Audit report on the Consolidated Financial Statements
issued by an Independent Auditor

TUBACEX, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Management Report
for the year ended 31 December 2024

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# AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of TUBACEX, S.A.:

## Audit report on the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of TUBACEX, S.A. (the parent company) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2024 the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2024 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

### Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

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*Valoración del inmovilizado intangible y material*

| | |
|---|---|
| Description | As indicated in notes 7 and 8 of the accompanying consolidated financial statements, the Group carries its “Intangible Assets” and its “Property plant and equipment” at 117,725 and 343,797 thousand euros, respectively, at 31 December 2024.<br><br>The Group’s management tests its goodwill and intangible assets with indefinite useful lives for impairment annually, and checks for indications of impairment for the rest of its non-financial assets at least at every year-end. If there are indications of impairment, it estimates the recoverable amounts of those assets based on the present value of the future cash flows estimated for the cash-generating units to which the potentially impaired assets have been allocated.<br><br>Calculation of the recoverable amount involves making complex estimates, including the use of judgements by Group management to determine the key underlying assumptions.<br><br>We considered this to be a key audit matter due to the materiality of the amounts involved and the complexity of the process of estimating the recoverable amounts of the assets in question. The disclosures regarding the measurement rules and key assumptions used to test the Group’s non-current, non-financial assets for impairment are provided in notes 3.1, 3.2 ,3.3, 7 and 8 of the accompanying consolidated financial statements. |
| Our response | In relation to this matter, our audit procedures included the following:<br><br>▶ Understanding the process followed by Group management to check for indications of impairment and determine the recoverable amounts of its intangible assets and property, plant and equipment and evaluating the design and implementation of the relevant controls.<br><br>▶ Analyzing the reasonableness of the allocation of the various assets to the different cash-generating units.<br><br>▶ Revising the model used by Group management to determine the recoverable amounts, in collaboration with our valuation specialists, addressing specifically the mathematical consistency of the model and the reasonableness of the cash flows projections and the discount and long-term growth rates modelled. In performing our review, we interviewed the people in charge of running the model and used vouch-worthy external sources and other information to cross- check the inputs used.<br><br>▶ Performing a sensitivity analysis with respect to the key inputs used to determine the assets’ recoverable amount to changes in the relevant assumptions considered.<br><br>▶ Checking that the disclosures made in the consolidated financial statement notes comply with the applicable financial reporting framework. |

*Sale of 49% of the tubular solutions business for gas and oil exploration and production (OCTG)*

Description

As indicated in Note 2.6 of the attached consolidated financial statements, on November 1, 2024, the Group closed an agreement for a 49% stake in the tubular solutions business for gas and oil exploration and production (OCTG) of Tubacex, S.A. by Mubadala Investment Company.

As a result of this agreement, Mubadala Investment Company has become a minority partner in this business of the Tubacex Group after a disbursement of 200 million US dollars, resulting in an increase in the Group's equity of 182 million euros, of which 55 million euros correspond to minority interests as of the transaction date.

We have considered this area as a key issue in our audit due to the significance of the amounts involved and the complexity of the agreement.

The information regarding the applicable valuation standards and the corresponding breakdowns is included in Notes 2.6 and 14.9 of the attached consolidated financial statements.

Our response

In relation to this area, our audit procedures have included, among others, the following:

- Understanding the process followed by the Group's Management for the recording and valuation of this transaction.
- Review and analysis of the terms and conditions included in the corresponding sale agreement signed by the Group's Management, as well as the supporting documentation of the amount received.
- Review of the correct accounting of this operation and its appropriate presentation in the consolidated annual accounts.
- Review of the breakdowns included in the consolidated financial statements and evaluation of their compliance with the applicable financial reporting framework.

*Recording and valuation of provisions and contingencies*

Description

The Group has recorded as of December 31, 2024, in the headings "Non-current provisions" and "Current provisions" of the consolidated balance sheet, provisions to meet certain obligations and risks detailed in Note 15 of the attached consolidated financial statements, amounting to €6,426 and €767 thousand, respectively. Furthermore, the aforementioned Note details the existence of contingencies related to the granting of commercial guarantees, and more specifically, for the guarantee granted in relation to a commercial contract with the National Iranian Oil Company (NIOC) amounting to €49,707 thousand.

The assessment of the contingencies arising from these matters and, where applicable, the valuation of the possible associated provisions, requires the Group's Management to make complex estimates, which involves applying judgments to determine the assumptions considered in relation to these estimates, associated, among other aspects, with the eventualities occurring during the execution of the contracts, including the identification of causes not attributable to the Group, which are in turn conditioned by a high degree of uncertainty.

We have considered this area as a key issue in our audit due to the complexity of the judgments inherent in assigning value to the key assumptions considered and that variations in such judgments could lead to material differences in the amounts recorded as of the date, having a significant impact on the balance sheet and the consolidated income statement.

The information regarding the applicable valuation standards and the corresponding breakdowns is included in Notes 3.15 and 15 of the attached consolidated financial statements.

Our response In relation to this area, our audit procedures have included, among others, the following:

- Understanding the process established by the Group's Management for the identification, assessment, and recording of contingencies arising from commercial contracts that may require provisions.
- Obtaining the details of recorded provisions and selecting a sample, considering quantitative and qualitative criteria, for which documentation supporting the estimates made has been obtained and reviewed.
- Understanding and evaluating the reasonableness of the key assumptions considered for the quantification of these provisions based on consultations with Management and other professionals in the Group responsible for matters that could lead to contingencies that may require provisions, and, where applicable, written statements from third parties, such as legal advisors, regarding the current situation of the contingencies and the assessment of the risks arising from them, estimated cash outflows, and their probability of occurrence.
- Obtaining confirmations from external lawyers regarding the current status of ongoing legal proceedings.
- Involving our legal specialists in analyzing the reasonableness of the conclusions reached by the Group's Management concerning current and potential litigations and contingencies deemed necessary.
- Reviewing the breakdowns included in the consolidated financial statements and evaluating their compliance with the applicable financial reporting regulatory framework.

