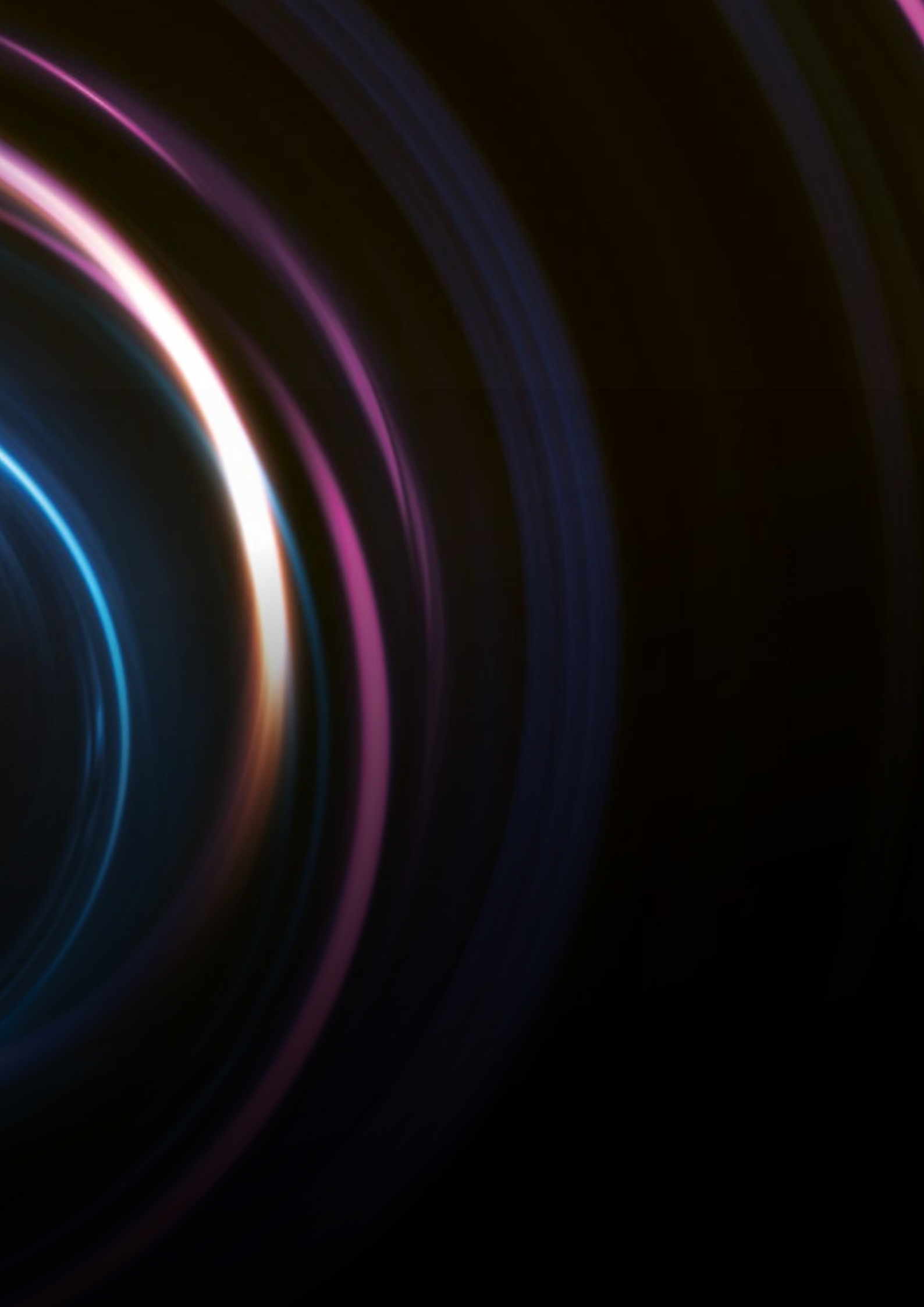


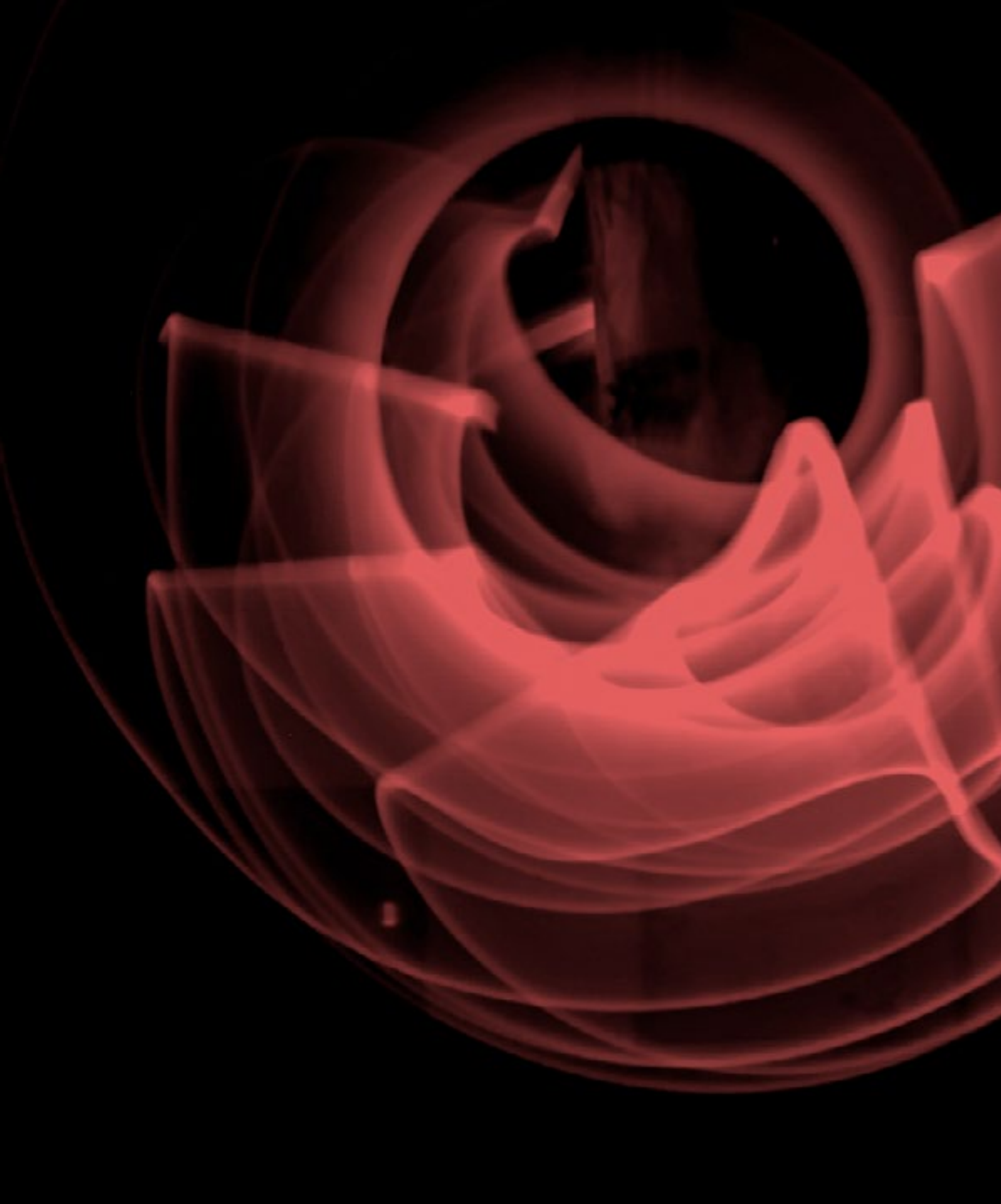


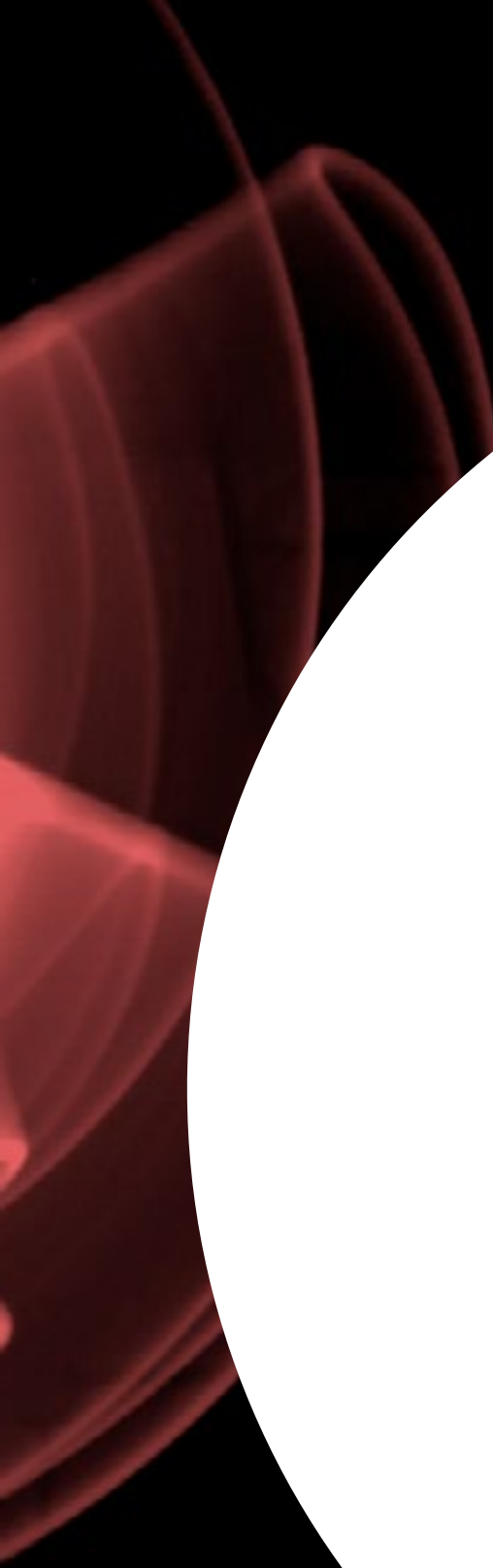
ANNUAL **REPORT**  
**2023**

**TUBACEX**  
GROUP



# ANNUAL **REPORT** **2023**





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

We are a supplier of advanced, **high value added solutions** for the **energy** and **mobility sectors**.

**TUBACEX**  
GROUP

# INDEX

	LETTER TO SHAREHOLDERS		8
1	ORGANIZATIONAL PROFILE	<b>1.1.</b> Corporate presentation	12
		<b>1.2.</b> Corporate Governance	20
2	STRATEGY	<b>2.1.</b> Photography of the market	26
		<b>2.2.</b> Business strategy	28
		<b>2.3.</b> Risk management	34
3	SUSTAINABILITY	<b>3.1</b> Commitments and Initiatives	40
		<b>3.2</b> Relationship with stakeholders	44
		<b>3.3</b> Materiality analysis	46
		<b>3.4</b> «Ambition 2030»	48
4	BUSINESS SITUATION	<b>4.1.</b> Business evolution	62
		<b>4.2.</b> Market situation	66
5	RESULTS	<b>5.1.</b> Profit for the year	70
		<b>5.2.</b> Tubacex Share Performance in 2023	74
		<b>5.2.</b> European taxonomy	76
	BUSINESS DIRECTORY		79



## **Our Business Philosophy**

*In a rapidly evolving world, Tubacex is forging its own path.*

*Embracing challenges with commitment and integrity, there are no limits to our ambition.*

*Starting as tube manufacturers, we have evolved into a leader in advanced industrial products and services for energy and mobility.*

*Driving the world forward, innovation, competitiveness, and sustainability are at the heart of our mission.*

*Committed to environmental stewardship, we champion a decarbonized, circular economy.*

*Investing in talent without barriers or limitations, Tubacex builds a business that cares deeply for humanity's advancement.*

*By providing solutions at the forefront of technical achievement, Tubacex stands as a global entity.*

*Our progress is measured by contributions to the wellbeing and empowerment of people, communities, and the planet.*

*Tackling new challenges, we offer advanced industrial products and services that drive human progress.*

*Because this is how we understand Tubacex.*





# LETTER TO **SHAREHOLDERS**

**TUBACEX**  
GROUP



CHAIRMAN  
**FRANCISCO J. GARCÍA SANZ**



CEO  
**JESÚS ESMORÍS ESMORÍS**

## **NT<sup>2</sup>:** THE DRIVING FORCE BEHIND TUBACEX'S NEW STRATEGIC CYCLE IN THE ENERGY TRANSITION

We are at the beginning of a transformative period in our company's history, driven by our strategic plan NT<sup>2</sup>, "A New Tubacex in the Energy Transition," which we presented at the Capital Markets Day on November 21, 2023, in Madrid. This new phase is transforming our organization into a provider of advanced industrial products and services for the energy and mobility sectors.

As we present the 2023 annual report, we are proud to highlight that this has been a year of historic achievements for Tubacex. We recorded a notable turnover of 852.4 million euros, reflecting a 19.3% increase from the previous year, and our EBITDA grew by 35.6%, reaching 125.2 million euros. This significant improvement is marked by an EBITDA margin of 14.7%, the best in Tubacex's history.



During this fiscal year, we exceeded our established forecasts, registering remarkable growth in key product and service segments and achieving a historic order book worth 1.6 billion euros. This robust performance results from our commitment to diversification, innovation, and our ability to anticipate market needs, particularly in the low-carbon segment.

In this context, the launch of NT<sup>2</sup> is particularly noteworthy, renewing our commitment to growth, innovation, sustainability, and the security of energy supply. The updated strategic plan establishes the creation of Tubacex's low-carbon division, based on technologies such as CCUS (Carbon Capture, Utilization, and Storage) and hydrogen.

Our goal is to lead the low-carbon segment, reduce our exposure to the oil & gas sector to one-third, and achieve a turnover between 1.2 and 1.4 billion euros by 2027, with an EBITDA exceeding 200 million euros and a debt/EBITDA ratio of less than 2 times.

Diversification and international expansion, including over 30 long-term agreements and the new CRA OCTG plant in Abu Dhabi, are highlights of our strategy.

In this context, our share price increased by 75.2% in 2023, reaching 3.5 euros per share, proposing a gross dividend of 14.5 million euros, with a payout of 40%.

The Tubacex Foundation continues to be our vehicle for social traction, working on training, diversity (equity and equality), CO<sub>2</sub> impact reduction, and community support.

Tubacex continues to deploy its roadmap aligned with the Paris Agreement, called Ambition 2030. This plan aims to mitigate the environmental impact of our industrial activity with the ultimate goal of achieving carbon neutrality by 2050.

Finally, we extend our most sincere gratitude to the entire Tubacex team for their effort and dedication, which have been fundamental in achieving these exceptional results.

The background of the entire image is an abstract pattern of concentric, wavy lines in various shades of green and black, creating a sense of depth and movement.

1

ORGANIZATIONAL  
**PROFILE**

L

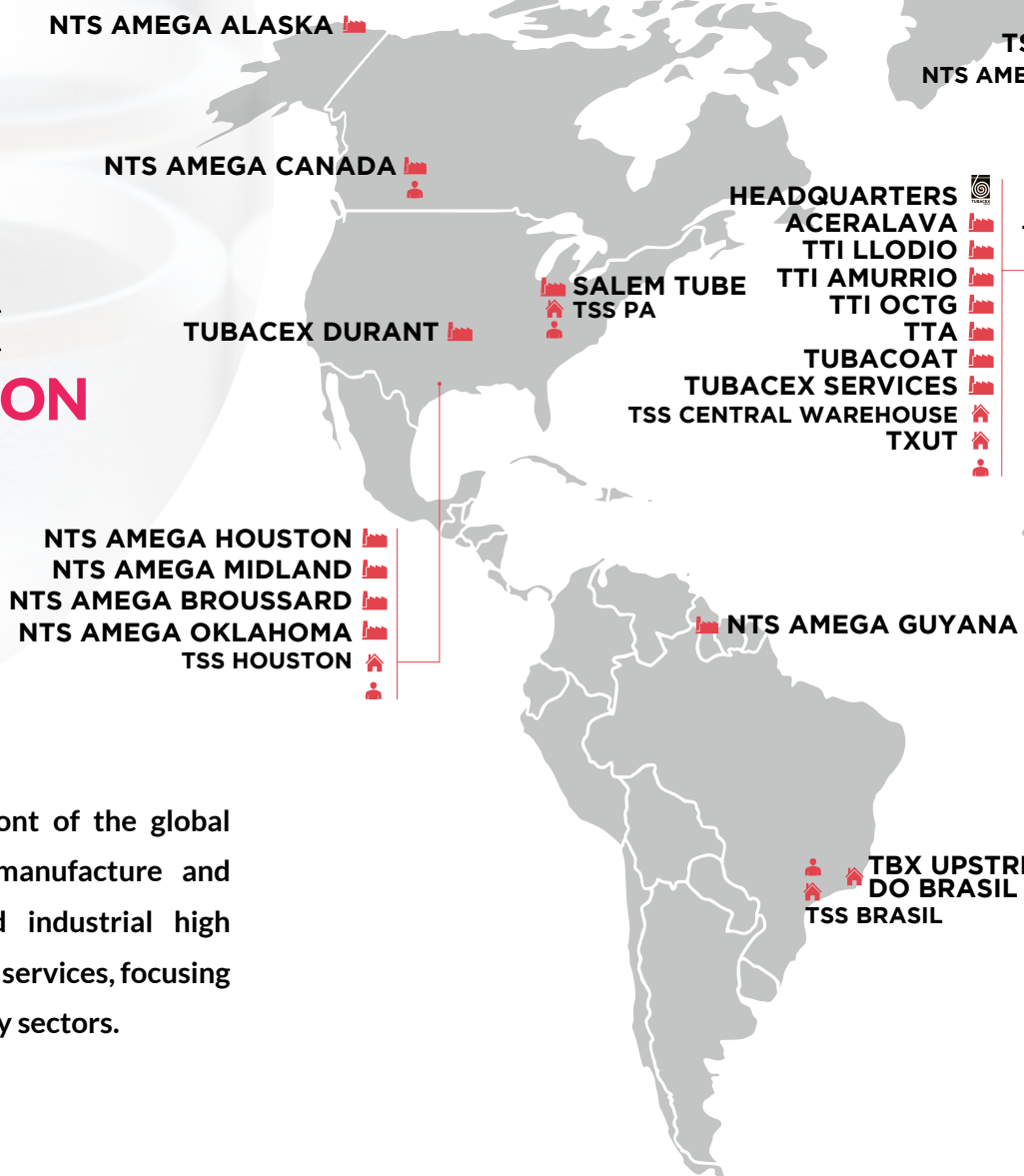
1.1 CORPORATE  
**PRESENTATION**

1.2 CORPORATE  
**GOVERNANCE**

**TUBACEX**  
GROUP

# 1.1

## CORPORATE PRESENTATION



Tubacex is at the forefront of the global market in the design, manufacture and installation of advanced industrial high value added products and services, focusing on the energy and mobility sectors.

