. The scope of the alignment assessment(1) also focused on these companies, resulting in the following indicators:

(1) Compliance with the alignment criterion was based on scrap consumption in EAF furnaces, as it exceeded 70% of fine steel production. Subsequently, Acerálava conducted its alignment analysis evidencing its substantial contribution to climate change mitigation and its non-significant impact on the remaining environmental targets (climate change adaptation, water and marine resources, circular economy, pollution and biodiversity), while also complying with the minimum social safeguards.

Sales

2022		Sales (%)	Sales (€ thousand)
Eligible	Aligned ⁽¹⁾	11.2	80,195
	Non-aligned ⁽²⁾		
Non-eligible ⁽³⁾		88.8	634,520
TOTAL		100	714,714
2021*		Sales (%)	Sales (€ thousand)
Eligible		0.97	3,546
Non-eligible ⁽³⁾		99.03	36,1472
TOTAL		100	365,018

CAPEX

2022		CAPEX (%)	CAPEX (€ thousand)
Eligible	Aligned ⁽¹⁾	10.7	2,902.2
	Non-aligned ⁽²⁾		
Non-eligible ⁽³⁾		89.3	24,289.8
TOTAL		100	27,192
2021*		CAPEX (%)	CAPEX (€ thousand)
Eligible		4.08	1,091.01
Non-eligible ⁽³⁾		95.92	25,642.99
TOTAL		100	26,734

OPEX

2022		OPEX (%)	OPEX (€ thousand)
Eligible	Aligned ⁽¹⁾	25.3	6,713.8
	Non-aligned ⁽²⁾		
Non-eligible ⁽³⁾		74.7	19,826.2
TOTAL		100	26,540
2021*		OPEX (%)	OPEX (€ thousand)
Eligible		9.63	1,190
Non-eligible ⁽³⁾		90.37	11,171
TOTAL		100	12,361

(1) Revenue/CAPEX/OPEX for environmentally sustainable activities (which comply with the taxonomy).

(2) Revenue/CAPEX/OPEX for activities which under the taxonomy are eligible but not environmentally sustainable (activities that do not comply with the taxonomy).

(3) Revenue/CAPEX/OPEX for non-eligible activities under the taxonomy.

* The 2021 figures relate to a recalculation of the eligibility figure based on the approach applied in the 2022 analysis. The increase in the figures is mainly due to the recommencement of activity at the plant under analysis following a period dominated by an exceptional strike in 2021 and the reactivation of the business during 2022.





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The logo for TUBACEX GROUP. The word "TUBACEX" is in a bold, white, sans-serif font. A red arc is positioned above the letter "A". Below "TUBACEX", the word "GROUP" is written in a smaller, white, sans-serif font.

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