## Other information: Consolidated Management Report

The other information exclusively comprises the consolidated management report for the year 2024, the preparation of which is the responsibility of the administrators of the parent company, and it does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with the requirements of the regulatory framework governing the audit activity, consists of:

a) To check solely that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report, and the Annual Report on Directors' Remuneration, referred to in the Audit Law, have been provided in the manner required by the applicable regulations, and if not, to report on this.

b) To evaluate and report on the consistency of the rest of the information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report whether the content and presentation of this part of the consolidated management report comply with the applicable regulations. If, based on the work we have performed, we conclude that there are material inaccuracies, we are obliged to report on this.

Based on the work performed, as described above, we have verified that the information mentioned in section a) above is provided in the manner required by the applicable regulations and that the rest of the information contained in the consolidated management report is consistent with that of the consolidated financial statements for the year 2024, and its content and presentation comply with the applicable regulations.

## Liability of the directors of the parent company and the audit committee in relation to the consolidated financial statements

The administrators of the parent company are responsible for preparing the attached consolidated financial statements in such a way that they present a true and fair view of the assets, financial position, and consolidated results of the Group, in accordance with IFRS-EU and other provisions of the applicable financial reporting framework for the Group in Spain, as well as the internal control they deem necessary to enable the preparation of consolidated financial statements free from material misstatement, due to fraud or error.

In preparing the consolidated financial statements, the administrators of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate, matters related to the going concern and using the going concern accounting principle unless the administrators intend to liquidate the Group or cease its operations, or there is no other realistic alternative.

The audit committee of the parent company is responsible for overseeing the process of preparing and presenting the consolidated financial statements.

## Auditor's responsibilities in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that contains our opinion. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with the regulatory framework for auditing in Spain will always detect a material misstatement when it exists.

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Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the consolidated financial statements.

As part of an audit conducted in accordance with the regulatory framework for auditing in Spain, we apply our professional judgment and maintain a professional skepticism throughout the audit. We also:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and implement audit procedures to respond to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally misleading representations, or the evasion of internal control.

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

- We evaluate whether the accounting policies applied are appropriate and the reasonableness of the accounting estimates and the corresponding information disclosed by the administrators of the parent company.

- We conclude on the appropriateness of the use of the going concern accounting principle by the administrators of the parent company and, based on the audit evidence obtained, we conclude whether there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the consolidated financial statements or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.

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

- We obtain sufficient and appropriate evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We are only responsable for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant deficiencies in internal control that we identify during the audit.

We also provide the audit committee of the parent company with a statement that we have complied with the applicable ethical requirements, including those related to independence, and we have communicated with them to inform them of any matters that could reasonably pose a threat to our independence and, where applicable, the corresponding safeguards.

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Among the matters that have been communicated to the audit committee of the parent company, we determine those that have been of the greatest significance in the audit of the current period's consolidated financial statements and are, therefore, the key audit matters.

We describe these matters in our audit report unless legal or regulatory provisions prohibit the public disclosure of the matter.

## Report on other legal and regulatory requirements

### Single European electronic format

We have examined the digital files of the European Single Electronic Format (ESEF) of TUBACEX, S.A. and its subsidiaries for the fiscal year 2024, which include the XHTML file containing the consolidated financial statements for the year and the XBRL files with the tagging performed by the entity, which will be part of the annual financial report.

The administrators of TUBACEX, S.A. are responsible for presenting the annual financial report for the fiscal year 2024 in accordance with the formatting and tagging requirements established in Delegated Regulation (EU) 2019/815 of December 17, 2018, of the European Commission (hereinafter ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Remuneration Report of the Directors have been incorporated by reference in the consolidated management report.

Our responsibility is to examine the digital files prepared by the administrators of the parent company, in accordance with the regulatory framework for auditing in force in Spain. This regulation requires us to plan and execute our audit procedures to verify whether the content of the consolidated financial statements included in the aforementioned digital files corresponds entirely with the consolidated financial statements we have audited, and whether the format and tagging of the same and the aforementioned files have been carried out in all significant aspects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the examined digital files correspond entirely with the audited consolidated financial statements, and these are presented and have been tagged, in all significant aspects, in accordance with the requirements established in the ESEF Regulation.

### Additional report to the Parent´s audit committee

The opinion expressed in this report is consistent with that stated in our additional report to the audit committee of the parent company dated February 27, 2025.

Recruitment period

The General Shareholders' Meeting held on June 27, 2024, appointed us as auditors for a period of one year for the fiscal year ending December 31, 2024.

Previously, we were designated by agreement(s) of the General Shareholders' Meeting for a period of 3 years, and we have been conducting the audit work continuously since the fiscal year ending December 31, 2021.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditor of Accounts with Nº S0530)

Alberto Peña Martínez
(Registered in the Official Register of Auditor of Accounts with Nº 15290)

February 27, 2025

# Tubacex, S.A. and subsidiaries

Consolidated financial statements for the year ended 31 December 2024 and Consolidated Management Report

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2024 AND 2023
(€ 000)

| ASSETS | Note | 31 Dec. 2024 | 31 Dec. 2023 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Intangible assets | 7 | 117,725 | 112,561 |
| Goodwill | | 8,011 | 7,765 |
| Other intangible assets | | 109,714 | 104,796 |
| Property, plant and equipment | 8 | 343,797 | 306,670 |
| Derivative financial instruments | 10 | 647 | 1,318 |
| Non-current financial assets | 9 | 4,032 | 4,187 |
| Deferred tax assets | 21.3 | 93,288 | 93,558 |
| Total non-current assets | | 559,489 | 518,294 |
| CURRENT ASSETS | | | |
| Inventories | 11 | 423,168 | 411,129 |
| Trade and other receivables | 12 | 108,172 | 97,111 |
| Trade receivables | | 76,609 | 74,219 |
| Other receivables | | 31,563 | 22,067 |
| Current tax assets | 21 | - | 825 |
| Derivative financial instruments | 10 | 3,651 | 3,053 |
| Current financial assets | 9 | 11,121 | 19,692 |
| Other current assets | | 1,837 | 2,858 |
| Cash and cash equivalents | 13 | 225,272 | 159,319 |
| Total current assets | | 773,221 | 693,162 |
| TOTAL ASSETS | | 1,332,710 | 1,211,456 |