Sales of  
**852.4**  
million €

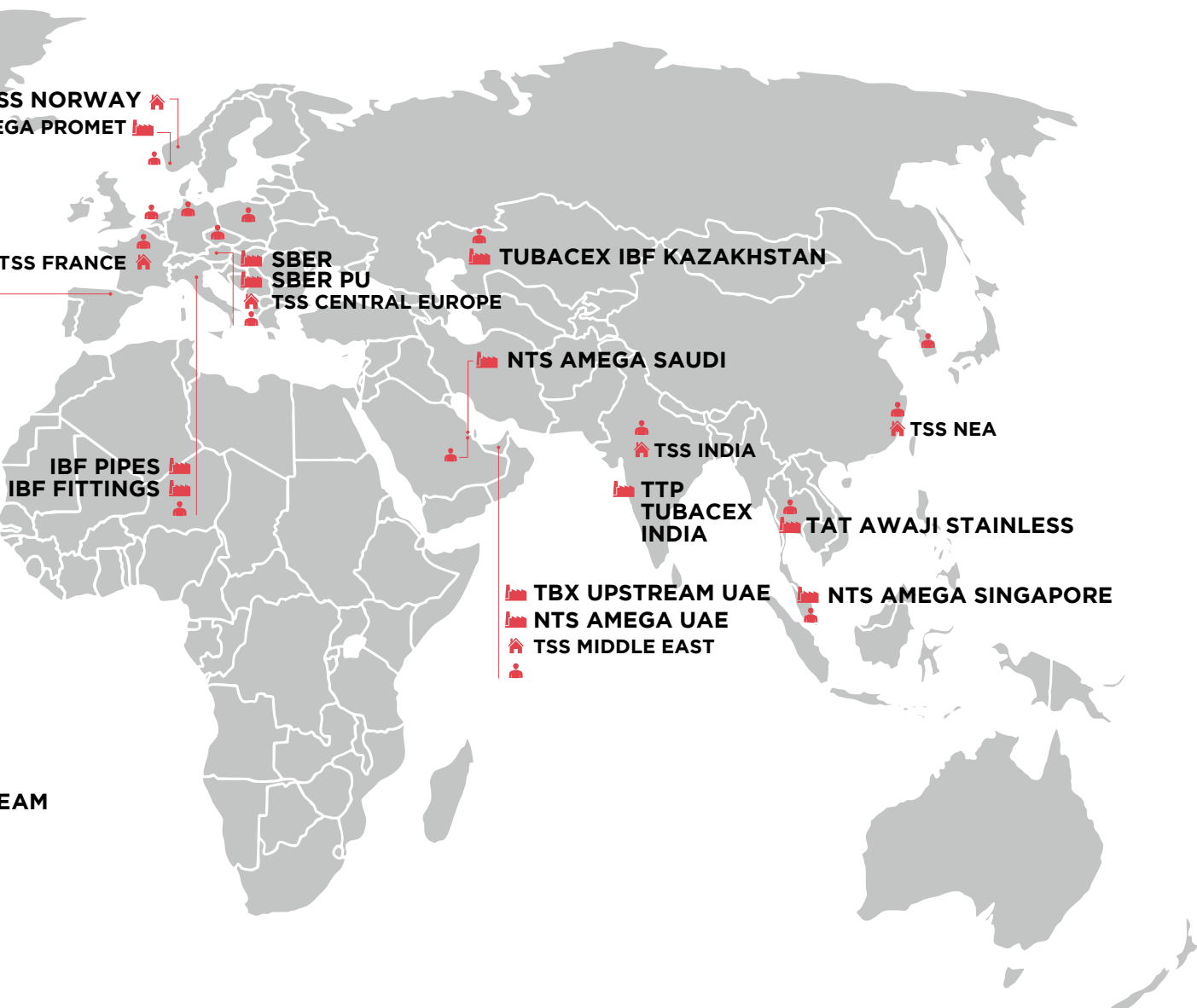
**24**  
production  
plants

**14**  
service  
centers

**2,500**  
employees  
as of december 2023

KEY FIGURES 2023

THE COMPANY IS  
PRIMARILY FOCUSED ON  
THE PROJECT MARKET  
BUT HAS A SPECIALIZED  
UNIT FOR THE  
DISTRIBUTION MARKET  
(TUBACEX SERVICE  
SOLUTIONS, TSS).



 **MANUFACTURING**

 **SERVICE CENTER**

 **SALES REPRESENTATION**

Tubacex is a global leader in the manufacture of high value added products in advanced stainless steels and special alloys for the energy and mobility sectors. With a commitment to innovation and excellence, our fully integrated value chain spans from research and development to the delivery of the end-product. This integration guarantees cutting-edge technology, superior quality, and a focus on sustainability and circularity that sets industry standards. We specialize in a range of advanced materials, including corrosion-resistant alloys (CRA), and offer a suite of advanced machining services.

Tubacex operates production facilities and service centers across over 30 countries, ensuring valuable service delivery to its clients worldwide. Its commitment to sustainability and environmental stewardship is recognized and validated by top ESG certification authorities. This includes adherence to Science-Based Targets (SBT) for reducing emissions, to the Carbon Disclosure Project (CDP), and meeting the sustainability criteria set by S&P. More information in [www.tubacex.com](http://www.tubacex.com).

# MISSION

Tubacex is an innovative multinational industrial group that is a leader in the global market for advanced industrial solutions.

It aims to satisfy customers through a constantly evolving portfolio of products and services.

The company is reliable, consistently fulfilling its commitments to both external and internal clients.

Tubacex grows in a profitable and sustainable manner.

It is committed to effectively managing the return on its investments and appropriately compen-

sating shareholders (in 2023, the Board of Directors approved a payout of 40%).

The company rigorously manages its processes and systematically applies continuous improvement to achieve excellence.

Tubacex is firmly committed to permanently promoting a safe and pleasant work environment while always respecting the environment.

It seeks to contribute to the development of society and its suppliers by training its professionals and staff, working as a team, and continuously measuring its results.



## VISION

Tubacex aspires to be the global leader and benchmark in innovative industrial solutions with advanced materials, excelling in management and service. While striving to meet and exceed customer expectations, it also focuses on maintaining sustainable profitability and the personal development of its employees.

## VALUES

### Leadership



### Results orientation



### Customer satisfaction



### Creativity and innovation



### Teamwork



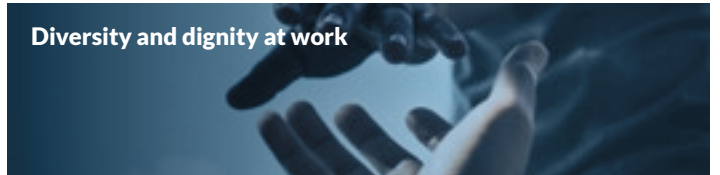
### Continuous improvement



### Value creation and profitability



### Diversity and dignity at work



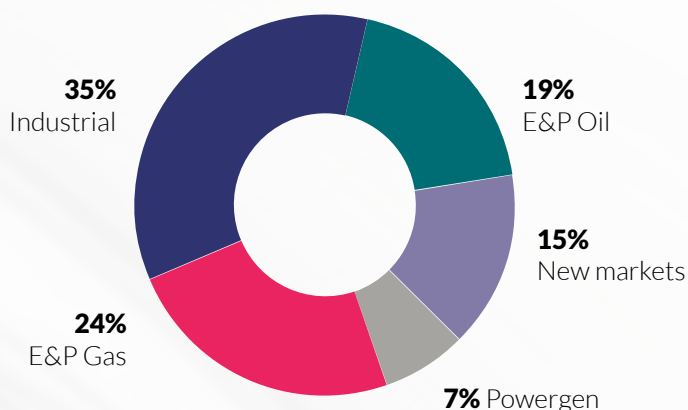
### Business ethics



# ADVANCED INDUSTRIAL SOLUTIONS

The Group's diversification is evident in the five major sectors in which it operates: Industrial (35%), E&P Gas (24%), E&P Oil (19%), new markets (15%), and Powergen (7%).

It has a robust portfolio of products with nearly limitless application areas and high value added services provided under long-term agreements with strategic clients.



1

## **Stainless steel & high nickel alloys bars and billets**

Long stainless-steel products, specialized in ingots, bars and billets, rolled and forged (120-600 mm)

### **Application sector:**

PIPES & BARS / FLANGES / VALVES / INDUSTRIAL / HOLLOW BARS & OTHER METAL MECHANICAL APPLICATIONS

2

## **Seamless stainless-steel pipes & tubes**

Seamless stainless-steel pipes & tubes (extrusion, piercing and cold finishing) – up to 8”

### **Application sector:**

E&P OF OIL & GAS / OFFSHORE SUBSEA / INDUSTRIAL / CHEMICAL / NUCLEAR POWERGEN / AEROSPACE / LOW CARBON SOLUTIONS

3

## **Forged and machined tubular components, fittings and special connections**

### **Application sector:**

NUCLEAR POWERGEN / INDUSTRIAL & PETROCHEMICAL / E&P OF OIL & GAS





4

#### High precision machining

Complex mechanical solutions for high grade alloy equipment that supports drilling, wellbore evaluation, completions, production, and upstream O&G operations

#### Application sector:

E&P OF OIL & GAS / OFFSHORE SUBSEA  
/ OFFSHORE SUBSEA / DRILLING TOOLS

5

#### Value added operation & services

#### Application sector:

TUBE THREADING / WELDING & BENDING / TOOL RENTAL & REPAIR  
/ HEAT TREATMENT / COMPONENT MACHINING / COATINGS

6

#### Stock, service & trading

Master stockist in seamless stainless steel tubes and pipes

#### Application sector:

ALL INDUSTRIES AND ENERGY SECTOR / STOCK MANAGEMENT / SERVICE CENTERS





## 2023 MILESTONES

### Three significant events stand out during this year:

#### 1. Strategic Plan Update

The first significant event is the early achievement of the 2022-2025 Strategic Plan, two years ahead of schedule, prompting the company to update it for the 2024-2027 period (chapter 2). Under the name NT<sup>2</sup> (Driving the New Tubacex towards the Next Transition), the new roadmap maintains the five pillars of the previous plan: leadership in sustainability, net debt reduction, operational stability and profitability, competitiveness, efficiency, and diversification. However, it sets more ambitious goals supported by the energy transition, aiming to achieve a turnover of between 1.2 billion euros and 1.4 billion euros, an EBITDA of over 200 million euros, and a Net Financial Debt/EBITDA ratio below 2 times (currently 2.5), according to the Group's estimates.

The presentation of this updated Strategic Plan took place at the Capital Markets Day held in Madrid on November 21, 2023. Following this event, the company's shares began a rally, increasing by more than 30% by the end of the year and by 70% compared to the end of 2022 (chapter 5).



## 2. Record Results

This milestone is only achievable following another significant accomplishments the record-breaking results (chapter 5). These include record sales of 852.4 million euros (+19.3%), an EBITDA of 125.2 million euros (+35.6%), and an EBITDA margin of 14.7%. Additionally, the order backlog was maintained at a historic level of 1.6 billion euros.

## 3. Low Carbon

In terms of sustainability, within the framework of its “Ambition 2030” program, Tubacex promotes a decarbonization plan that allows it to meet the emission reduction targets set by the European Union and offers sustainable solutions to help its clients achieve these goals, thus anticipating their needs. Tubacex is reducing emissions through improvements in manufacturing and recycling processes, while also helping its

clients reduce their emissions by enhancing efficiency, lifespan, and lifecycle.

A third significant milestone is the promotion of the Low Carbon division, poised to become the spearhead of the company as a global leader in the energy transition. This division develops solutions for new sustainable technologies, such as the growing CCUS (carbon capture, utilization, and storage) business by providing tubular solutions for CO<sub>2</sub> capture, transport, and sequestration, and the emerging hydrogen market as a substitute for fossil fuels.

All these measures are supported by prominent ESG certification bodies, including Science Based Targets (SBT) commitments for emission reduction and S&P sustainability standards.

These milestones highlight how the company aims to anticipate global trends, positioning itself as a leader not only in sectoral changes but also in social advancements.



# 1.2

## CORPORATE GOVERNANCE

### 1.2.1. Board of Directors

The year 2023 marked the second full year for the Chairman of the Board of Directors, who, as an independent director, succeeded Mr. Álvaro Videgain in 2021. The Board has established several committees to assist in its duties and ensure proper governance of Tubacex. Specifically, these committees are the Audit and Compliance Committee, the Appointments and Remuneration Committee, the Sustainability and Good Governance Committee, and the Strategy and Monitoring Committee.

With these committees, the Tubacex Board of Directors strengthens its commitment to transparency, integrity, and sustainability, ensuring efficient and responsible management that benefits all its stakeholders.



## Composition of the Board of Directors at 31st December 2023

 Maider Cuadra <b>Secretary</b> <hr/> <b>NON MEMBER</b>		 Francisco J. García Sanz <b>Chairman</b> <hr/> <b>INDEPENDENT</b>		 Manuel Moreu <b>Vicepresident</b> <hr/> <b>INDEPENDENT</b>		 Jesús Esmoris <b>CEO</b> <hr/> <b>EXECUTIVE</b>	
 Isabel López	 Gema Navarro	 Nuria López de Guereñu	 Iván Martín	 Antonio M <sup>a</sup> Pradera	 Jorge Sendagorta	 José Toribio	 Gracia López
<b>BOARD MEMBERS PROPRIETARIES</b>				<b>BOARD MEMBERS INDEPENDENTS</b>			

### Audit and Compliance Committee

The Board of Directors also approved specific regulations for the Audit and Compliance Committee, which had previously been governed by the Regulations of the Board of Directors. These regulations incorporated all the responsibilities assigned to this delegated body by the Capital Companies Act, best practices for listed companies, and the recommendations of the Good Governance Code for listed companies approved in 2020.

Among its functions, notable responsibilities include the supervision of the process for preparing and presenting both financial and non-financial information, as well as the oversight of non-financial risks.

### Appointments and Remunerations Committee

Similarly, the company's highest decision-making body approved new regulations for the Appointments and Remuneration Committee, incorporating the content provided for this committee in the Capital Companies Act and the CNMV Technical Guide. By doing so, Tubacex adopts the best practices in this area, reinforcing the role of this committee in relation to the Board concerning the executive team, for whom it establishes policies on appointments, remuneration, and dismissals. Additionally, the committee plays a key role in managing conflicts of interest.

## Commission on Sustainability and Good Governance

To strengthen the governance structure and in line with existing recommendations and best practices, the Board of Directors of Tubacex agreed in 2021 to establish a new Sustainability and Good Governance Committee. The functions of this committee are outlined in the “Regulations of the Sustainability and Good Governance Committee” and consist of:

1. Promoting the company's ESG policies to ensure they are geared towards value creation through sustainable behaviors.
2. Ensuring that the Group's Strategic Plan integrates and develops ESG policies.
3. Understanding, supervising, and evaluating the relationship processes with various stakeholders.
4. Ensuring that ESG-related risks are adequately integrated into the Group's risk management and control models.
5. Determining the guidelines, criteria, and general principles that should govern the content of the Non-Financial Information Statement and any other equivalent reporting system.
6. Collaborating with the Tubacex Foundation to identify elements of the Group's strategy that can be promoted

through specific ESG projects, making the Foundation an instrument of sustainability policy.

7. Encouraging the Group's compliance with the 17 Sustainable Development Goals (SDGs) approved by the United Nations.

## Strategy and Monitoring Committee

The Regulations of the Strategy and Monitoring Committee were approved in 2022. This committee is chaired, as usual, by the Chairman of the Board of Directors.