| EQUITY AND LIABILITIES | Note | 31 Dec. 2024 | 31 Dec. 2023 |
|---|---|---|---|
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | 14.1 | 56,947 | 56,947 |
| Share premium | 14.2 | 17,108 | 17,108 |
| Revaluation reserve | 14.3 | 3,763 | 3,763 |
| Other reserves of the parent and entities accounted for using the full consolidation and equity methods | 14.4 | 286,202 | 140,974 |
| Own shares | 14.5 | (10,792) | (11,674) |
| Profit for the year attributable to equity holders of the parent | | 22,854 | 36,332 |
| Other equity instruments | 14.6 | 2,616 | 2,334 |
| | | 378,698 | 245,784 |
| Valuation adjustments | | | |
| Translation differences | | (359) | (8,489) |
| Hedging transactions | | (313) | 2,746 |
| | 14.7 | (672) | (5,743) |
| Equity attributable to equity holders of the parent | | 378,026 | 240,041 |
| Non-controlling interests | 14.9 | 104,124 | 53,595 |
| Total equity | | 482,150 | 293,636 |
| NON-CURRENT LIABILITIES | | | |
| Non-current provisions | 15 | 6,426 | 8,288 |
| Deferred income | 16 | 7,510 | 11,831 |
| Non-current financial liabilities | | 168,415 | 124,256 |
| Bank borrowings | 17 | 168,415 | 109,256 |
| Notes and other marketable securities | 17 | - | 15,000 |
| Employee benefits | 20 | 7,849 | 7,701 |
| Deferred tax liabilities | 21.3 | 23,491 | 23,653 |
| Other non-current financial liabilities | 18 | 30,272 | 30,725 |
| Total non-current liabilities | | 243,963 | 206,454 |
| CURRENT LIABILITIES | | | |
| Current provisions | 15 | 767 | 521 |
| Current financial liabilities | | 332,072 | 355,197 |
| Notes and other marketable securities | 17 | 202,027 | 194,137 |
| Bank borrowings | 17 | 120,969 | 141,325 |
| Derivative financial instruments | 10 | 2,390 | 1,474 |
| Other financial liabilities | 18 | 6,686 | 18,261 |
| Trade and other payables | 19 | 273,758 | 355,648 |
| Trade payables | | 189,574 | 250,888 |
| Other accounts payable | | 79,376 | 104,630 |
| Current tax liabilities | 21 | 4,808 | 130 |
| Total current liabilities | | 606,597 | 711,366 |
| TOTAL EQUITY AND LIABILITIES | | 1,332,710 | 1,211,456 |

TUBACEX, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2024 AND 2023

(€ 000)

| | Note | 2024 | 2023 |
|---|---|---|---|
| Continuing operations: | | | |
| Revenue | 6 | 767,541 | 852,392 |
| Change in inventories of finished goods and work in progress | | 3,996 | 11,263 |
| Self-constructed assets | 3.2 | 2,836 | 2,044 |
| Cost of sales | 11 | (308,176) | (377,873) |
| Other operating income | 23 | 10,971 | 16,950 |
| Employee benefits expense | 24 | (163,615) | (157,094) |
| Other operating expenses | 23 | (206,563) | (222,452) |
| Asset depreciation, amortisation and impairment | 7 & 8 | (43,467) | (44,491) |
| Operating profit | | 63,523 | 80,739 |
| Finance income | | 1,338 | 1,950 |
| Finance costs | 17 | (37,527) | (33,163) |
| Exchange differences | | 2,668 | 54 |
| Net finance cost | | (33,521) | (31,159) |
| Profit before tax | | 30,002 | 49,580 |
| Income tax | 21 | (4,753) | (6,764) |
| Profit for the year from continuing operations | | 25,249 | 42,816 |
| Profit for the year | | 25,249 | 42,816 |
| Attributable to: | | | |
| Equity holders of the parent | | 27,840 | 36,332 |
| Non-controlling interests | 14.9 | 2,395 | 6,484 |
| Earnings per share (€) | | | |
| - Basic | 22.1 | 0.19 | 0.30 |
| - Diluted | 22.2 | 0.18 | 0.29 |

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023
(€ 000)

| | Note | 2024 | 2023 |
|---|---|---|---|
| Profit for the year | | 25,249 | 42,816 |
| Items that may be reclassified to profit or loss in subsequent years: | | | |
| Profit/(loss) recognised directly in equity | | | |
| Cash flow hedging instruments | 10 & 14.7 | (1,380) | (1,547) |
| Tax effect | 10, 14.7 & 21 | 331 | 371 |
| Translation differences | 14.7 | 8,045 | (9,368) |
| Amounts reclassified to profit or loss for the year | | | |
| Cash flow hedging instruments | 10 & 14.7 | (2,645) | 1,240 |
| Tax effect | 10, 14.7 & 21 | 635 | (298) |
| Other comprehensive income | | 4,986 | (9,602) |
| Total comprehensive income for the year | | 30,235 | 33,214 |
| Attributable to: | | | |
| Equity holders of the parent | | 27,925 | 26,730 |
| Non-controlling interests | | 2,310 | 6,484 |

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2024 AND 2023
(€ 000)

| | Equity | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Revaluation reserve | Other reserves | Own shares | Profit for the year | Other equity instruments | Translation differences | Cash-flow hedges | Non-controlling interests | Total equity |
| Balance at 31 Dec. 2022 | 58,040 | 17,108 | 3,763 | 131,687 | (15,546) | 20,234 | 2,334 | 879 | 2,980 | 54,612 | 276,091 |
| Total recognised income/(expense) | - | - | - | - | - | 36,332 | - | (9,368) | (234) | 6,484 | 33,214 |
| Other changes in equity | | | | | | | | | | | |
| Transfers between equity items | - | - | - | 20,234 | - | (20,234) | - | - | - | - | - |
| Share capital reduction (note 14.1) | (1,093) | - | - | (3,565) | 4,658 | - | - | - | - | - | - |
| Purchase-sale of own shares (note 14.5) | - | - | - | 968 | (786) | - | - | - | - | - | 182 |
| Dividends (note 14.4) | - | - | - | (8,094) | - | - | - | - | - | - | (8,094) |
| Acquisition of non-controlling interests (note 2.6) | - | - | - | (90) | - | - | - | - | - | (7,501) | (7,591) |
| Other changes | - | - | - | (166) | - | - | - | - | - | - | (166) |
| Balance at 31 Dec. 2023 | 56,947 | 17,108 | 3,763 | 140,974 | (11,674) | 36,332 | 2,334 | (8,489) | 2,746 | 53,595 | 293,636 |
| Total recognised income/(expense) | - | - | - | - | - | 22,854 | - | 8,045 | (3,059) | 2,395 | 30,235 |
| Other changes in equity | | | | | | | | | | | |
| Transfers between equity items | - | - | - | 35,995 | 337 | (36,332) | - | - | - | - | - |
| Transactions with shareholders and owners (note 2.6) | - | - | - | 126,945 | - | - | - | - | - | 55,023 | 181,968 |
| Purchase-sale of own shares (note 14.5) | - | - | - | 1,315 | 545 | - | - | - | - | - | 1,860 |
| Dividends (note 14.4) | - | - | - | (14,500) | - | - | - | - | - | - | (14,500) |
| Acquisition of non-controlling interests (note 2.6) | - | - | - | (4,988) | - | - | - | - | - | (6,804) | (11,792) |
| Other changes | - | - | - | (169) | - | - | - | 85 | - | (85) | (169) |
| Long-term incentive plan (notes 3.12 & 14.6) | - | - | - | 630 | - | - | 282 | - | - | - | 912 |
| Balance at 31 Dec. 2024 | 56,947 | 17,108 | 3,763 | 286,202 | (10,792) | 22,854 | 2,616 | (359) | (313) | 104,124 | 482,150 |

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2024 AND 2023
(€ 000)

| | Note | 2024 | 2023 |
|---|---|---|---|
| Operating activities | | | |
| Profit for the year before tax | | 30,002 | 49,580 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Asset depreciation and amortisation | 7 & 8 | 43,467 | 44,491 |
| Net foreign exchange differences | | (2,668) | (54) |
| Changes in provisions | 11, 12, 15 & 20 | (2,730) | 469 |
| Finance income | 9 | (1,338) | (1,950) |
| Finance costs | 17 | 37,527 | 33,163 |
| | | 104,260 | 125,699 |
| Working capital changes: | | | |
| Inventories | 11 | (10,330) | (40,015) |
| Trade and other receivables | 12 | (7,761) | 16,632 |
| Other current assets | | 9,592 | (5,445) |
| Trade and other payables | 19 | (81,888) | 35,375 |
| Other non-current assets and liabilities | | (8,191) | (3,562) |
| | | (98,578) | 2,985 |
| Other cash used in operating activities: | | | |
| Interest paid | | (36,347) | (31,717) |
| Income tax collected/(paid) | 21 | (3,131) | (5,816) |
| | | (39,478) | (37,533) |
| Net cash flows (used in)/from operating activities (I) | | (33,796) | 91,151 |
| Investing activities | | | |
| Interest received | 9 | 1,338 | 1,950 |
| Purchase of property, plant, and equipment | 8 | (69,608) | (56,375) |
| Purchase of intangible assets | 7 | (17,355) | (6,557) |
| Net cash flows used in investing activities (II) | | (85,625) | (60,982) |
| Financing activities | | | |
| Acquisition of non-controlling interests | 2.6 | (5,560) | (7,591) |
| Sale of non-controlling interests | 2.6 | 181,968 | - |
| Purchase-sale of own shares | 14.5 | 1,771 | 183 |
| Proceeds from bank borrowings | 17 | 139,399 | 26,411 |
| Proceeds from other borrowings | 17 & 18 | 10,704 | 15,515 |
| Repayment of bank borrowings | 17 | (96,645) | (46,198) |
| Repayment of other borrowings | 17 | (34,431) | (15,348) |
| Dividend payments | | | |
| Dividends | 14.4 | (14,500) | (8,094) |
| Net cash flows from/(used in) financing activities (III) | | 182,706 | (35,122) |
| Net foreign exchange difference (IV) | | 2,668 | 54 |
| Net increase/(decrease) in cash and cash equivalents (I+II+III+IV) | | 65,953 | (4,899) |
| Cash and cash equivalents at 1 January | 13 | 159,319 | 164,218 |
| Cash and cash equivalents at 31 December | 13 | 225,272 | 159,319 |

# Tubacex, S.A. and subsidiaries comprising the Tubacex Group

## Notes to the consolidated financial statements for the year ended 31 December 2024

### 1. Parent company information

Tubacex, S.A. (hereinafter, the Parent or the Company) was incorporated as an open-ended public limited company (*sociedad anónima*) on 6 June 1963. Its registered office is located in Llodio (Álava, Spain).

Its core business includes the manufacture and sale of seamless steel tubing solutions, essentially made from stainless steel, and any other type of tube or pipe in demand in the steel-metalworking industry. Nevertheless, on 1 January 1994, the Parent became the holding company for and head of the Tubacex Group; since then, it has had no productive activity, which is instead carried on by its subsidiaries.

Tubacex, S.A.'s main activity is now therefore to hold equity interests (Appendix) and to provide the Group companies certain centralised corporate and lease services for which it charges them.

Tubacex, S.A. is the Parent of the Group made up of the subsidiaries itemised in the accompanying Appendix, which is an integral part of this note. Tubacex, S.A. and subsidiaries (hereinafter, the Tubacex Group or the Group) are devoted to the manufacture and sale of seamless steel tubing solutions, mainly made from stainless steel.

Tubacex, S.A.'s shares are traded on the Spanish stock exchange.

Financial statement authorisation

The accompanying consolidated annual financial statements were authorised for issue by the Board of Directors on 27 February 2025. The Group's 2023 consolidated financial statements were approved at the Parent's Annual General Meeting on 27 June 2024. The Group's consolidated financial statements and the separate financial statements of the entities comprising it for 2024 are all pending approval by their respective shareholders. However, the Parent's Board of Directors expects all those annual financial statements to be approved without modification.