In all committee meetings, the secretary of the Board of Directors acts as the secretary to ensure the required coordination as mandated by the Board's Regulations.

At the end of 2023, following the annual evaluation exercise of the Board, the work of each committee for 2024 has been planned, along with the calendar for the entire year. This annual evaluation has been conducted by the Board of Directors since 2002 to continuously improve the functioning of the Board, its delegated bodies, and its main statutory roles, namely the chairman, the CEO, and the secretary of the Board.

As a novelty, the most recent evaluation was conducted internally, following an external evaluation the previous year, thereby applying the best corporate governance practices for listed companies.



## 1.2.2. Management Committee

Tubacex is composed of a group of companies, coordinated at the group level by the management team, which represents the various units and functional areas.



**Jesús Esmoris**  
CEO

**Antón Azlor**  
Corporate  
Commercial  
Director

**Guillermo Ruiz-Longarte**  
Corporate Financial  
Director

**Manuel Sarabia**  
Corporate HR Director  
Managing Director  
Advanced Solutions

**Diego Herrero**  
Corporate  
Innovation Director

**Miguel Gómez Lacabex**  
Corporate Business  
Development Director  
Managing Director Low  
Carbon



**Ana López de Mendoza**  
Corporate Risk and  
Internal Control  
Director

**Celestino Danis**  
Managing Director  
Steel & Extrusion

**Iker Azkagorta**  
Managing Director  
Special Components

**Ajay Sambrani**  
Managing Director  
Asia

**Javier Lorenzo**  
Managing Director  
Americas

**Juan Gomez-Cordobés**  
Managing Director  
Middle East



(The composition of the members of these committees can be consulted on the website [www.tubacex.com](http://www.tubacex.com) or in the corresponding Non-Financial Information Report for the year 2023)

The background is a dark blue gradient with numerous thin, curved, and overlapping lines in shades of teal and red, creating a sense of motion and depth.

2

**STRATEGY**



2.1 PHOTOGRAPHY  
**OF THE MARKET**

2.2 **BUSINESS**  
STRATEGY

2.3 **RISK**  
MANAGEMENT

**TUBACEX**  
GROUP

# 2.1

## PHOTOGRAPHY OF THE MARKET

H<sub>2</sub>  
GREEN  
HYDROGEN

HYDROGEN

The geopolitical tensions generated from the wars between Russia and Ukraine, as well as between Gaza and Israel, along with attacks in the Red Sea, the lingering effects of COVID-19 in China, and the subsequent reopening of its economy, and the still persistent inflation with consequent interest rate hikes to curb it, are some of the uncertainties that have marked 2023. Although the scare of recession has faded, the global economic growth remains weak and is trending downward as we head into the new fiscal year.

This year, the industrial sector has experienced a decline in energy and raw material prices, following the significant increase registered the previous year due to the war in Europe. Currently, the industry is focusing on the evolution of demand and metal prices, influenced by the tightening of financing conditions and the instability of international trade.



In the backdrop, the mandated decarbonization of economies requires significant investments to undertake the energy transition and agility to adapt to the new 'green' regulatory framework.

In this context, Regulation 2023/956, dated May 10, 2023, establishes the Carbon Border Adjustment Mechanism (CBAM), a mechanism that, when fully implemented, will require importers of goods into the European Union to purchase certificates equivalent to the carbon price they would have paid if the goods had been produced under EU carbon pricing rules. To comply with this regulation, Tubacex is developing an adaptation project to address the first phase (transition period) of this regulation and report quarterly the emissions generated in its imports.

Within the regulatory framework directly impacting Tubacex's business, there are positive news following the extension until March 2025 of the suspension of rebalancing tariffs on U.S. steel and aluminum products by the European Union, in exchange for the U.S. reviewing Section 232 and replacing it with a quota system.

Additionally, Tubacex's European production centers benefit from the European Commission's decision to extend the import protection regime by one more year (until June 2024).

There are also positive regulatory developments from China, as the anti-dumping tariffs on tubes originating from the Chinese giant are under review, with a possible extension in 2024 for an additional five years.

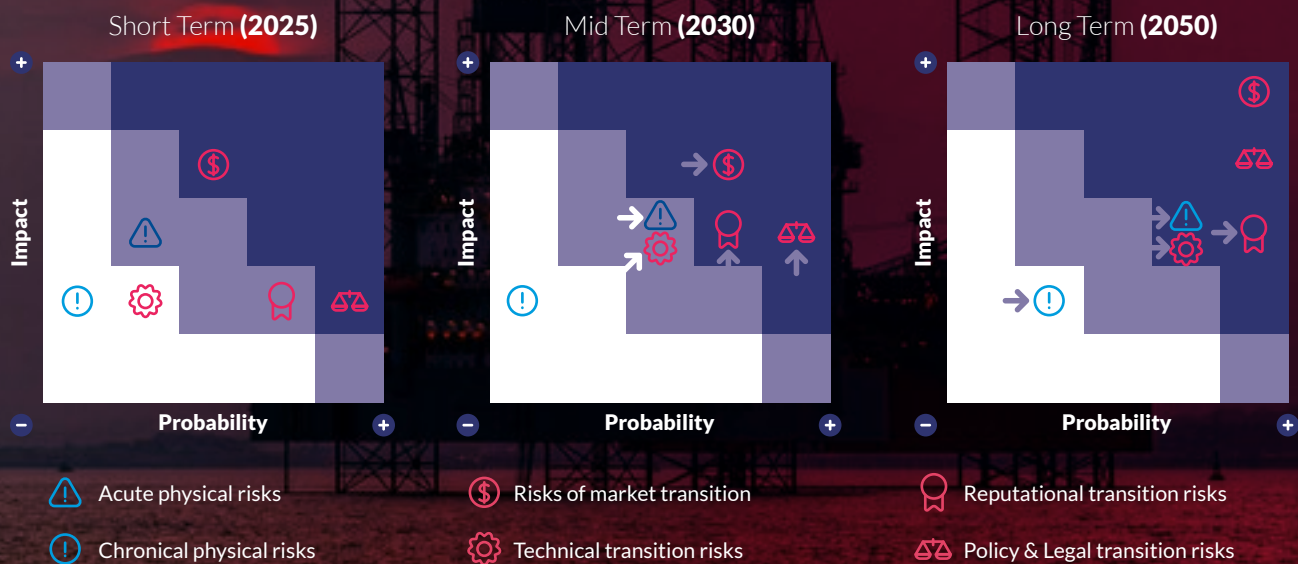
# 2.2

## BUSINESS STRATEGY

**Despite macroeconomic and geopolitical uncertainty, in 2023, Tubacex achieved a milestone that highlights the value of the roadmap designed after the pandemic to strengthen the Group and prepare it for sustainability with a key role in the energy transition, contributing to energy supply security. This milestone is the achievement of the objectives of its 2022-2025 Strategic Plan two years ahead of schedule, leading the company to update it for the 2024-2027 period.**

Throughout the year, the strong performance of the industrial sector, combined with the competitiveness and high performance of the company's advanced industrial solutions, has not only ensured revenue stability but also resulted in excellent outcomes accompanied by a solid order backlog valued at 1.6 billion euros. The current plan estimated sales of between 1 billion euros and 1.2 billion euros for 2025, but the quarterly results of 2023 indicate the company's positive momentum and suggest an upward revision of the targets.

## Climate change risks



Under the name NT<sup>2</sup> (Driving the New Tubacex towards the Next Transition), the new Strategic Plan retains the essence of the previous one, setting more ambitious goals based on energy transition and the transformation of the company with the Low Carbon business unit, along with a strong commitment to diversification as a spearhead.

Thus, by 2027, the company aims to achieve a turnover of between 1.2 billion euros and 1.4 billion euros, an EBITDA of over 200 million euros, and a Net Financial Debt/EBITDA ratio below 2 times (currently 2.5).

The plan sets new targets to address the challenges of energy transition and business transformation, paving the way for a new Tubacex. To understand the challenges of NT<sup>2</sup>, it is essential to recall the foundations and key aspects of its predecessor.

### 2.2.1 Strategic Plan (2022-2025): Key supplier for energy and mobility sectors

Having regained financial stability and strategic momentum (efficiency, expansion, and diversification) after the impact of COVID-19, Tubacex closes a cycle focused on the design and manufacture of comprehensive tubular solutions and opens a new one with a Strategic Plan (2022-2025) aimed at becoming a provider of sophisticated industrial products and high

value added services, primarily for the energy and mobility sectors. This plan is supported by three essential pillars: sustainability, profitability, and competitiveness.

The company targets the energy transition at a time when its order backlog stands at 1.6 billion euros, the highest in the last four years. The Strategic Plan projects sales of 1 billion euros by the end of the period, leveraging the expansion cycle of traditional businesses and the growth of low-emission energy and mobility sectors.

The ultimate goal is to prepare the business for 2030 to be divided into three pillars:

**Support for Decarbonization:** Helping clients on their path to energy transition by developing powerful solutions that promote carbon emission reductions and improve process efficiency. This includes segments like CRA OCTG (Oil Country Tubular Goods), which encompasses tubular products used in the oil and gas industry (exploration and extraction activities), and SURF (subsea), which includes subsea applications, umbilicals, risers, and flowlines for offshore energy generation.

**Low Emission Energy:** Laying the foundations for what is set to become the crown jewel of the new Tubacex,

the Low Carbon division, which is propelled by NT<sup>2</sup> and focuses on innovating with technologies necessary for the energy transition.

**Growth Opportunities:** Developing and/or seeking new businesses in energy and mobility through organic and inorganic growth.

## 2.2.2 NT<sup>2</sup> Strategic Plan (2024-2027): Driving the New Tubacex towards the Next Transition

Presented on November 21, 2023, at the Capital Markets Day held in Madrid, NT<sup>2</sup> builds upon the foundations of the previous Strategic Plan but leverages corporate transformation and the energy transition to respond to emerging trends and the need for a balanced coexistence between conventional and renewable energies.

In addition to being a leader in sustainability, Tubacex's new roadmap aims to reduce the cyclicity of its activities and decrease its exposure to oil and gas.



## Growth Drivers: five strategic pillars

Inherited from the previous strategic cycle, Tubacex has redesigned a roadmap based on five pillars to guide and support its transformation while ensuring revenue stability, improving competitiveness, and increasing diversification. This is evidenced by the historic annual results recorded in 2023 (chapter 5) and the solid order backlog mentioned earlier.

**1. Sustainability:** With the aim of contributing to human progress by promoting responsible business activity, the sustainability plan is supported by four key areas:

- Advancing towards energy neutrality and enhancing business circularity.
- Contributing to the development of innovative solutions in energy transition.
- Caring for people and local ecosystems where the company operates.
- Promoting transparency.

**2. Debt reduction:** Throughout 2023, net debt was reduced to 2.2x Net Financial Debt/EBITDA, compared to 3.1x at the end of 2022. This decrease results from the positive sector cycle, allowing the company to focus on cash generation through six actions:

- Optimization of working capital requirements.
- Optimal inventory levels per plant.
- Divestment from non-strategic businesses.
- Discipline and rigor in capital investment (CAPEX).
- Cash pooling strategy.
- Maintaining a net debt to EBITDA ratio of 2-3 times.

**3. Business stability:** To mitigate fluctuations and, therefore, cyclicity, Tubacex diversifies its product mix with premium solutions and its business geographically, covering raw materials and energy, and especially through long-term contracts with top-tier clients (over 30 signed already), providing high revenue visibility. Examples include two CRA OCTG contracts with ADNOC in Abu Dhabi and Petrobras in Brazil and one in the umbilical tubes sector with Aker Solutions in Norway. In the subsea business, there are several framework agreements with strategic clients in the aerospace, petrochemical, and H&I (Hydraulic and Instrumentation) sectors.

**4. Competitiveness and Efficiency:** The common denominator for reducing debt and maintaining business stability is the effort to be competitive. As indicated at the beginning of this chapter, the pandemic's impact





forced Tubacex to undergo a restructuring to prepare for the 2022-2025 Strategic Plan and adapt to the new market situation: strict control of operating costs and raw materials and scrap management, and operational excellence supported by digitalization. Actions in this area include the Lean Manufacturing model through:

- Operational efficiency supported by digital capabilities.
- Continuous improvement through the TxPS system.
- Workforce flexibility.
- Cost reduction.

**5. Diversification:** Aligned with decarbonization requirements, the company accelerates its diversification plan to achieve a more balanced business mix, focusing on gas as a transition energy towards green energy and an alternative to coal, and its Low Carbon business unit as a fundamental lever in this balance. This is done without neglecting the traditional aerospace and nuclear sectors.

### Key Points of the New Strategic Plan

**Low Carbon:** This business unit emerges as a central pillar, developing support solutions to advance sustainability and energy transition through carbon capture, utilization,

and storage (CCUS) and hydrogen technologies. CCUS has become an ally in the path to sustainability as one of the few technologies capable of reducing CO<sub>2</sub> emissions from industries such as steel and cement. This aligns with the goal of achieving zero emissions, where Tubacex has a portfolio of projects delivering advanced industrial solutions, currently focusing on the CO<sub>2</sub> injection process. By 2027, revenues of 100 million euros are expected.

**Financial objectives:** Tubacex projects an EBITDA of over 200 million euros for 2027, with estimated sales between 1.2 billion euros and 1.4 billion euros. The company also aims to maintain a Net Financial Debt (NFD) / EBITDA ratio below 2 times, reflecting a continuous trend towards financial deleveraging and strengthening cash flow.

**Reducing dependence on Oil & Gas:** The plan aims to reduce exposure to these energy sources to less than one-third of total activity, mainly in the case of oil.

**Shareholder remuneration policy:** Maintaining an attractive remuneration policy with a payout ratio of 30% to 40%.



**THE NEW STRATEGIC  
PLAN (NT<sup>2</sup>) PROJECTS  
ESTIMATED SALES OF  
BETWEEN 1.2  
AND 1.4 BILLION  
EUROS BY 2027**



**Future Vision:** Position Tubacex as a global leader in advanced solutions for energy and mobility, with all businesses contributing significantly to the Group's growth.

### Implementation

The NT<sup>2</sup> plan is deployed in three simultaneous cycles:

**1. Strengthening traditional products and services:** Focusing on decarbonization and efficiency in high-profitability segments. This involves supporting clients in their decarbonization processes with products and services from traditional and new markets that minimize environmental impact and improve efficiency. Concurrently, Tubacex continues to consolidate its leadership position in high-profitability segments.

**2. Focus on low-emission energies:** Developing clean solutions. Under the Low Carbon business unit, innovative technological solutions are developed for the generation, storage, and transportation of energy in emerging hydrogen and CCUS markets.

**3. Diversification and growth:** Exploring expansion opportunities in energy and mobility. To sustain growth through diversification, the company does not rule out growth through M&A operations alongside organic growth. Expansion opportunities in the energy and mobility sectors will be analyzed, with a special emphasis on fostering new businesses. The portfolio of businesses aligned with diversification encompasses three main blocks:

- **Core Business:** Includes traditional businesses like Oil & Gas E&P or energy generation, along with diversification businesses such as aerospace.
- **Low Carbon Business:** Tubacex already has a presence in this key growth area after developing specific materials and alloys, translating into advanced industrial products for energy generation and storage, as well as projects related to CCUS, storage and utilization, hydrogen, circular economy, and renewable energies.
- **New Businesses:** Focused on analyzing growth opportunities in the energy and mobility sectors through the development of new businesses in-house or through inorganic operations.

# 2.3

## RISK MANAGEMENT

**To implement the Strategic Plan, a roadmap is necessary to prevent, monitor, and address potential risks of any kind. This roadmap is embodied in the General Risk Control and Management Policy.**

During the 2023, the Tubacex Board of Directors updated this document to include the basic principles and general action framework, materialized through a comprehensive risk control and management system. This system is based on an adequate definition and allocation of functions and responsibilities at the operational and supervisory levels and on procedures, methodologies, support tools, and information systems adapted to the various stages and activities of the system.

The General Risk Control and Management Policy is structured into three levels of protection and defense to address and manage significant risks:





**FOR THE FIRST TIME,  
THE AENOR CERTIFICATE  
WAS OBTAINED, CERTIFYING  
THE AVAILABILITY OF A RISK  
MANAGEMENT SYSTEM IN  
ACCORDANCE WITH THE  
UNE-ISO 31000:2018  
STANDARD**

- **Audit and Compliance Committee:** Periodically reviews internal control and risk management systems, including tax-related risks, to adequately identify, analyze, and report the main risks. In terms of ESG, this function is performed in coordination with the Sustainability and Good Governance Committee, as established in the company's Board of Directors Regulations.
- **Internal Audit Directorate:** Informs, advises, and reports to the Committee on risks and the functional activity areas regarding the identification, measurement, and existing control over these risks.
- **Management Committee:** Responsible for carrying out integrated risk management and control within business processes and decision-making.

Additionally, the policy identifies risk factors, indicating that these may vary depending on business conditions and evolution, mentioning the following:

- a) Business risks.
- b) Market risks.

- c) Operational, technological, environmental, social, and legal risks.
- d) Corporate governance, ethics, and compliance risks.
- e) Credit risks.
- f) Strategy and innovation risks.
- g) Regulatory and political risks.
- h) Reputational risk.