For ESMA European Single Electronic Format purposes, we hereby itemise the elements of the core taxonomy to be marked up:

• Name of the reporting entity: Tubacex, S.A.

• Domicile of entity: Llodio (Álava).

• Legal form of entity: Public limited company (*sociedad anónima*).

• Country of incorporation: Spain

• Address of entity's registered office: Llodio (Álava).

• Principal place of business: Several.

• Description of the nature of entity's operations and principal activities: the manufacture and sale of seamless steel tubing solutions, mainly made from stainless steel.

• Name of parent entity: Tubacex, S.A.

• Name of ultimate parent of group: Tubacex, S.A.

• There has been no change in the name of reporting entity since end of preceding reporting period.

### 2. Basis of presentation of the annual consolidated financial statements

The main accounting policies used to prepare these financial statements are set out below. The accounting policies have been applied uniformly for all reporting periods presented.

*2.1 Basis of preparation*

The Group's consolidated financial statements for 2024 were prepared and authorised for issue by the Parent's directors:

- In keeping with the International Financial Reporting Standards (hereinafter, IFRS) adopted by the European Union in keeping with European Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, specifically including the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). Note 3 summarises the material accounting policies and measurement criteria used to prepare the accompanying consolidated financial statements.
- These annual consolidated financial statements were prepared taking into consideration all the mandatory accounting principles and standards and measurement criteria which have a material impact thereon, including permitted alternatives, as specified in note 3.
- As a result, these consolidated financial statements present fairly the Group's equity and financial position at 31 December 2024 and its financial performance, the changes in its equity and cash flows, all on a consolidated basis, for the year then ended.
- The accounting records kept by the Parent and the rest of the entities comprising the Group. However, given that the accounting principles and measurement criteria used to prepare the Group's annual consolidated financial statements may differ from those used by the Group entities (local GAAP), the appropriate adjustments and reclassifications have been made upon consolidation in order to ensure the application of uniform principles and criteria and bring them in line with IFRS.

The Parent's directors prepared these annual consolidated financial statements on a going concern basis.

*2.2 Application of International Financial Reporting Standards (IFRS)*

The following mandatory standards and interpretations took effect in 2024, having been adopted by the European Union and, to the extent applicable, have been used by the Group in drawing up these annual consolidated financial statements:

(1) *New standards, amendments and interpretations mandatorily applicable during the year*

| New or amended standard or interpretation | Date of application in the EU |
|---|---|
| Presentation of financial statements: Classification of liabilities as current or non-current (Amendments to IAS 1) | 1 January 2024 |
| Lease liability in a sale and leaseback (Amendments to IFRS 16) | 1 January 2024 |
| Supplier finance agreements (Amendments to IAS 7 and IFRS 7) | 1 January 2024 |

Although the directors considered the new standards in drawing up these annual financial statements, they did not have a significant impact on them.

(2) *New standards, amendments and interpretations mandatorily applicable in annual periods subsequent to the annual period that began on 1 January 2024*

The Group intends to apply the new standards, interpretations and amendments issued by the IASB whose application is not mandatory in the European Union when they are effective, to the extent applicable to the Group. The Group is in the process of analysing their impact but estimates that their first-time application will not have a significant impact on its consolidated financial statements.

The standards due to take effect in the coming years include:

| New or amended standard or interpretation | Date of adoption by the EU | Date of application in the EU | Date of application by the IASB |
|---|---|---|---|
| (Lack of exchangeability) (Amendments to IAS 21) | 13 December 2024 | 1 January 2025 | 1 January 2025 |
| Financial instrument classification and measurement (Amendments to IFRS 9 and IFRS 7) | Pending | Pending | 1 January 2026 |
| Renewable electricity contracts (Amendments to IFRS 9 and IFRS 7) | Pending | Pending | 1 January 2026 |
| IFRS 18 - Presentation and disclosure in financial statements (Amendments to IAS 21) | Pending | Pending | 1 January 2027 |

*2.3 Functional currency*

The accompanying consolidated financial statements are presented in euros, which is the currency of the primary economic environment in which the Group operates. The financial statements of foreign operations are translated following the accounting policies outlined in note 2.6.

The equivalent amount in thousands of euros of the assets and liabilities of subsidiaries whose functional currency is not the euro at year-end 2024 and 2023, including intragroup balances that are eliminated in the consolidated statement of financial position, break down as follows:

| | Equivalent in thousands of euros | | | |
|---|---|---|---|---|
| | 31 Dec. 2024 | | 31 Dec. 2023 | |
| Currency | Assets | Liabilities | Assets | Liabilities |
| BRL | 4,130 | 3,958 | 3,297 | 2,821 |
| THB | 17,904 | 8,981 | 15,924 | 9,168 |
| USD | 543,572 | 222,185 | 456,220 | 217,070 |
| INR | 69,055 | 16,034 | 65,461 | 17,266 |
| NOK | 37,166 | 22,460 | 27,140 | 15,542 |
| AED | 6,637 | 1,947 | 6,156 | 1,826 |
| Other | 15,964 | 8,921 | 21,251 | 13,273 |
| Total | 694,428 | 284,485 | 595,449 | 276,966 |

*2.4 Responsibility for the information presented and significant estimates made*

The Parent's Board of Directors is responsible for the information included in these consolidated financial statements.

The Group's 2024 consolidated financial statements make use of estimates. The most significant estimates relate to:

The assumptions used to measure the Group's goodwill and its intangible assets with indefinite useful lives (notes 2.6 and 7).

The assumptions used to assess the recoverability of deferred tax assets (note 21).

The useful lives of intangible assets and property, plant and equipment (notes 7 and 8).

The assessment of possible asset impairment (notes 7, 8, 9 and 12).

The analysis of the net realisable value of inventories, assessment of inventory impairment on account of slow turnover and assessment of possible onerous contracts within the orderbook (notes 3.7 and 11).

The measurement of provisions for liabilities and charges and the probability of occurrence and amount of liabilities of uncertain amounts and/or contingent liabilities (notes 3.15 and 15).

Compliance with the covenants attached to some of the Group's borrowings (note 17).

Aspects related with the environment and climate change (note 28).

Although these estimates were made on the basis of the best information available regarding the facts analysed, future events could make it necessary to revise these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with IAS 8, recognising the effects of the change in estimates in the related consolidated statement of profit or loss. Given the uncertainty implicit in any forward-looking estimate in the current economic environment, actual performance may differ from that projected. The reader should take the significance of those estimates into account when interpreting the accompanying consolidated financial statements, most particularly in relation to the recoverable amounts of goodwill, intangible assets, property, plant and equipment and recognised deferred tax assets.

*2.5 Comparative information*

As required under IAS 1, these financial statements and notes provide comparative information in respect of the previous period.

In order to compare the consolidated financial statements for 2024 with those of 2023, the reader should consider the impact of the changes in the consolidation scope outlined in note 2.6.

*2.6 Basis of consolidation*

*Consolidation scope*

The accompanying annual consolidated financial statements comprise the Parent and the investees controlled by the latter. Control is defined as having power over an investee, exposure or rights to variable returns from its involvement with that investee and the ability to use its power to affect the investor's returns from its involvement with the investee.

The accompanying consolidated financial statements for the year ended 31 December 2024 were prepared from the separate accounting records as of the reporting date of Tubacex, S.A. (the Parent; note 1) and the subsidiaries itemised in the Appendix accompanying these notes. All of the Parent's subsidiaries have the same year-end except for the Indian subsidiaries, Tubacex Tubes and Pipes Pvt Ltd, Tubacex India Pvt Ltd and Tubacex Asia LLP, whose year-end is 31 March. The appropriate adjustments have been made for uniform reporting purposes as of 31 December.

The Group also has investments in associates that are scantly material in respect of these annual consolidated financial statements; those investments are recognised at cost within “Other financial assets” in the amount of 39 thousand euros (note 9).

*Changes in the consolidation scope in 2024*

The most significant changes to the consolidation scope in 2024 were as follows:

Mergers & acquisitions

Transaction with Mubadala Investment Company

On 1 November 2024, Tubacex agreed to sell a 49% interest in its oil country tubular tubes (OCTG) business to Mubadala Investment Company (“Mubadala”).

The size of the transaction, which has already been paid for by Mubadala, was USD 200 million, including the sum earmarked for investment in the CRA OCTG finishing and threading plant Tubacex is building in Abu Dhabi. This transaction did not have a significant impact on the accompanying consolidated statement of profit or loss as the affected investee continues to be accounted for using the full consolidation method. It did increase equity by 182 million euros, of which 55 million euros corresponds to non-controlling interests (note 14.9).

The addition of strategic partners capable of accelerating Tubacex’s business and growth is one of the goals of the NT2 Strategic Plan unveiled in November 2023.

This transaction consolidates Tubacex’s leadership of the global corrosion resistant alloy (CRA) OCTG market, focused on tubular solutions for the extraction of gas and the energy transition.

It also cements the Group’s position in the United Arab Emirates, where, thanks to the significant sales contract signed with that country’s top energy player, it is building a CRA OCTG finishing and threading plant. This plant will be the Group's third facility in the region. Lastly, this transaction will invigorate activity at the Group’s other facilities, including those located in Spain’s Basque region, and could imply new investments at those plants.

Promet transaction

Also in November 2024, the Group reached an agreement with the minority investor in Promet AS for the acquisition of its 34% interest in the latter in two phases between 2024 and 2025 for a total of 11,875 thousand euros. The sum of 5,574 thousand was paid in 2024 and the remaining 6,301 thousand euros to be paid before the end of the first half of 2025 has been recognised as a current liability in the accompanying statement of financial position.

TSS Northeast Asia CO., LTD

TSS Northeast Asia, LTD was incorporated on 4 March 2024 with 200 thousand euros of capital.

Tubacex Asia LLP

TSS Asia LLP was incorporated on 23 January 2024 with 11 thousand euros of capital (INR 1 million).

Tubacex Fertilizers and Chemicals SRL

Tubacex Fertilizers and Chemicals SRL was incorporated on 22 July 2024 with 10 thousand euros of capital.

Tubacex Premium Connections, S.L.

Tubacex Premium Connections, S.L. was incorporated on 28 June 2024 with 3 thousand euros of capital.

*Changes in the consolidation scope in 2023*

The most significant changes to the consolidation scope in 2023 were as follows:

NTS Saudi

Under the scope of a purchase agreement with the non-controlling shareholder signed in the first half of 2022, on 3 March 2023, the Group took a 100% ownership interest in NTS Saudi Co. Ltd., acquiring the 49% it did not already own on that date for 5,462 thousand euros. The effects of that transaction with non-controlling interests were recognised against Group equity in the amount of 595 thousand euros.

Tubacex Awaji Thailand, Ltd

Under the scope of a purchase agreement with the non-controlling shareholder signed in September 2023, the Group took a 100% ownership interest in Tubacex Awaji Thailand Limited, acquiring the 40% it did not already own on that date for 2,129 thousand euros. The effects of that transaction with non-controlling interests were recognised with a credit to Group equity in the amount of 505 thousand euros.

Tubacex Upstream Oil and Natural Gas Well Equipment Trading – Sole Proprietorship L.L.

On 9 January 2023, Tubacex Middle East Holding incorporated Tubacex Upstream Oil and Natural Gas Well Equipment Trading – Sole Proprietorship L.L. in the United Arab Emirates with initial capital of 13 thousand euros.

Tubacex Upstream Seamless Pipes

On 17 February 2023, Tubacex Upstream Oil and Natural Gas Well Equipment Trading – Sole Proprietorship L.L. incorporated Tubacex Upstream Seamless Pipes in the United Arab Emirates with initial capital of 65 thousand euros.

Steinvsik Production AS

On 8 March 2023, Group company PROMET AS acquired 80% of Steinvsik Production AS, of Norway, for 885 thousand euros. The net assets consolidated by the Group on the acquisition date amounted to 565 thousand euros.