Annually, within the framework of the strategic reflection process, the Group updates the corporate risk map to identify and measure the risks it is exposed to, providing an analytical view of the underlying causal relationships and offering a broad perspective on the organization's overall exposure.

Risk identification is carried out through questionnaires and personal interviews with the heads of various

business units and relevant corporate areas (primarily members of the Management Committee). Once identified, risks are evaluated based on their probability of occurrence and impact on strategic objectives.

The projects defined by management within the framework of their strategic plan mitigate identified risks and allow for their monitoring.

Risk and control functions include:

- Coordinating the process of risk identification, evaluation, and quantification for the subsequent preparation/update of the risk map.
- Ensuring proper control and monitoring of risk management to keep it within acceptable levels.
- Ensuring appropriate reporting to the Management Committee, Audit and Compliance Committee, and Board of Directors.



An important milestone in 2023 was the issuance of the AENOR certificate, which confirms that Tubacex has a Risk Management System in accordance with UNE-ISO 31000:2018, thus meeting an internal milestone and reinforcing the organization's commitment to risk management.

The audit required for certification was conducted in line with corporate processes, reviewing activities associated with risk management such as:

- Activities related to determining context and stakeholders.
- Processes related to communication and consultation.
- Activities linked to risk identification.
- Processes related to risk evaluation.
- Activities related to risk treatment plans.

- Activities associated with risk monitoring and measurement.
- Activities linked to registration and reporting.
- Risk management in activities within the scope of certification.

Along with the corporate risk map, progress was made in the previous fiscal year on developing a specific ESG risk map, which was further strengthened in 2023. The double materiality analysis, conducted in accordance with the recommendations of the European Financial Reporting Advisory Group (EFRAG), served as a source for identifying risks and opportunities. This analysis helps identify sustainability-related impacts (positive and negative) and measure their economic impact in case of realization (chapter 3).





3

**SUSTAINABILITY**

3.1 COMMITMENTS  
AND **INITIATIVES**

3.2 RELATIONSHIP WITH  
**STAKEHOLDERS**

3.3 **MATERIALITY**  
ANALYSIS

3.4 **AMBITION** 2030

# 3.1

## COMMITMENTS AND **INITIATIVES**

**Aware of the nature of its activities and the environmental impact primarily associated with emissions and waste generation, Tubacex has designed a roadmap aligned with the Paris Agreement, named Ambition 2030. This plan ambitiously aims to mitigate its environmental impact with the ultimate goal of achieving carbon neutrality by 2050.**

Tubacex has set the following ambitious goals for 2030:

- Reduction of Emissions: 60% reduction in Scope 1 and 2 emissions, and 30% reduction in Scope 3 emissions.
- Green Energy Usage: Over 40% of energy consumed to be from renewable sources.
- Net Zero by 2050: Achieve net-zero carbon emissions by 2050.
- Waste Management: Over 95% of waste to be recycled by 2030.
- Supplier Evaluation: 100% of suppliers to be evaluated on ESG criteria.

To achieve these goals, the company has implemented actions focused on reducing its carbon footprint, improving water resource management, increasing efficiency in waste management, and enhancing supply chain traction, among other initiatives. This roadmap also supports clients in their energy transition journey.

## MORE THAN 50 PROJECTS LAUNCHED ACROSS THE TUBACEX GROUP

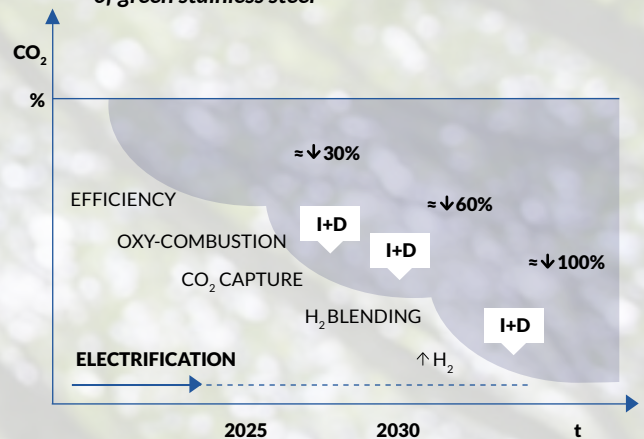
### SOME ENERGY RELATED INITIATIVES

1	<b>EFFICIENCY</b> <ol style="list-style-type: none"> <li>1. Energy efficiency improvements</li> <li>2. ISO 50001. Energy efficiency certification for all plants</li> </ol>
2	<b>RENEWABLES</b> <ol style="list-style-type: none"> <li>1. PPA European facilities powered by green energy sources</li> </ol>
3	<b>CIRCULARITY</b> <ol style="list-style-type: none"> <li>1. Corporate waste management model</li> <li>2. Scrap recovery model (&gt;80% waste recycled)</li> <li>3. Slag and Refractory Recycling</li> </ol>

## DECARBONIZATION OF OUR STEEL MILL

The defined roadmap incorporates technologies such as oxycombustion, electrification, CO<sub>2</sub> capture, and hydrogen.

**Vision: To be the European leader in the production of green stainless steel**



The vector of Tubacex's Strategic Plan (chapter 2) is to become a leader in sustainability. By 2030, the company aims to base its business on three pillars: supporting decarbonization, driving new technologies necessary for the transition (such as hydrogen and carbon capture, utilization, and storage (CCUS)) through its Low Carbon unit, and identifying new growth opportunities in energy and mobility.

Tubacex's commitment to sustainability and environmental management is recognized and validated by leading certification authorities. Additionally, its sustainability and environmental policies for emission reduction are backed by Science Based Targets (SBT), an initiative in collaboration with the CDP, the UN Global Compact, the World Resources Institute, the World Wildlife Fund, and S&P sustainability standards.

Each year, the company undertakes actions to advance towards these goals. In 2023, Tubacex implemented numerous policies and manuals focused on ESG to reduce its environmental impact, promote social actions, and improve governance. These efforts build upon the initiatives launched in previous years.

## Policies and Manuals Available:

### Initiatives Approved in 2023

**Integrated Environmental Policy:** Aims to expand commitments in environmental management, addressing climate, water, pollution, circularity, and biodiversity aspects.

**Equality, Diversity, and Equity Policy:** Enhances commitment to full equality in relationships within the company and between employees and external entities. This policy covers and integrates aspects of equality and inclusion:

- Integrating gender equality across all organizational areas.
- Preventing workplace, sexual, and gender-based harassment, as well as other forms of gender violence.
- Preventing any form of harassment.
- Promoting diversity and eliminating all types of discrimination, including biases, roles, and stereotypes based on gender, race, nationality, age, sexual orientation, gender identity, etc.
- Providing necessary adaptations to facilities for people with disabilities.
- Using inclusive language and corporate images.

**Training and Professional Development Policy:** Provides a framework for employees to develop their knowledge and acquire new skills in a competitive environment. Tubacex commits to:

- Providing material and intellectual resources to ensure necessary knowledge and skills acquisition for job performance and promoting personal and professional development.
- Continuing to develop programs to improve skills and social and environmental awareness in line with the ESG objectives outlined in the Corporate Sustainability Policy.
- Providing an organized structure with clear distribution of functions and responsibilities to facilitate professional development transparently.
- Ensuring adherence to principles of equality, equity, and non-discrimination.

- Maintaining open dialogue with employees and/or their representatives to ensure training needs are met.
- Promoting employee training and awareness in sustainability.
- Ensuring compliance with regulations related to training in occupational health and safety and other applicable areas.

**Occupational Health and Safety Policy:** Promotes the company's commitment to:

- Providing necessary material, economic, and technical resources to create safe workspaces.
- Having a clear organizational structure with defined roles and responsibilities.
- Promoting employee consultation and participation in decision-making related to safety.
- Developing and promoting a safety culture where each professional understands their responsibility in preventing accidents and injuries.
- Maintaining open communication channels on safety issues and encouraging the identification and reporting of risks.
- Investigating all incidents and accidents to understand causes and prevent recurrence, using this information to improve safety processes and practices.
- Ensuring employee well-being and health through wellness programs promoting physical and mental health.

**Social Action Policy:** Aims to generate positive impact, supported by principles of sustainability, collaboration, solidarity, and social commitment.

**Code of Conduct:** Updated by the Board of Directors, this code outlines the principles and guidelines intended to steer the company's actions and behaviors in alignment with its corporate ethics and compliance with local, national, and international laws and regulations. It encompasses the set of principles and rules that govern the organization's internal operations and its relationships with partners, customers, suppliers, and society at large. The Code of Conduct provides a reference framework for all

individuals involved in Tubacex's business activities. For customers, the Code emphasizes the Group's commitment to continuous improvement, industrial and commercial excellence, and the provision of high-quality products and services while ensuring safety and innovation.

**Equality Plan:** Equality plans are implemented at the various production plants within the Group. In 2023, new plans were approved for the Basque Country plants, TTI, and Aceralava. Other plants without such plans have specific protocols against psychological, sexual, or gender-based harassment and physical violence (TSS), manuals with sections focused on non-discrimination (NTS and Tubacex In-

dia), or comply with federal and state laws promoting non-discrimination (USA, Saudi Arabia, Singapore).

**Sustainability Policy:** Incorporates a commitment to minimizing environmental impacts from Tubacex's activities, aligning with international initiatives for promoting the circular economy, and fostering practices for energy transition and climate neutrality through reducing and offsetting greenhouse gas emissions. This policy also includes commitments to influencing suppliers.

**Human Rights Policy:** Demonstrates the company's commitment to fostering an organizational culture that supports internationally recognized human rights and seeks to avoid complicity in human rights violations.



# 3.2

## RELATIONSHIP WITH **STAKEHOLDERS**

**Tubacex has identified five major stakeholder groups: shareholders and the financial community, employees, customers, suppliers, and society. These primary groups are further divided into secondary and tertiary levels, resulting in over 50 subgroups of stakeholders in total.**

Various stakeholders engage through regular communication channels to understand their expectations and interests, allowing the establishment of specific action plans tailored to address these needs.

- **Shareholders and Financial Community:**

Shareholders support the company's business project, making it crucial for Tubacex to generate and maintain their trust through long-lasting and stable relationships. The financial team also maintains permanent and transparent relationships with key groups essential for accessing financing sources, such as banks, investors, managers, and analysts.

- **Customers:** Tubacex's strategy is based on offering advanced industrial solutions with comprehensive value propositions that meet the highest quality standards and are tailored to customer needs. Consequently, all areas of the Group are customer-oriented, each contributing from their respective functions.

- **Suppliers:** They play a vital role in the company's business success. Tubacex has a panel of stable, sustainable, and ethical suppliers, who are evaluated to assess potential risks during the procurement processes.

- **Human Team:** This group includes employees, their representatives, families, and other related groups. They represent a strategic asset that contributes to



sustainable value creation through their work and talent. Tubacex boasts a multicultural team of professionals with diverse affinities, united by a common goal: to grow the company and meet the needs of customers, shareholders, and society at large.

● **Affected Communities:** This group comprises regulatory bodies, educational institutions, and civil society. They are key stakeholders in consultation processes concerning the routine operations of plants and especially in new development centers.

Currently, the company is reviewing and analyzing the subgroups of stakeholders to incorporate them into a matrix that assesses their level of influence and interest. This effort aims to enhance stakeholder management and relationship processes.

Stakeholder Groups (SG)	Information Sources
<b>Shareholders and Financial Community</b>	General Shareholders' Meeting Meetings Shareholder Channel
<b>Customers</b>	Satisfaction surveys Commercial indicators Visits Participation in forums Trade fairs <i>Customer's Day</i> Market studies
<b>Suppliers</b>	Meetings Participation in forums Alliances
<b>Human Team</b>	Satisfaction EFQM Suggestions Key forums Training
<b>Society</b> Training centers, diversity-focused organizations, NGOs, media, regulatory bodies	Key forums Training Meetings Board of Trustees Alliances Key projects

# 3.3

## MATERIALITY ANALYSIS

**The Corporate Sustainability Reporting Directive (CSRD) and the methodology developed by the European Financial Reporting Advisory Group (EFRAG) establish common standards for presenting non-financial information. According to these standards, a material aspect is one that can impact people or the environment and/or have financial effects on the business.**

To identify potentially material issues, Tubacex uses a benchmarking analysis with other companies, the most relevant aspects of the 2030 agenda. As a new element in 2023, the company establishes the SASB standards from the International Sustainability Standards Board (ISSB), which identify financially important ESG information to evaluate how an organization creates business value.

From the resulting catalog of issues, Tubacex prioritizes them through the following activities:

**1. Impact Materiality Analysis:** Each impact (positive or negative, potential or real) is

analyzed and assessed considering its severity and reversibility (only for negative impacts) and probability (for potential impacts). A sustainability issue includes those caused or contributed to by the company, directly related to its operations, products, and services, and through its business relationships.

**2. Financial Materiality Analysis:** For financial materiality analysis, the probability of occurrence and the magnitude of potential financial effects are assessed, suitable to the size and volume of the company.

After evaluating each parameter, the results are analyzed separately, and the materiality of each element is assessed.

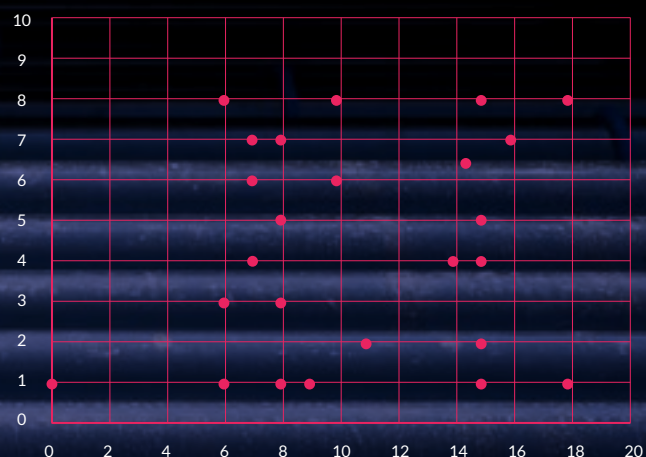
Impact of the company's activities on its social and environmental context



Severity\* occurrence of the impact on the social and environmental context

Impact Materiality  
External Stakeholder Groups

Short term



A sustainability issue or aspect meets the criteria of **Double Materiality** if it is material from:

1. The perspective of impact
2. The financial perspective
3. Or from both perspectives

Severity\* occurrence of the impact on the economic value of the company



Financial materiality  
Internal Stakeholder Groups

Impact of the context on the economic value of the company

Sustainability item	Impact materiality	Financial materiality
Data privacy	Critical	Critical
Cybersecurity	Critical	Critical
Energy transition	Critical	Critical
Mitigating and adapting to climate change	Critical	-
Sustainable management of suppliers	Critical	Significant
Waste management	Significant	Critical
Sustainable water management	Significant	Significant
Fiscal transparency	Critical	Minimum
Respect for labor rights	Critical	Minimum
Equality and diversity	Critical	Minimum
Occupational health and safety	Critical	Important
Quality of the products and services supplied	Critical	-
Ethics and compliance	Critical	-
Risk management	Critical	-
Environmental management	Critical	-
Compliance with environmental regulation	Critical	-
Customer satisfaction	Critical	-
Talent attraction and retention	Critical	-
Customer health & safety	Critical	-
Development of local communities	Critical	-
Employee training	-	Critical
Circular economy	-	Significant
Sustainable energy management	-	Significant
Sustainability performance	-	Significant
Sustainable innovation	-	Significant

# 3.4

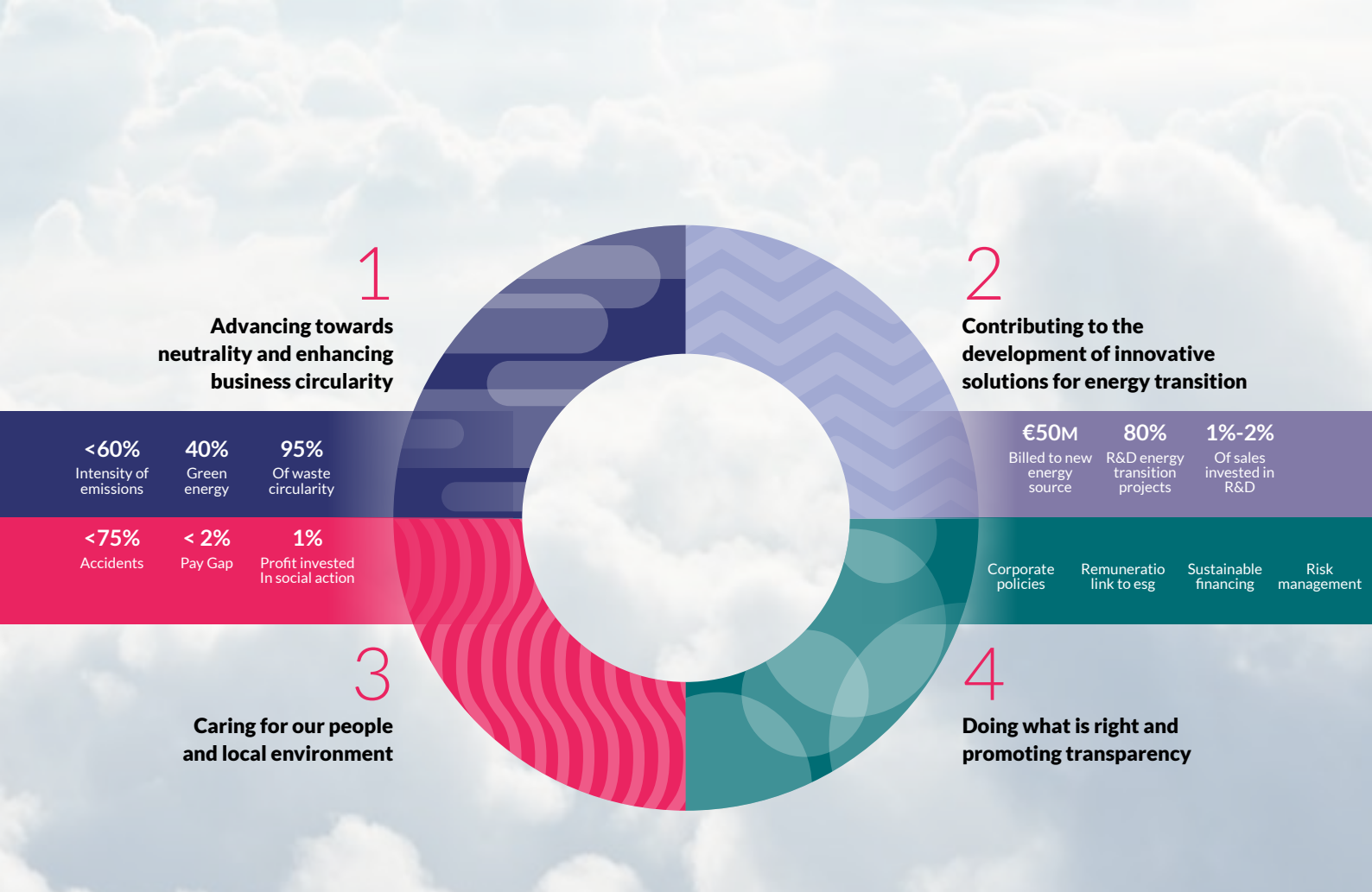
## AMBITION 2030

**For the past two decades, Tubacex has actively participated in the United Nations Global Compact, the most significant voluntary initiative for promoting human rights, labor standards, environmental protection, and anti-corruption measures.**

By signing the Global Compact, Tubacex commits to advancing the fundamental pillars necessary to address the major challenges of sustainable development. This involves promoting the 10 universal principles and annually reporting progress on these commitments. Additionally, Tubacex demonstrates its dedication to addressing the significant challenges of sustainable development through the 2030 Agenda and its Sustainable Development Goals (SDGs), from which all other proposals, policies, and strategies of international sustainability frameworks are derived.