Tubacex Service Solutions Asia PTE LTD

On 15 November 2023, Tubacex Service Solutions India Private Limited incorporated Tubacex Service Solutions Asia Pte. LTD. with initial capital of 17 thousand euros.

Tbx Newco Spain, Sociedad Limitada

Tubacex, S.A. incorporated Tbx Newco, Sociedad Limitada on 5 December 2023, with share capital of 3 thousand euros.

Tubacex Spain Assets, Sociedad Limitada

Tbx Newco, Sociedad Limitada incorporated Tbx Spain Assets, Sociedad Limitada, on 20 December 2023 with initial capital of 3 thousand euros.

*Consolidation methods*

*a) Subsidiaries*

Subsidiaries are all entities over which the Group has control.

The Group has control when it has:

- Power over an investee.
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of its returns.

The Group re-assesses whether or not it controls an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements of control itemised above.

When the Group holds less than the majority of voting rights in an investee, it still has power over that investee if the voting rights it holds are sufficient to give it the practical ability to direct its relevant activities unilaterally. The Group considers whether its voting rights are sufficient to give it power considering all of the relevant facts and circumstances, including:

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

The Group consolidates a subsidiary from when it obtains control and deconsolidates it when it ceases to have such control.

Profit or loss for the year and each component of other comprehensive income is attributed to the owners of the Parent and any non-controlling interests. The Group also attributes total comprehensive income to the owners of the Parent and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, appropriate adjustments are made to the subsidiaries' financial statements to ensure conformity with the Group's accounting policies.

All of the assets, liabilities, equity, income, expenses and cash flows related with transactions among Group companies are fully eliminated upon consolidation.

*b) Associates and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture (as opposed to a joint operation, as described in section c) below) is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are recognised in these consolidated financial statements using the equity method of consolidation. Under the equity method, on initial recognition, an investment in an associate or a joint venture is recognised at cost, and the carrying amount is subsequently increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which it qualifies as an associate or a joint venture.

Gains and losses resulting from upstream and downstream transactions between the Parent and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the unrelated investors' interests in the associate or joint venture.

The subsidiaries, associates and other related parties not consolidated in these financial statements for 2024 are Fundación EIC Energy Advanced Engineering, Coprosider, Hyvalue Tubacex IET, S.L., Hyvalue Gazteiz IET, S.L.U., Fundación Tubacex, Tubacex Asia LLP and Tubacex Fertilizers and Chemicals SRL, based on the Tubacex Group's belief that these investees are scantly material in relation to these annual consolidated financial statements as a whole and that their non-consolidation not does affect fair presentation. The assets and liabilities not consolidated are not material and the Group has not extended these companies any guarantees. These investees' registered offices and businesses are itemised in Appendix I, along with the Group's ownership interests.

*c) Joint operations and consortia*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When a Group company carries out its operations as part of a joint operation, the Group, as joint operator, recognises the following in relation to its interest in the joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

When a Group company enters into a transaction with a joint operation in which it is a joint operator, such as a purchase of assets, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. The Tubacex Group did not have any interests in joint operations at 31 December 2024 or 2023.

*Business combinations*

A transaction or other event is a business combination when the assets acquired, and liabilities assumed constitute a business. The Group recognises each business combination using the acquisition method, which implies identifying the acquiror, determining the acquisition date, which is the date it obtains control over the acquiree, and the acquisition cost and recognising and measuring the identifiable assets acquired, liabilities assumed and any non-controlling interests in the acquiree and, lastly, recognising and measuring any goodwill or gain on a bargain purchase.

Acquisition costs are expensed in the year they are accrued and are not capitalised as part of the business acquisition.

Identifiable assets acquired and liabilities assumed are measured initially at their acquisition-date fair values. Non-controlling interests in the acquiree are measured transaction by transaction either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or at fair value.

In the case of business combinations achieved in stages, the acquirer remeasures its previously held investment to fair value on the date it obtains control, recognising the corresponding gain or loss in profit or loss.

Once control has been achieved, transactions whereby the Parent acquires further equity interests from non-controlling interests, or disposes of equity interests without losing control, are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

The Group recognises goodwill at the acquisition date at the positive difference between:

- the sum of: (i) the acquisition-date fair value of the consideration transferred; (ii) the amount of any non-controlling interest; and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- the net value of the identifiable assets acquired and liabilities assumed.

If that difference is negative, the Group proceeds to re-analyse all of the assets and liabilities to substantiate the existence of a bargain purchase, in which case the difference is recognised as a "Gain on a bargain purchase" in the consolidated statement of profit or loss.

*Translation of the financial statements of foreign operations*

The financial statements of foreign operations are translated into euros using the closing rate method, which consists of translating all assets, rights and obligations into euros using the exchange rate prevailing at the reporting date and the statement of profit or loss headings at the average rate for the year.

The difference between the amount of the foreign operation's equity translated at the historical exchange rate (except for profit or loss for the year, due to the method described above) and the equity value resulting from the translation of the assets, rights and obligations at the closing exchange rate is recognised in equity in the consolidated statement of financial position under "Translation differences", net of the differences attributable to non-controlling shareholders, which are recognised under "Equity - Non-controlling interests".

## 3. Accounting policies and measurement standards

The material measurement standards used by the Group to prepare the consolidated financial statements at 31 December 2024 and 2023 are as follows:

### *3.1 Intangible assets*

*Goodwill*

Goodwill is recognised when triggered by a business combination. Goodwill is allocated to each cash-generating unit (CGU) expected to benefit from the synergies generated by the business combination and is not amortised. The CGUs to which goodwill has been assigned are tested for impairment at least annually, using the methodology outlined in note 3.3, and are written down for impairment as required.

Goodwill impairment losses cannot be reversed in subsequent reporting periods.

*Greenhouse gas emission allowances*

Greenhouse gas emission allowances are recognised when the Group becomes entitled to receive them and are measured at cost when they are purchased from third parties, less accumulated impairment losses, if any. Allowances acquired free of charge or for substantially less than their fair value are recognised at fair value. The difference between that value and the amount of consideration delivered, if any, is recognised with a credit to government grants and included under "Deferred income".