**CONTRIBUTING TO  
HUMAN PROGRESS  
BY DRIVING  
RESPONSIBLE  
BUSINESS**





### 3.4.1 Advancing towards neutrality and enhancing business circularity

#### Decarbonization

In 2023, Tubacex continues its decarbonization plans to enhance its climate performance. Aceralava is the primary recipient of these investment plans due to its nature and high energy consumption. This decarbonization plan is part of the Ambition 2030 climate roadmap, aiming to reduce GHG emissions (Scopes 1 and 2) by 60% by 2030 and achieve net-zero emissions by 2050.

#### Circularity

The company continues to make progress in recovering all the scrap generated in the steel mill, extending the recovery project to other Group production plants. In this regard, it advances with the revaluation process of slag, the main waste from the steel mill, at a recovery plant in

Europe specializing in treating products from the stainless steel industry. This initiative prevents the disposal of around 15,000 tons per year in landfills, recovering minerals that re-enter the manufacturing process and are used in road asphalt products. These projects are in addition to existing ones for using recycled material or other improvements in waste management and water consumption diagnostics.

#### Responsible supply chain

Regarding the evaluation of the supply chain, the company has already assessed 829 suppliers on ESG criteria through its pilot supplier risk management tool. This highlights the review of its management processes to drive its supply chain within the framework of its sustainability commitments.

## Climate Risks

Tubacex has integrated physical and transition risks into its global risk model. The evaluation is conducted according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This involves assessing both physical risks (acute and chronic) resulting from the effects of climate change on operations, and transition risks arising from the impacts of transitioning to a low-carbon economy.

The risks are analyzed across three different time horizons: short-term (2025), medium-term (2030), and long-term (2050). For each type of risk, potential sources are identified, and their probability of occurrence is evaluated under RCP 4.5 and 8.5 scenarios, along with the possible impact on the business and the timeframe for their realization.














Sustainability issue	Items / Material Aspect	Strategic Lines	SDG
Energy transition and climate change	Energy transition	Moving forward in decarbonization and energy efficiency	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
	Sustainable energy management	Moving forward in decarbonization and energy efficiency	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
	Climate change mitigation and adaptation to it		7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Regulatory compliance	Compliance with environmental regulation	Adhering to the highest ethical and compliance standards	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 8 RESILIENT INFRASTRUCTURE AND ECONOMIC GROWTH
Responsible Supply Chain	Sustainable management of suppliers	Sustainable supply chain	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Water consumption and water resources	Sustainable water management	Fostering business circularity	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION
Circular Economy and waste management	Waste management	Fostering business circularity	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	Circular economy	Fostering business circularity	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Environmental management	Environmental management	Moving forward in decarbonization and energy efficiency	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Biodiversity	Impact on biodiversity	Sustainable supply chain. Working with our customers on the development of innovative solutions that facilitate their transition	15 LIFE ON LAND





## 3.4.2

## Contributing to the development of innovative solutions for energy transition

Sustainability issue	Items / Material Aspect	Strategic Lines	SDG
Quality	Quality of the products and services supplied	Working with our customers on the development of innovative solutions that facilitate their transition	   
Sustainability strategy	Sustainable Innovation	Participating in leading initiatives for transition Facilitating the industrialization of high-impact innovative technology solutions, moving towards business diversification	    
	Sustainability performance	Working with our customers on the development of innovative solutions that facilitate their transition	 
Energy transition and climate change	Sustainable energy management	Moving forward in decarbonization and energy efficiency and Fostering sustainable financing	 

## Comprehensive value propositions

The company's strategy is based on offering comprehensive value propositions tailored to the needs of its clients:

**Development of innovative solutions for energy transition.** In the framework of energy transition and the need to support and contribute to clients' decarbonization goals, Tubacex has incorporated a specific action axis within its Strategic Plan with the following strategic lines:

- Participation in leading transition initiatives: Acting as a key player in the hydrogen industry and carbon capture and storage (CCUS) processes.
- Facilitating the industrialization of high-impact innovative solutions: Promoting business diversification through the development and implementation of advanced technologies.
- Collaborating with clients: Developing solutions that enhance material performance in activities related to new energy sources.



### Low Carbon business unit: scope

1

2

3

4

#### Hydrogen

- Specific materials and products developed for Hydrogen applications.
- Stainless-Steel high-pressure tubing for most applications.
- To develop components for electrolyzers.

#### Carbon capture

- Unique premium tubular solution for all stages of Carbon Capture.
- Integrated OCTG premium solution for CO<sub>2</sub> injection.
- Development of specific Steel grades for Carbon Capture applications.

#### Fertilizers & ammonia

- Development of special products and welding technologies for fertilizer applications.
- Unique value proposition to serve the urea market.

#### Circular economy

- Improved processes efficiency.
- Waste-to-energy applications.
- To reduce our customers' CO<sub>2</sub> emissions.





### 3.4.3. Caring for our people and local environment

Sustainability issue	Items / Material Aspect	Strategic Lines	SDG
Stable and quality employment	Respect for labor rights	Fostering a culture of prevention and wellbeing	
Occupational Health and Safety	Occupational Health and Safety	Fostering a culture of prevention and wellbeing	
Talent Management	Talent attraction and retention	Strengthening the link between our team and the TUBACEX project	
	Employee Training	Fostering an inclusive, diverse and equitable culture	
Equality and diversity	Equality and diversity	Fostering an inclusive, diverse and equitable culture	
Protection of consumer safety and wellbeing	Customer Health and Safety	Fostering a culture of prevention and wellbeing	
	Customer Satisfaction	Fostering a culture of prevention and wellbeing	
Community	Development of local communities	Fostering social development and respect for human rights	

Within the social pillar of ESG, Tubacex prioritizes the well-being of its employees, aiming to retain and attract new talent by offering safe and pleasant working environments. The company is committed to promoting the principles of equality, equity, and inclusion throughout its operations.

On the other hand, as part of Tubacex's goal to strengthen employee commitment to the business project, the company conducted its first employee experience survey in 2023. The results showed an overall rating of 3.65 out of 5.

## AVERAGE WORKFORCE BY COMPANY

	2023	2022
Acería de Álava	205	198
Tubacex Tubos Inoxidables	423	409
Schoeller Bleckmann	362	364
Schoeller Bleckmann Technisches Service	42	43
Tubacex Taylor Accesories	26	27
Salem Tube	100	97
Tubacex Service Solutions	81	64
Tubos Mecánicos	0	0
Tubacex S.A. Tubacex Servicios de Gestión.	40	42
Tubacex Innovación	15	15
Oficinas comerciales	41	38
<b>Previous perimeter</b>	<b>1,336</b>	<b>1,297</b>

	2023	2022
IBF	169	183
Tubacex Tubes and Pipes	216	199
Tubacex Services	13	11
Tubacoat	2	3
Tubacex Logistics	3	2
Tubacex Awaji Thailand	99	91
Tubacex Upstream Technologies	10	8
Grupo NTS	338	290
<b>TOTAL</b>	<b>2,186</b>	<b>2,084</b>
Tubacex Durant	88	94
Amega West	212	167
TSS Norway	18	15
<b>TOTAL</b>	<b>2,504</b>	<b>2,360</b>

## Safety and Health

Safety and health at work are absolute priorities for the company and constitute a strategic line of work in management. The objective is to carry out activities safely and responsibly, always prioritizing the value of human life over any other consideration.

Tubacex implements a series of measures and tools in its plants to ensure continuous improvement in safety performance and the promotion of occupational health. The company holds ISO 45001 certification in the following production facilities:

**ISO**  
**45001**

Aceralava	TTP
TTI	Tubacex Services
IBF	SBER
SALEM TUBE	TSS NORWAY
TSS	NTS ME

WORK ACCIDENTS (frequency and severity)  
BROKEN DOWN BY GENDER

	2023			2022		
	Men	Women	Total	Men	Women	Total
<b>Accidents with sick leaves</b>	41	9	50	51	2	53
<b>Accidents without sick leave</b>	69	15	84	78	4	82
Total number of accidents	110	24	134	129	6	135
Frequency <sup>[1]</sup>	9.03	11.78	9.42	11.99	3.27	10.89
Severity <sup>[2]</sup>	0.43	0.84	0.49	0.34	0.17	0.32

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

<sup>[1]</sup> Number of accidents with leave per million hours

<sup>[2]</sup> Number of days lost per accident with leave divided by number of hours worked per thousand

## Talent attraction and retention

Actively seeking the best professionals and maintaining their commitment to the business project are key aspects for the Group. To achieve this, Tubacex works with processes and systems that allow it to anticipate and adapt to new trends in talent attraction and retention. This approach promotes professional development, communication, and participation among members of the organization, enhancing their satisfaction and commitment to the business project.



### Equality and Diversity

In its commitment to promoting equal opportunities and diversity, Tubacex creates and fosters diverse and inclusive work environments that help achieve corporate and business objectives while preventing discrimination in the workplace and in pay. This commitment to diversity is embedded in the company's DNA due to its multinational and multicultural nature, and it is preserved and promoted across all business units.

### EMPLOYEES BY COUNTRY AND GENDER

	2023			2022		
	Men	Women	Total	Men	Women	Total
Spain	633	134	768	612	130	742
Austria	364	45	410	368	44	412
Italy	154	18	172	169	17	186
India	220	10	230	202	10	212
UAE	146	24	171	136	22	158
United States	289	57	346	267	51	317
Saudi Arabia	118	24	141	98	9	106
Thailand	74	25	99	70	21	91
Norway	43	9	51	40	8	47
France	8	2	10	7	1	8
China	3	3	6	3	3	6
Brazil	18	5	23	9	2	11
Germany	1	-	1	1	0	1
The Netherlands	3	1	4	3	2	5
Singapore	25	7	32	19	6	25
Korea	1	-	1	1	0	1
Canada	32	8	39	26	6	31
<b>Total</b>	<b>2,131</b>	<b>372</b>	<b>2,503</b>	<b>2,030</b>	<b>330</b>	<b>2,360</b>

### Training

Employee training is also a crucial aspect for a technologically advanced company like Tubacex. Throughout 2023, a high level of training activities has been maintained, with a particular focus on safety and health. There has also been a significant number of training hours dedicated to developing and updating technical skills, as well as enhancing digital training. Additionally, there have been numerous training sessions to deepen knowledge in product areas, regional insights, and commercial positioning.

### TRAINING HOURS\*

	2023	2022
Management	3,241	1,718
Middle management and supervisors	2,728	1,522
Technicians and professionals	7,008	4,455
Operations staff	23,148	26,027
<b>Total number of training hours</b>	<b>36,125</b>	<b>33,722</b>
Average number of training hours per employee	14.4	14.3

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



### 3.4.4. Doing what is right and promoting transparency

Sustainability issue	Items / Material Aspect	Strategic Lines	SDG
Good governance, ethics and integrity	Ethics and compliance	Adhering to the highest ethical and compliance standards	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Human rights	Fostering social development and respect for human rights	8 DECENT WORK AND ECONOMIC GROWTH
	Fiscal transparency	Developing an internal and external communication model	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
Risk management	Risk management	Fostering an active risk management culture	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
Cybersecurity, privacy and confidentiality	Information privacy	Fostering information governance and ESG management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Cybersecurity	Fostering an active risk management culture	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Ethics and integrity are two pillars on which Tubacex bases its interactions with stakeholders, using the highest professional standards to guide its relationships within the operational environment.

#### Ethical channel

With the enactment of the new Law 2/2023 on whistleblower protection, transposing Directive (EU) 2019/1937 in Spain, Tubacex has updated and adapted

its whistleblowing channel to meet the new regulatory requirements. The goal is to strengthen the culture of reporting as a mechanism to prevent and detect threats to the public interest and provide adequate protection against reprisals for those who report potential violations.

This mandatory and confidential reporting, investigation, and inquiry channel connects with the organization's criminal compliance model. An independent company provides the technical support for the platform, which is hosted on secure servers external to the



company. Tubacex exclusively handles the analysis of the communications' content, with specialized external advisors as needed.

### Human Rights

Tubacex is fully committed to respecting human rights, always guided by the fundamental principles set out in the Universal Declaration of Human Rights, as expressed in its code of conduct. These principles form the basis of the applicable legislation across all business units.

To affirm this commitment, the company's Board of Directors approved its Human Rights Policy in 2023. This policy represents the organization's dedication to developing a culture that implements internationally recognized human rights support policies and seeks to avoid complicity in human rights violations.

In parallel, Tubacex has identified the key human rights issues affecting the company, particularly those related to economic rights, and has analyzed them individually to identify opportunities and impacts. These aspects have also been incorporated into the materiality analysis. The key human rights issues identified include:

- Job creation.
- Respect for labor rights.
- Establishing responsible and transparent labor relations.
- Occupational health and safety.
- Attraction and retention of talent.

- Employee training.
- Equality and diversity.
- Child labor.
- Indigenous peoples' rights.
- Development of local communities.

### Tubacex Foundation

In February 2016, the Tubacex Foundation was established as an entity closely aligned with the company's business strategy and the United Nations 2030 Agenda. The Foundation serves as a fundamental channel for promoting projects in three major areas of action: quality education, corporate diversity, and social action.

Through the Foundation, support programs for society are defined, and common lines of work are established for the rest of the Group's business units, aligned with the identified material aspects:

- **Quality Education:** Focused on attracting and retaining talent while promoting youth employment and employability. Through quality education, action plans are implemented to invest in future generations and professionals.
- **Corporate Diversity:** In addition to promoting gender equality through various plans and policies, the Group, through the Foundation, promotes the socio-labor integration of people with diverse talents. This includes collaboration with entities specialized in hiring people with disabilities.



## Actions Developed During 2023

- **Development of Local Communities:** The company supports the development of communities where it operates through direct and indirect employment and by promoting collaboration projects with NGOs.

In 2023, the focus on education and corporate diversity was reactivated after being affected in the previous two years by the situation in plants that housed the largest number of students. Additionally, the Foundation continues to support social action programs in developing countries, as well as the aid program for Ukrainian refugee families that began in 2022 due to the Russian invasion.

### Social Action

Through the NGO Colabora Birmania, the Tubacex Group continues to support educational centers to promote the development of displaced Burmese children. This program focuses on promoting comprehensive education, covering the entire development cycle of the child: from orphanages and nurseries to schools and access to the labor market in adulthood.

A specific action in 2023 is the proposed construction of a new building on the grounds of a school (KM 42) to accommodate secondary education students.





#### **KM 42 School:**

- 225 children.
- 12 teachers.
- Proposed construction of a building for secondary education, currently halted due to the death of the landowner and ongoing negotiations with heirs.
- Currently, 25 children are studying secondary education at this center.



#### **Heavenly Home Orphanage:**

- 59 children studying in Thai schools.
- 19 children studying in "Migrant Learning Centers" (funded by NGOs).
- 5 children with mental disabilities studying in special centers.
- 4 caregivers.
- 7 volunteers.



#### **Chicken School:**

- 123 children.
- 5 teachers.
- Primary education following the same curriculum as KM 42 School.
- 26 students participate in the non-formal primary education program.
- Educational system regulated by Myanmar (families intend to return to their home country).

### **Training**

In the area of training, international scholarships promoted in collaboration with the Basque Government are noteworthy. In the 2022/2023 edition, five engineers applied for vacancies in Austria, Thailand, and the USA, of which two remained on staff after their internship period. The 2023/2024 edition offers vacancies in Thailand, Italy, the USA, and Austria.

Another training initiative includes dual programs that combine learning at educational centers and workplaces. In Austria, these programs are developed at a dedicated center (FutureZone), training 18 apprentices in 2023. In Spain, eight students participate in this training modality.

As an extension and novelty in this area, a program to attract international talent was activated in 2023. Although it did not result in the recruitment of talent, it helped refine the proposal for candidates for 2023/2024.

### **Emergency Aid: SOS Ukraine**

In response to the humanitarian crisis caused by the Russian invasion of Ukraine, Tubacex launched an aid program in 2022, primarily targeting workers and families of a partner company located in a war-torn region with close commercial ties to Tubacex.

A total of five families were relocated from the Hungarian border to the Basque Country. Thanks to the support and collaboration of the SOS Ukraine organization, they were initially integrated into foster homes.

In 2023, after completing the transition period in foster homes, four families returned to regions near the Ukrainian border or other destinations, while one family remained in the Basque Country, soon joined by a second family. Both families are now housed in rental apartments funded by the Tubacex Foundation and integrated into Basque society.



4

BUSINESS  
**SITUATION**

## **4.1 BUSINESS EVOLUTION**

## **4.2 MARKET SITUATION**

# 4.1

## BUSINESS EVOLUTION



**Despite the complex and challenging environment described in chapter 2, Tubacex achieved the best results in its history in 2023 (chapter 5), with revenues of 852.4 million euros (+19.3%), EBITDA of 125.2 million euros (+35.6%), and an EBITDA margin of 14.7%. Additionally, the company maintained a historic order backlog of 1.6 billion euros.**

These record results represent the consolidation of pre-pandemic activity levels and demonstrate the success of the Group's strategic diversification in products, services, and geographic areas, as well as its strategic focus on providing premium solutions to clients, anticipating their needs, and becoming a key player in the energy transition.

The business evolution is influenced by the macroeconomic environment, including interest rate hikes to curb inflation, which caused a slowdown in sales of lower value added products.

Significant progress was made in gas upstream activity in Asia and the Middle East, with sustainable orders and strong positioning with strategic clients through long-term agreements.

### Products and services

Three key drivers significantly impacted the 2023 income statement: the shift towards renewable energies in response to decarbonization, increased air traffic, and the positive evolution of the oil and gas



exploration and production (upstream) market. All of these drivers increased their share in the Group's mix.

Regarding the trend towards sustainability, increased activity in two energy sources that provide stability and visibility for the medium and long-term business is notable. These transition energies include gas, which accounts for a significant portion of high value added products, and nuclear energy, which has experienced significant growth.

In parallel, there is potential growth with the development of new sustainable solutions through hydrogen and carbon capture, utilization, and storage (CCUS)

with injection wells, where orders have already been received. Tubacex's roadmap for positioning as a leader in the energy transition is outlined in the new NT2 2024-2027 strategic plan (Driving the New Tubacex towards the Next Transition) (chapter 2), with a focus on the Low Carbon division, the motor of this new phase, projecting sales of 100 million euros by 2027.

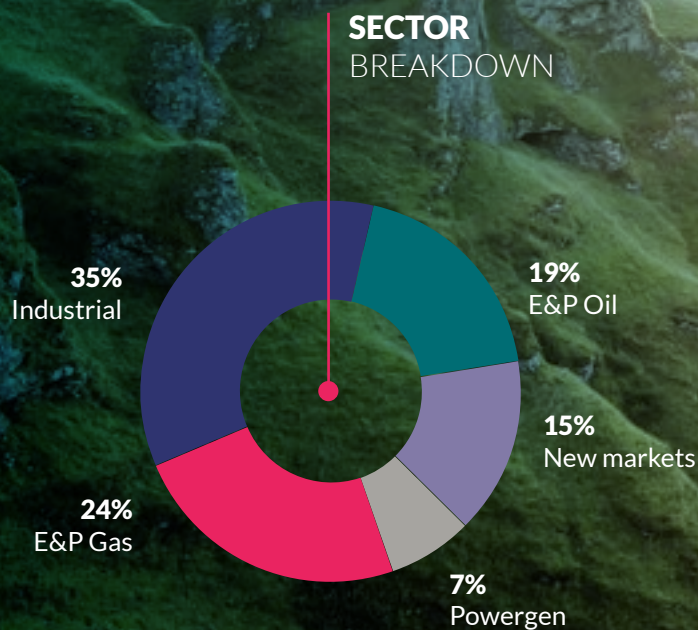
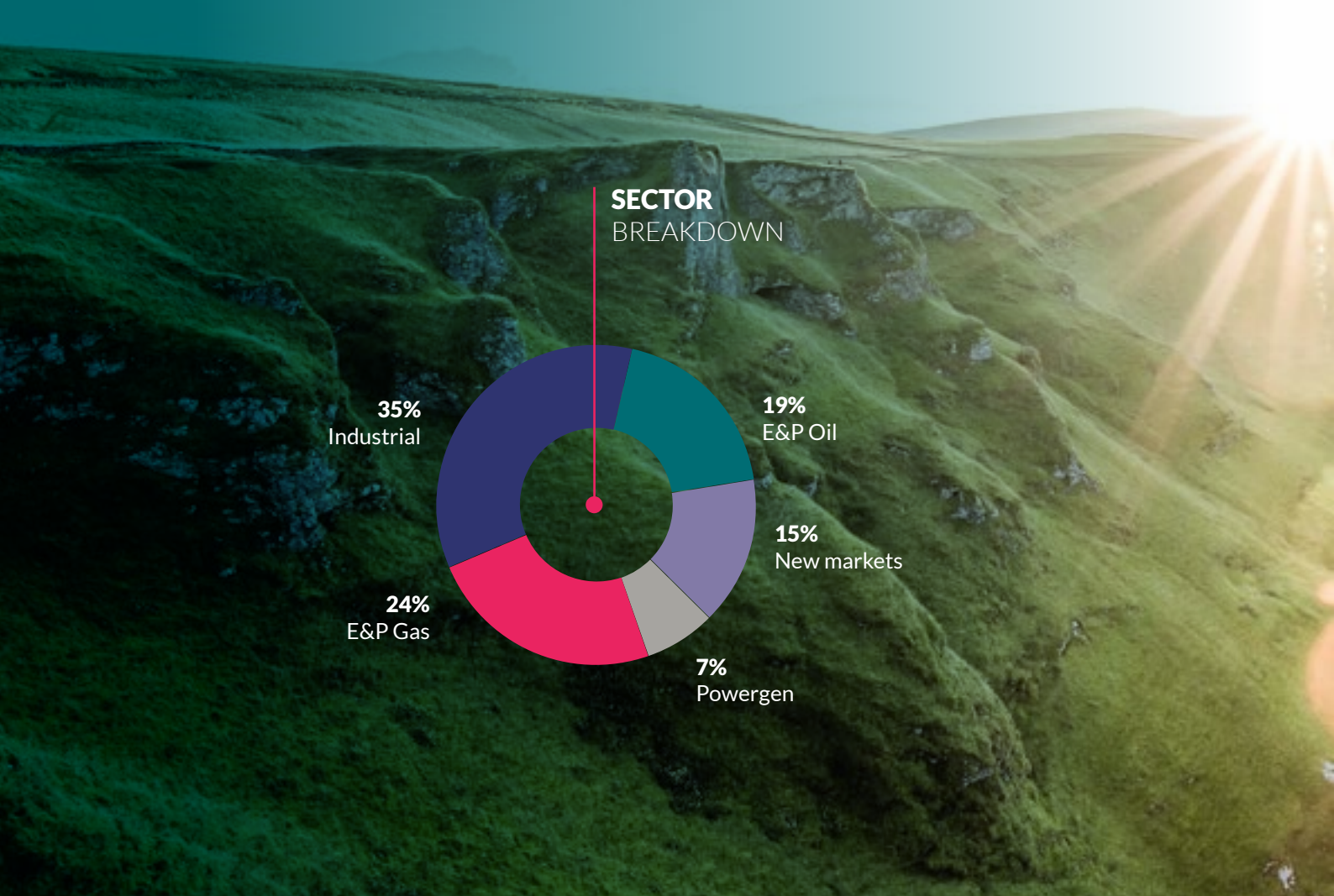
In traditional sectors, the aerospace one stands out, with record orders for high-tech products, and the upstream activity leading the post-pandemic recovery, with the price of oil stabilizing around 80 dollars per barrel. Despite the uncertain economic and geopolitical context, energy companies present a good financial situation, with ambitious expansion plans and solid medium and long-term viability prospects for the projects presented. This translates into a significant increase in the CRA OCTG portfolio, particularly umbilicals, supported by long-term supply contracts with key clients.

The year saw two distinct periods, with the second half experiencing an acceleration in the project market, compensating for a slight cooling in tubular solutions for distributors (through the business led by TSS), more focused on maintenance. This improvement, coupled with Tubacex's strategic positioning to support and add value to the client with long-term supply contracts, is key to achieving the historic order volume that will be reflected in sales in the coming quarters, ensuring stability in results

## Sector dynamics

### Industrial (35%)

Throughout 2023, Tubacex increased its positioning in premium products in China and India, countries with strong refining capacity growth forecasts, while the LNG and Gas Processing sectors maintained high levels of activity and visibility, particularly in North America and the Middle East.



In the fourth quarter, the Mid&Downstream segment showed a reactivation in the awarding of large projects, especially in the Middle East and Asia, although orders for lower value added products slowed due to increasing macroeconomic uncertainty and high interest rates.

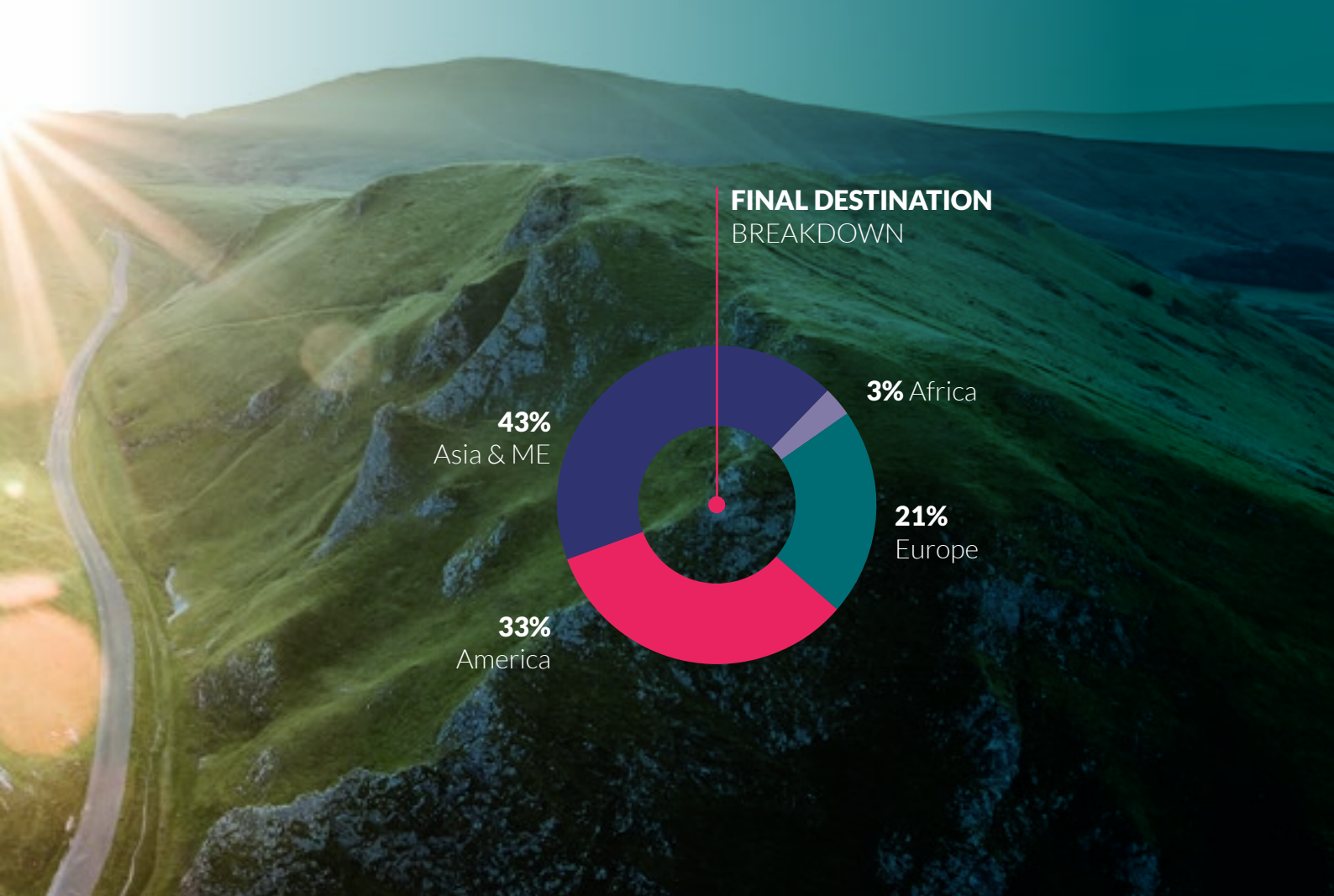
#### **E&P Gas (24%) & E&P Oil (19%)**

**Upstream:** In America, operations continue in Brazil's deep waters, where Tubacex has already supplied equipment to 10 wells in the Búzios field. Continued operations by Petrobras are expected in the coming months with comprehensive solutions supplied from the Macaé hub. In the Middle East, the construction of the new CRA OCTG plant in Abu Dhabi continues as part of the 10 year project signed with ADNOC, marking the largest contract in the company's history. The drilling and special machining segments also performed well.

**Subsea:** This segment registered a record order intake, with key strategic projects on all five continents. The offshore segment has proven to be one of the most resilient and geopolitically stable markets for state energy security. It has a backlog with delivery times exceeding 12 months in some cases, indicating positive medium-term prospects. Additionally, significant discoveries are being made in new locations: Namibia, Suriname, Guyana, Brazil (Amazon Basin), and Tanzania. Tubacex has established strategic agreements with leading umbilical manufacturers. The creation of a joint venture between SLB and AKER (SLB Onesub-sea) offers Tubacex an opportunity to strengthen its positioning in E&P Gas.

#### **New Markets (15%)**

**Low Carbon:** Tubacex positions this unit as the flagship of sustainability, projecting sales of 100 million euros by 2027. In 2023, significant orders for CCUS (carbon



## FINAL DESTINATION BREAKDOWN

43%  
Asia & ME

3% Africa

21%  
Europe

33%  
America

capture, utilization, and storage) were secured in the U.S., a leader in this sustainable path, and in Malaysia, where the first order was captured in the Asian market.

Under this area, Tubacoat, an innovative tubular solution with ceramic coating for critical applications that contribute to energy efficiency and CO<sub>2</sub> emissions reduction in refineries, received significant orders in the United States (Exxon, Marathon, Motiva, and BP), Europe (Hellenic Energy), and Saudi Arabia (SATORP and Jazan).

Tubacex supports hydrogen as a replacement for fossil energies and secured its first order with the Dutch fertilizer and methanol producer OCI.

**Aerospace:** A new business avenue opened in this sector for the development of complex materials and solutions.

**H&I (Hydraulic and Instrumentation):** Increased market share following record production in 2023.

**Fertilizers:** Secured several high value added projects for this industry.

### Powergen (7%)

Tubacex is shifting away from conventional coal projects to focus on the circular economy and energy transition. In 2023, the nuclear segment performed well, particularly in Europe, where a long-term agreement was signed with the French energy company EDF for the maintenance of its existing plants and the construction of future ones. There are also promising prospects for the SMR (Small Modular Reactors) market, especially in Canada, the U.S., and Europe, and for Ultra Super Critical (USC) power plants in China and India. Tubacex is collaborating with several engineering firms for the development of design and materials.

# 4.2

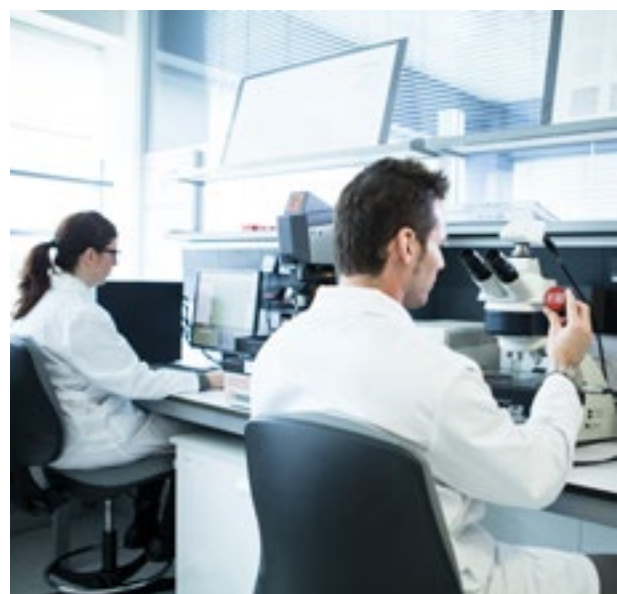
## MARKET SITUATION

**Tubacex's local manufacturing strategy brings the company closer to key markets with operational presence in Guyana, Brazil, and Kazakhstan, where the company has directly engaged with end users in implementing its solutions, resulting in order intake growth.**

These new production facilities add to the Group's existing 24 plants and 14 service centers worldwide. This presence is complemented by a network of commercial offices in five major geographical areas (Europe, America, Asia, the Caspian region, and the Middle East) and agents covering the global market.

### **Geographical Market Situation**

The strength of the American market continues to gain ground in the geographical mix and in 2023, it already doubles the pre-pandemic share, while the Asian market (including the Middle East) more than recovers the dynamism lost in 2022. In Europe, the robust Norwegian market continues. This diversified global presence ensures regional balance, increasing





Tubacex's resilience and protection against potential geopolitical tensions.

The 2023 fiscal year was characterized by the good performance of the American market and the deepening of the strategy to strengthen key markets with local implementation. Notable is the ongoing project to develop production capacity in Abu Dhabi.

#### **Asia & ME (43%)**

Tubacex's largest contract ever, with a minimum committed value of 1 billion dollars, for gas production in Abu Dhabi, began execution and in 2023, the construction of a CRA OCTG tube finishing and threading plant started. Operations are expected to begin at the end of 2024. This order marks a turning point in the company's

growth and global positioning, becoming the world's leading supplier in the CRA OCTG segment.

Medium and long-term growth expectations in this region are solid. East Asia experienced an improvement over 2022, thanks to increased sales in India, where there are good prospects in premium products and the nuclear sector, and the recovery of China, particularly in the petrochemical sector.

#### **America (33%)**

In 2023, the American market performed well again, with record sales levels. Four key drivers stand out: At the sector level, the aerospace business records a historic volume of orders, and the energy sector boosts its momentum thanks to the global leadership of the U.S. and Canada in the demand for Tubacex's deep CO<sub>2</sub> storage solutions through injection wells and the high volume of material and service sales for offshore extraction activities by Brazilian Petrobras. Lastly, there is strong growth in the sales of instrumentation tubes.

From a production perspective, the capacity of the Salem Tube, Tubacex Durant, and NTS Amega West plants is consolidated.

#### **Europe (21%)**

Strong sales growth continues in Norway, with high demand for complex machined products and distribution projects through TSS Norway. Other notable aspects in Europe include long-term contracts with umbilical manufacturers, opportunities in the nuclear segment in France, and good prospects for gas processing plants in the Caspian Sea.

#### **África (3%)**

New offshore projects in Tanzania, Namibia, Mozambique, and South Africa.

#### **Subsidiaries**

Among the various subsidiaries, in 2023, Tubacex Service Solutions (TSS), a distributor of seamless stainless steel tube, stood out with a high turnover volume, more intense in the first half. Any slight decline in order volumes was offset by an increase in the project market order book.

The background of the slide is a dark blue gradient with numerous thin, wavy, light blue and green lines that create a sense of motion and depth. These lines are curved and flow from the top left towards the bottom right.

5

**RESULTS**

5.1 **PROFIT** FOR  
THE YEAR

5.2 TUBACEX SHARE  
**PERFORMANCE**  
IN 2023

5.3 EUROPEAN  
**TAXONOMY**



# 5.1

## PROFIT FOR THE YEAR

**In 2023, two years after the significant impact caused by the pandemic on the Group's accounts, with its most negative consequences reflected in the 2021 figures, Tubacex achieved the best results in its history.**

Record Sales, EBITDA, and EBITDA Margin. In addition to these achievements, the company also maintained a historic order backlog volume of 1.6 billion euros.

The 2023 results were recorded in an environment of macroeconomic and geopolitical uncertainty, with high-interest rates, demonstrating the success of the restructuring undertaken following the pandemic and the effective diversification of activities and business as outlined in the 2022-2025 Strategic Plan (chapter 02). The Group achieved the plan's objectives two years ahead of schedule, prompting an update in November 2023 for the 2024-2027 period under the name NT<sup>2</sup> (Driving the New Tubacex towards the Next Transition), focusing on two pillars: energy transition and mobility.

### Profit and loss account

Sales grew by 19.3% compared to 2022, which had already set a revenue record, and more than doubled the figures from 2021, reaching 852.4 million euros in 2023.

Regarding the breakdown of revenue by sectors, 35% of the Group's product revenues originated from the Industrial sector, 24% from gas E&P, 19% from oil E&P, 15% from new markets, and 7% from Powergen.

As for the final destinations of sales, there is significant geographical diversification in revenue sources: 43% of sales were generated in Asia and the Middle East (where the Group has substantial exposure to the gas segment, both for extraction and processing), 33% in America (with a growing importance of the instrumentation and control tube segment and record orders in the aerospace and aeronautical sector), 21%

## PROFIT FOR THE YEAR

(€M)	FY 2022	FY 2023	% variation
Sales	714.7	852.4	19.3%
EBITDA	92.3	125.2	35.6%
EBITDA margin	12.9%	14.7%	
EBIT	44.5	80.7	81.6%
EBIT margin	6.2%	9.5%	
Profit before tax	26.9	49.6	84.5%
Margin	3.8%	5.8%	
Attributable Net Profit	20.2	36.3	79.5%
Net margin	2.8%	4.3%	

(€M)	31/12/2022	31/12/2023	€M variation
Circulating Capital	230.0	234.5	+4.5
Working Capital / Sales	32.2%	27.5%	
Net Financial Debt	287.1	280.7	-6.4
Net Financial Debt / EBITDA	3.1x	2.2x	
Structural Net Financial Debt <sup>(1)</sup>	57.1	46.2	-10.9

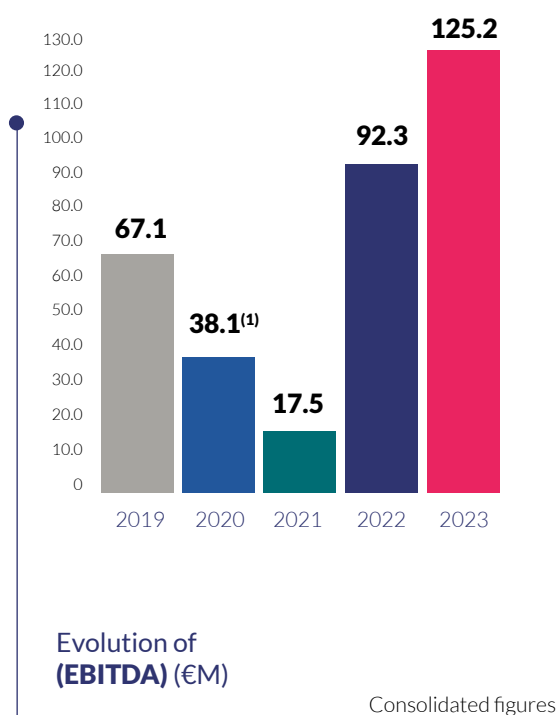
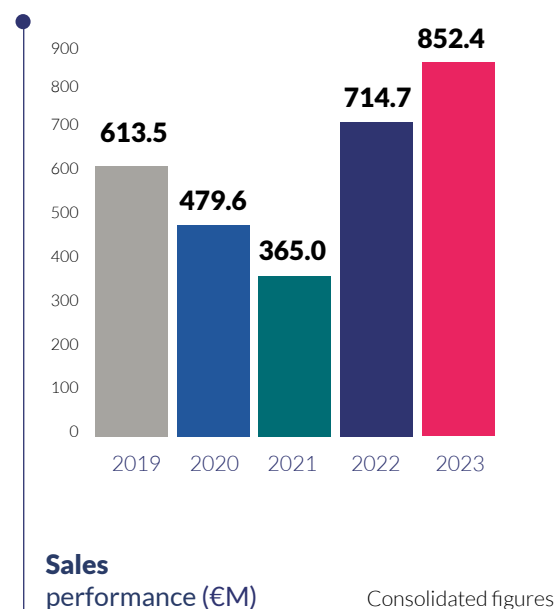
<sup>(1)</sup> Total Net Financial Debt - Working Capital

in Europe (with strong demand for complex machined products in the North Sea and long-term agreements with umbilical manufacturers), and the remaining 3% in Africa (with new offshore projects in Tanzania, Namibia, Mozambique, and South Africa).

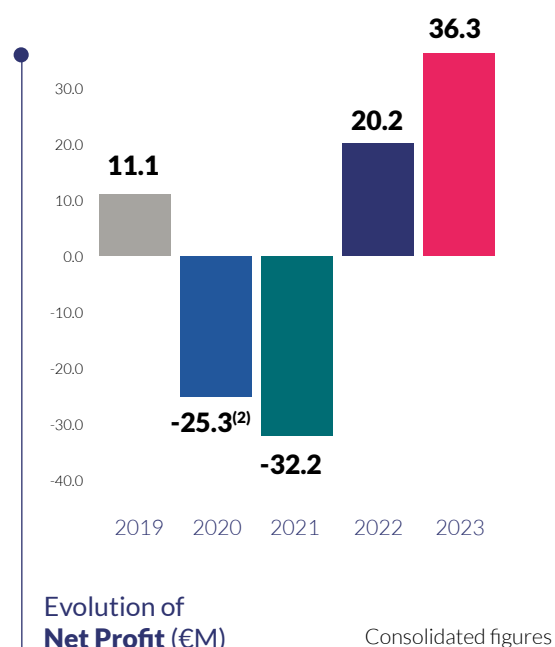
The favorable market conditions and strategic positioning with key clients have enabled Tubacex to consolidate EBITDA growth to historic levels. This indicator rose to 125.2 million euros, a 35.6% increase over the previous year. The EBITDA margin stands at 14.7%, also the highest level recorded by the company. The positive evolution of these two metrics in recent years is attributable to an improved product mix, a commitment to innovation, a strategic repositioning of client types, increased productivity, and cost reduction.

As a result, the net attributable profit increased by 79.5%, reaching 36.3 million euros.





(1) The 2020 EBITDA includes restructuring costs incurred during the year to adapt the Group's structure to the new business environment, in addition to an extraordinary provision made voluntarily.



(2) The Net Profit for 2020 includes extraordinary negative adjustments made voluntarily, with no cash impact, amounting to a total of 20.3 million euros.

## Balance Sheet and Financial Position

Despite significant sales growth, Tubacex made substantial efforts throughout the year to contain working capital, which stands at 234.5 million euros, representing 27.5% of sales, below the strategic target of 30%.

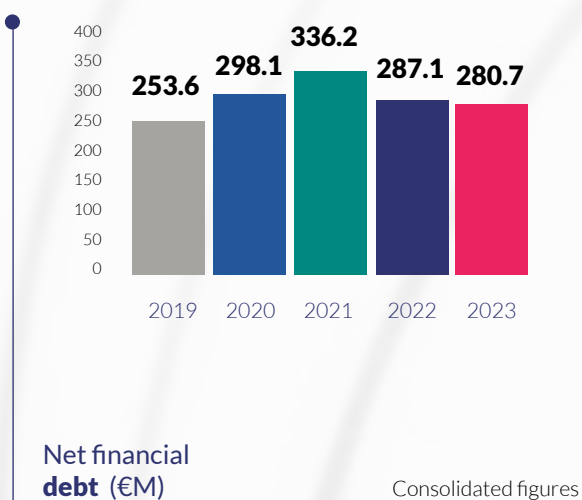
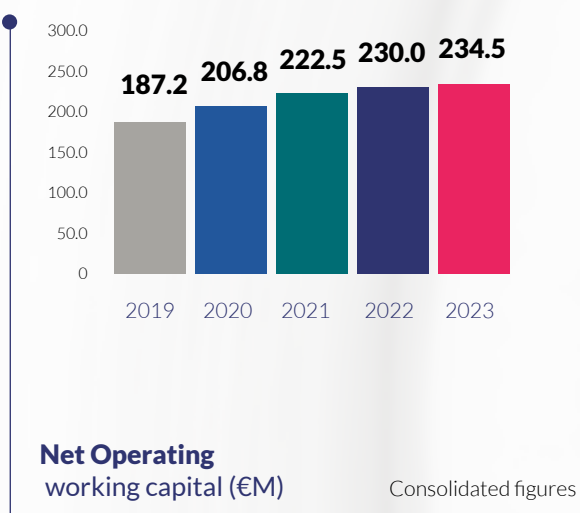
Within the working capital, inventory amounts to 411.1 million euros, mostly corresponding to work in progress and finished products already sold but not yet invoiced.


Regarding financial debt, Tubacex continues its trend of deleveraging and strengthening its financial solidity. Consequently, the debt ratio (Net Financial Debt/EBITDA) is 2.2 times at the end of the fiscal year, once again meeting the strategic objective, with a forecast for further reduction in upcoming periods as outlined in the Strategic Plan update.

This has been achieved despite substantial investments aimed at acquiring minority stakes in Saudi Arabia and Norway, the commencement of the Abu Dhabi plant construction, and the dividend payment to shareholders based on 2022 results. These operations, along with CAPEX, have led to a cash outflow of over 55 million euros. Nevertheless, the Group's strong cash flow generation capability has balanced the situation, reducing net financial debt to 280.7 million euros as of December 31, 2023, down from 287.1 million euros at the end of the previous fiscal year (3.1 times NFD/EBITDA).

Thus, the company's liquidity position exceeds 300 million euros, with 179 million euros in cash.

Thanks to the visibility of order volumes, the company is expected to continue improving cash flow generation over the coming quarters.





# 5.2

## TUBACEX SHARE **PERFORMANCE** IN 2023

### **Stock Market Overview**

As of the end of 2023, Tubacex's stock appreciated by 75.2%, reaching 3.5 euros per share. The performance has been very positive, and according to the consensus of analysts covering the company, there is still significant growth potential.

The highest peak was recorded on December 27th, at 3.66 euros per share, while the lowest point was on January 3rd, at 2.01 euros per share. From the beginning of the year, the stock price has shown an upward trend, albeit marked by volatility, reflecting market uncertainty due to geopolitical tensions, inflation trends, and interest rate developments. The stock experienced a rally in the last two months of the year, increasing by 32% following the Capital Markets Day and the Strategic Plan update.

The market capitalization reached 442.9 million euros at the end of the fiscal year.

### **Share Capital**

with a nominal value of 0.45 euros each. The entire share capital of the company is traded on the continuous market of the Madrid Stock Exchange, where it has been listed since 1970. Currently, it is included in the Ibex Medium Cap index, which comprises the 20 most important companies after the Ibex 35.

### **Dividends**

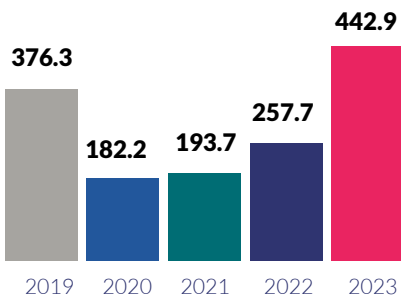
In 2023, an ordinary dividend of 0.0659 euros per share was paid out, based on the 2022 results, amounting to a total disbursement of 8.0 million euros. Based on the 2023 results, the Board of Directors proposes a total gross dividend distribution of 14.5 million euros, payable in 2024, representing a payout ratio of 40%.

## TUBACEX STOCK MARKET PERFORMANCE

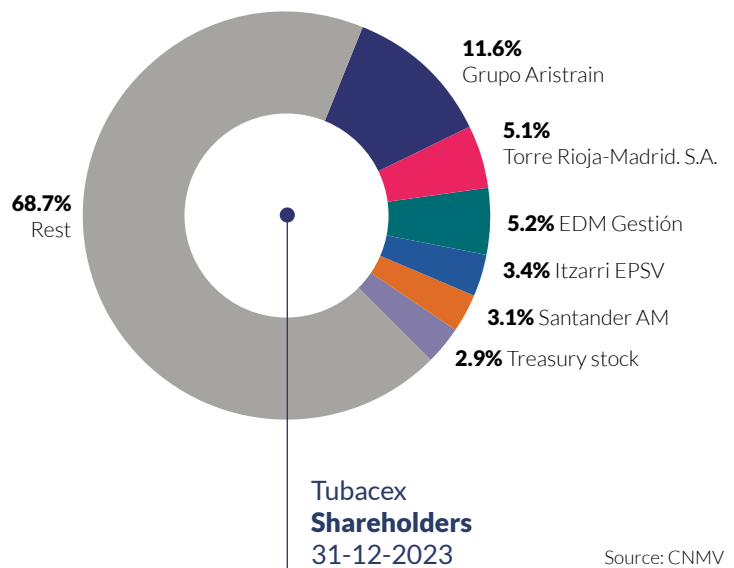
	2021	2022	2023
Share capital (€M)	58.04	58.04	56.94
Share par value (€)	0.45	0.45	0.45
Listed shares (€M)	128.98	128.98	126.55
<b>Share price (€)</b>			
Maximum	2.00	2.62	3.66
Minimum	1.31	1.55	2.01
Latest	1.50	2.00	3.50
Annual evolution (%)	9.6%	33.0%	75.2%
Trading frequency (%)	100%	100%	100%
<b>Trading volume</b>			
• Million shares	78.4	51.2	43.4
• Million euro	125.4	103.8	120.3
Turnover (times capital)	0.6	0.4	0.3
Market capitalisation (€M)	193.7	257.7	442.9



### Share price performance in 2023



### Fluctuations in market capitalisation (€M)



Source: CNMV

# 5.3

## EUROPEAN TAXONOMY

The Regulation (EU) 2020/852 establishes a framework to facilitate sustainable investments and sets the requirements to classify an economic activity as environmentally sustainable. This involves substantially contributing to one or more environmental objectives, not significantly harming any other environmental objective, complying with minimum social safeguards, and meeting the technical screening criteria.

### **Taxonomically eligible activities**

Within this framework, technical selection criteria are established to determine the conditions under which an economic activity is considered to substantially contribute to climate change mitigation or adaptation. The regulation defines what is known as a taxonomically eligible activity. This refers to an economic activity described in the delegated acts, which establish the technical criteria for activities with the potential to mitigate climate change, regardless of whether the economic activity meets some or all of the technical selection criteria.





In line with this definition, Tubacex assesses whether the Group's activities fall within the scope of the Regulation. The criteria established in 2022 for the eligibility analysis are maintained, considering steel manufacturing activities (Aceralava) and excluding other subsidiaries engaged in the production of tubes and other tubular products, machined products, or additional complementary services added to the final product.

Simultaneously, following the approval of the Environmental Delegated Regulation on June 13, 2023, by the European Commission, which defines complementary activities in accordance with the remaining four environmental objectives (sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems), the company analyzes whether its activities are covered by the said Delegated Regulation. It concludes that they are excluded as they do not adhere to the descriptions of the incorporated activities.

## Taxonomically Aligned Activities

A taxonomically aligned economic activity meets all the requirements set forth in the aforementioned Regulation:

- Substantially contribute to one of the environmental objectives: Climate change mitigation and adaptation, water and marine resources protection, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.
- Do not significantly harm other objectives: The assessment ensures that the taxonomy itself does not include economic activities that undermine any of the other five environmental objectives.
- Meet minimum social safeguards: Compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is required.

In accordance with the criteria defined for the eligibility analysis, the scope of alignment evaluation focuses on the stainless-steel long products manufacturing activity carried out by the Group's steel plant, Aceralava, and the products from this plant commercialized through TSS. Compliance is achieved in this case using scrap in EAF furnaces, with over 70% of fine steel production derived from scrap consumption.

## Results

For the calculation of indicators, Tubacex considers eligible and, according to the analysis performed, aligned sales from Aceralava to third parties, as well as sales from the trading companies (TSS) of steel (eligible activity) versus other products (non-eligible activity), considering TSS sales "by material origin" (Aceralava). For CAPEX and OPEX, the corresponding entries from Aceralava and the proportion of TSS used for the related activity are taken into account.

For denominators, the calculation is based on the following criteria. The percentages of eligibility and alignment in revenue, OPEX, and CAPEX for the climate change mitigation objective are detailed below, as no activities associated with the other environmental objectives have been identified.

## SALES

2023		Sales (%)	Sales (€ thousand)
Eligible	Aligned <sup>(1)</sup>	10.81	92,185
	Non-aligned <sup>(2)</sup>		
Non-eligible <sup>(3)</sup>		89.19	760,280
<b>TOTAL</b>		<b>100</b>	<b>852,392</b>

2022		Sales (%)	Sales (€ thousand)
Eligible	Aligned <sup>(1)</sup>	11.2	80,195
	Non-aligned <sup>(2)</sup>		
Non-eligible <sup>(3)</sup>		88.8	634,520
<b>TOTAL</b>		<b>100</b>	<b>714,714</b>

## CAPEX

2023		CAPEX (%)	CAPEX (€ thousand)
Eligible	Aligned <sup>(1)</sup>	3.75	3,264
	Non-aligned <sup>(2)</sup>		
Non-eligible <sup>(3)</sup>		96.25	83,706
<b>TOTAL</b>		<b>100</b>	<b>86,969.7</b>

2022		CAPEX (%)	CAPEX (€ thousand)
Eligible	Aligned <sup>(1)</sup>	10.7	2,902.2
	Non-aligned <sup>(2)</sup>		
Non-eligible <sup>(3)</sup>		89.3	24,289.8
<b>TOTAL</b>		<b>100</b>	<b>27,192</b>

## OPEX

2023		OPEX (%)	OPEX (€ thousand)
Eligible	Aligned <sup>(1)</sup>	21.28	4,845.08
	Non-aligned <sup>(2)</sup>		
Non-eligible <sup>(3)</sup>		78.72	17,920.82
<b>TOTAL</b>		<b>100</b>	<b>22,765.90</b>

2022		OPEX (%)	OPEX (€ thousand)
Eligible	Aligned <sup>(1)</sup>	25.3	6,713.8
	Non-aligned <sup>(2)</sup>		
Non-eligible <sup>(3)</sup>		74.7	19,826.2
<b>TOTAL</b>		<b>100</b>	<b>26,540</b>

(1) Revenue / CAPEX / OPEX from environmentally sustainable activities (aligned with the taxonomy).

(2) Revenue / CAPEX / OPEX from activities eligible under the taxonomy but not environmentally sustainable (not aligned with the taxonomy).

(3) Revenue / CAPEX / OPEX from activities not eligible under the taxonomy.

The reduction in eligible CAPEX for 2023 compared to 2022 is due to the inclusion of CAPEX related to Tubacex's growth project in the Middle East and the greater weight it represents within the Group. Meanwhile, following our eligibility criteria, the numerator considers the steel manufacturing activities of Aceralava.

In the recalculated OPEX information for 2022 in 2023, the entry corresponding to leases has been excluded as it involves intercompany transactions.



BUSINESS  
**DIRECTORY**

# BUSINESS DIRECTORY

## MANUFACTURING PLANTS

### T.T.I. LLODIO

Tres Cruces 8 PO Box 22  
01400 LLODIO (ÁLAVA), SPAIN  
**Phone:** +34 94 671 93 00  
**E-mail:** sales@tubacex.com

### T.T.I. AMURRIO

Polígono Industrial Saratxo  
01470 AMURRIO (ÁLAVA), SPAIN  
**Phone:** +34 94 671 93 00  
**E-mail:** sales@tubacex.com

### T.T.I. OCTG

Polígono Industrial Saratxo  
01470 AMURRIO (ÁLAVA), SPAIN  
**Phone:** +34 94 671 93 00  
**E-mail:** sales@tubacex.com

### SALEM TUBE

951 Fourth Street  
GREENVILLE (PA) 16125, USA  
**Phone:** +1 724 646 43 01  
**E-mail:** sales@salemtube.com

### TUBACEX DURANT

362 Country Club Rd.  
Durant, OK 74701  
**Phone:** +1 724 646 43 01  
**E-mail:** sales@tubacexdurant.com

### SBER

Rohrstrasse 1  
A-2630 TERNITZ, AUSTRIA  
**Phone:** +43 2630 3160  
**E-mail:** office@sber.co.at

### SBER PU

Rohrstrasse 1  
A-2630 TERNITZ, AUSTRIA  
**Phone:** +43 2630 3160  
**E-mail:** office@sber.co.at

### ACERALAVA

Polígono Industrial Saratxo  
01470 AMURRIO (ÁLAVA), SPAIN  
**Phone:** +34 945 89 14 61  
**E-mail:** aceralavasales@tubacex.com

### T.T.A.

Barrio Arenaza 10  
01474 ARTZINIEGA (ÁLAVA), SPAIN  
**Phone:** +34 945 39 60 30  
**E-mail:** ttasales@tta.es

### IBF Fittings Division

Via Bonina Est 20  
29010 SAN NICOLO (PIACENZA), ITALY  
**Phone:** +39 0523 76641  
**E-mail:** sales@ibfgroup.it

### IBF Tubes Division

Via Gandhi 17/19  
20010 VITTUONE (MILAN), ITALY  
**Phone:** +39 02 9025131  
**E-mail:** sales@ibfgroup.it

### TTP

Unit-II, Survey No.131/1,  
Umbergaon Sanjan Road,  
UMBERGAON-396171.  
DIST. VALSAD- GUJARAT, INDIA  
**Phone:** +91 22 40015300  
**E-mail:** sales@tubacexindia.com

### AWAJI Stainless

10/20 Moo 8, Tambon Tai-Ban Mai,  
Amphur Muang-Samutprakarn,  
SAMUPRAKAM PROVINCE 10280,  
THAILAND  
**Phone:** +66 02-701-5069  
**E-mail:** sales-tat@tubacex.com

### PROMET

Risavika Havnering 109  
4056 TANANGER, NORWAY  
**Phone:** +47 51 71 81 50  
**E-mail:** sales@promet.no

### TBX UPSTREAM

178 Al Maknoun St,  
Abu Dhabi Industrial City, ICAD II  
PO Box: 106255, Abu Dhabi  
UNITED ARAB EMIRATES  
**Phone:** +971 2 666 97 24

**NTS MIDDLE EAST**

JAFZA Round 13,  
Jebel Ali Free Zone  
262210 DUBAI, UNITED ARAB EMIRATES

**Phone:** +971 4870 4888

**E-mail:** sales@ntsgroupco.com

**NTS SAUDI**

Block 42, Lot Number 348.  
South of 2nd Industrial Area,  
Dhahran Abqaiq Highway  
34521-3055 DHAHRAN, SAUDI ARABIA

**Phone:** +971 2 6144 444

**E-mail:** info.ksa@ntsgroupco.com

**NTS Amega West Singapore**

32 Tuas Avenue 4  
639381, SINGAPORE

**Phone:** +65 8872 7852

**E-mail:** sales@ntsgroupco.com

**NTS Amega West Houston**

18601 Intercontinental Crossing Drive.,  
Houston, TX-77073, USA

**Phone:** +1.281.821.4800

**E-mail:** sales@ntsamega-west.com

**NTS Amega West Broussard**

102 Thruway Park Road,  
Broussard, LA-70518, USA

**Phone:** +1.337.839.8074

**E-mail:** AWbroussarddispatch@ntsamega-west.com

**NTS Amega West Odessa**

800 South Faudree Road,  
Odessa, TX-79765, USA

**Phone:** +1.432.563.0614

**E-mail:** AWmidlanddispatch@ntsamega-west.com

**NTS Amega West Nisku**

2201 8th Street,  
Nisku, AB T9E 7Z1, CANADA

**Phone:** +1.780.979.0799

**E-mail:** salescanada@ntsamega-west.com

# BUSINESS DIRECTORY

## SALES OFFICES

### TUBACEX EUROPE

Brieltjenspolder 28  
4921 MADE, NETHERLANDS  
**Phone:** +31 0 162 690 430  
**E-mail:** salesnetherlands@tubacex.com

### TUBACEX CZECH REPUBLIC

Rudnik 4. Areal MZ Liberec  
543-72 RUDNIK, CZECH REPUBLIC  
**Phone:** +420 603 817 985  
**E-mail:** salesczechia@tubacex.com

### TUBACEX FRANCE

9 rue du 11 Novembre  
93600 AULNAY SOUS BOIS, FRANCE  
**Phone:** +33 1 48 79 30 50  
**E-mail:** salesfrance@tubacex.com

### TUBACEX GERMANY

Am Wasserturm 6  
40668 MEERBUSCH, GERMANY  
**Phone:** +49 2150 70 567-0  
**E-mail:** salesgermany@tubacex.com

### TUBACEX ITALY

Via Vitruvio 43  
20124 MILAN, ITALY  
**Phone:** +39 02 669 55 05  
**E-mail:** salesitaly@tubacex.com

### TUBACEX AMERICA

15990 North Barkers Landing  
Road Suite 175 Houston, TX 77079, USA  
**Phone:** + (1) 713 856 2700/13  
**E-mail:** sales@tubacex-usa.com

### TUBACEX NORTH EAST ASIA

The Place, Room 2801, Block B  
No.100 Zunyi Road,  
Chang ning District  
200051 SHANGHAI, CHINA  
**Phone:** +86-21-5298-0242  
**E-mail:** tubacexasia@tubacex.com.cn

### TUBACEX MIDDLE EAST

Dubai Airport Free Zone Area  
Building 1w, Office 209,  
P.O. Box: 293692. DUBAI, UAE  
**Phone:** +971 4 701 72 12  
**E-mail:** salesmiddle-east@tubacex.com

### TUBACEX SOUTH EAST ASIA

2 Venture Drive, 09-04 Vision Exchange  
Singapur 608521, SINGAPUR  
**Phone:** (+65) 6100 6126  
**E-mail:** sales-sg@tubacex.com

### TUBACEX KOREA

RM#302, SK V1 Tower,  
Yeonmujang 5Ga-Gil 25, Seongdong-Gu,  
04782 SEOUL, REPUBLIC OF KOREA  
**Phone:** +82-10-4800-5080  
**E-mail:** saleskorea@tubacex.com

### TUBACEX INDIA

402 A, 4th floor, Plot C 59, Platina  
G-Block Bandra Kurla Complex, Bandra  
East, 400 051 MUMBAI, INDIA  
**Phone:** +91 22 40015 300  
**E-mail:** sales@tubacexindia.com

### KAZKHSTAN

"Adal" Business Centre, office 805,  
Studencheskaya Str. 52,  
Atyrau 060000, KAZAKHSTAN  
**E-mail:** saleskazakhstan@tubacex.com

### NORUEGA

Headoffice  
Espeshaugen 45,  
5258 Blomsterdalen, NORWAY  
**E-mail:** post@tssnorway.no

### TBX BRAZIL - SP

Rua Adib Auada, N 35, Bloco A, Sala 117  
Jardim Lambreta – CEP 06710-700  
Cotia, São Paulo, Brazil  
**Phone:** + 55 12 99258-7221  
**E-mail:** comercial.br@tubacex.com

### TBX BRAZIL - RJ

Av. Almirante Barroso, N 81 – 33º Andar  
Centro – CEP 20031-004  
Rio de Janeiro, Rio de Janeiro, Brazil  
**Phone:** + 55 21 98105-9228  
**E-mail:** comercial.br@tubacex.com

### TBX UPSTREAM

Blue Sky Tower 602, Capital Centre,  
PO Box: 106255, Abu Dhabi  
UNITED ARAB EMIRATES  
**Phone:** +971 2 666 97 24

## SERVICE CENTERS

### TUBACEX SERVICE SOLUTIONS (TSS)

Polígono Industrial Saratxo  
01470 AMURRIO (ÁLAVA), SPAIN  
**Phone:** +34 945 39 36 00  
**E-mail:** tss@tubacex.com

### TSS FRANCE

Z.A.C. des Chesnes Nord  
Rue des Combes,  
38290 SATOLAS & BONCE, FRANCE  
**Phone:** +33 474 94 00 64  
**E-mail:** tssfrance@tubacex.com

### TSS CENTRAL EUROPE

Rohrstrasse 1, A-2630 TERNITZ, AUSTRIA  
**Phone:** +43 2630 316 301 ó 300  
**E-mail:** tsscentraleurope@tubacex.com

### TSS INDIA

208 First Floor, Vdrindavan SDF Complex,  
Phas-II,  
Kandla Special Economic Zone  
GANDHIDHAM (Gujarat), INDIA  
**Phone:** +91 22 40015324  
**E-mail:** tssindia@tubacex.com

### TSS HOUSTON

5430 Brystone Drive,  
HOUSTON, TEXAS 77041, USA  
**Phone:** +1 713 856 27 00  
**E-mail:** tsshouston@tubacex.com

### TSS PA

951 Fourth St.  
Greenville, PA 16125  
**Phone:** + (1) 724 646 4301  
**E-mail:** tsspenn@tubacex.com

### TSS MIDDLE EAST

Jebel Ali Free Zone  
PO Box: 293692, DUBAI  
UNITED ARAB EMIRATES  
**Phone:** +971 4 701 72 12  
**E-mail:** tssmiddle-east@tubacex.com

### TSS NORWAY

Gamle Forusveien 11,  
4031 Stavanger, NORWAY  
**E-mail:** post@tssnorway.no

### TUBACEX SERVICES

Avenida de Orejo 3,  
39719 OREJO, MARINA DE CUDEYO  
(CANTABRIA), SPAIN

### TBX BRAZIL - RJ

Alameda Tenente Célio, N 60 - Area A  
Granja dos Cavaleiros - CEP 27930-120  
Macaé, Rio de Janeiro, Brazil  
**Phone:** + 55 22 99797-1877  
**E-mail:** logistica.br@tubacex.com

### TBX BRAZIL - SP

Rua Princesa Isabel, N 515  
Cidade Nova - CEP 12414-270  
Pindamonhangaba, São Paulo, Brazil  
**Phone:** + 55 11 94392-1125  
**E-mail:** logistica.br@tubacex.com

### TSS NEA

Zunyi Road, Unit 2801, Tower B, The Place 100  
Shanghai 200051, China  
**Phone:** +86 21 5298 0242







**TUBACEX**  
GROUP

Tres Cruces 8  
01400 Llodio (Álava) SPAIN  
+34 946 719 300  
[www.tubacex.com](http://www.tubacex.com)