That asset is recycled to profit or loss, specifically through "Other operating expenses", as a function of the allowances used as a percentage of total allowances contemplated for the entire period for which they have been allocated (note 23).

Emission allowances are not amortised. The Group derecognises emission allowances using the weighted average cost method.

*Other intangible assets*

The remaining intangible assets (mainly software and software developments) acquired by the Group are recognised in the statement of financial position at cost less amortisation and any accumulated impairment losses.

The Group has one trademark and an agreement with a strategic customer of one of its subsidiaries, IBF SpA, which were recognised at fair value in the context of the business combination completed in 2016 (note 7). The Parent's directors estimate that the trademark has an indefinite useful life. The trademark's carrying amount is tested for impairment at every year-end. The Group likewise assesses the status of the customer agreement at each reporting date.

Lastly, in the context of the business combinations completed in 2020 and 2019, the Group has recognised trademarks and intangible assets identified as "customer relationships" at fair value (note 7). The Parent's directors believe the trademarks have indefinite useful lives and tests them for impairment at each year-end or whenever it detects indications of impairment. The intangible assets associated with "customer relationships" are being amortised over the course of their useful lives which have been estimated at an average of 14 years for those recognised in 2019 and 10 years for those recognised in 2020.

*Research and development expenses*

The Group recognises any research costs incurred during the year in profit and loss. It only capitalises development costs when the following criteria are met:

- They are separately identifiable by project and their costs can be measured reliably.
- The Group can demonstrate the technical feasibility of completing the intangible asset and how it will generate probable future economic benefits.

Capitalised development costs are amortised on a straight-line basis over their useful life.

*Useful lives and amortisation*

Intangible assets with finite useful lives are amortised by allocating their depreciable amount on a systematic basis over their estimated useful lives, of between five and 10 years, using the straight-line method.

"Depreciable amount" is the cost of an asset, or other amount substituted for cost, less its residual value.

The Group reviews its intangible assets' residual values, useful lives and amortisation methods at each year-end.

### *3.2 Property, plant and equipment*

Items of property, plant and equipment are initially recognised at cost, adjusted, as warranted, for legally permitted asset revaluations, which, in keeping with IFRS, are considered part of the cost of such assets; they are subsequently deducted for accumulated depreciation and impairment losses, if any.

Cost likewise includes expenditure that is directly attributable to the acquisition of the items. The work needed to get an asset ready for use that the Group performs on its own assets is recognised at cost (self-constructed assets), which is external costs plus internal costs, determined on the basis of in-house consumption of warehouse materials, direct labour costs incurred and general manufacturing costs allocated based on throughput rates similar to those used to value inventories.

In 2024, the Group capitalised staff costs totalling 2,836 thousand euros, related mainly to hours worked by its engineers; that balance was recognised under "Self-constructed assets" (2023: 2,044 thousand euros). Of that sum, 1,915 thousand euros was recognised under "Intangible assets" (2023: 1,267 thousand euros) (note 7) and 921 thousand euros was recognised under "Property plant and equipment" (2023: 777 thousand euros) (note 8).

The cost of maintaining and repairing the various items of property, plant and equipment is expensed in the consolidated statement of profit or loss in the year incurred.  On the other hand, amounts spent to upgrade these assets that increase their capacity or efficiency or lengthen their useful lives are capitalised.

Items of property, plant and equipment are depreciated by systematically allocating their depreciable amount over the course of their useful lives. "Depreciable amount" is the cost of an asset, or other amount substituted for cost, less its residual value. The Group depreciates each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item separately.

The depreciation charges for the items comprising the Group's property, plant and equipment are determined on a straight-line basis over their estimated useful lives, as follows:

| | Estimated years of useful life |
|---|---|
| Buildings | 25 - 48 |
| Plant and machinery | 5 - 20 |
| Other fixtures, tools, furniture and other PP&E: | 5 - 10 |

The Parent’s directors review the residual values and useful lives of the Group’s various fixed assets periodically. Any changes in the initially established parameters are recognised as a change in accounting estimate. In 2024, the Group re-estimated the useful lives of certain assets, an exercise that did not have a significant impact on its financial statements.

In general, capitalised costs for items of property, plant and equipment that require more than one year to get ready for use - qualifying assets - include borrowing costs accrued prior to getting them ready when such expenses have been invoiced by the supplier or correspond to specific or generic loans or other external financing directly allocable to the acquisition or manufacture of the asset. The Group did not capitalise any borrowing costs within property, plant or equipment in 2024 or 2023.

The Group tests its property, plant and equipment for impairment and recognises any impairment losses (or reversals thereof) in accordance with the criteria outlined in note 3.3.

*Works of art*

The Group recognises the artwork it owns under this sub-heading; it values works of art at cost less any impairment losses determined on the basis of periodic appraisals performed by an independent expert.

Works of art are not depreciated as their useful lives are deemed unlimited and they do not lose value with the passage of time. Under applicable accounting rules, artwork with such characteristics only fits into the property, plant and equipment category.

### *3.3 Impairment of assets*

At each reporting date, the Tubacex Group tests its non-current assets for indications of impairment. In the event it detects an indication of impairment, it estimates the recoverable amount of the asset to determine the amount of the required impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use, the latter defined as the present value of the estimated future cash flows.

If the recoverable amount is lower than the asset’s carrying amount, the Group recognises the corresponding impairment loss at the difference under “Asset depreciation, amortisation and impairment” in the accompanying consolidated statement of profit or loss, writing down the amount of “Property, plant and equipment” or “Intangible assets”, as appropriate, in the consolidated statement of financial position.

Impairment losses recognised on an asset in prior years are reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised, increasing the carrying amount of the asset to its recoverable amount. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised. Goodwill impairment losses cannot be reversed.

### *3.4 Leases*

The Group assesses its lease agreements and recognises a right-of-use asset and associated lease liability for all lease agreements in which it acts as lessee, except for short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (less than 5,000 dollars).

Right-of-use assets are initially recognised at cost, calculated at the amount of outstanding lease payments discounted at a rate that reflects the lessee’s incremental borrowing cost, plus initial direct costs incurred and any asset dismantling or restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter of the useful life of the underlying asset or the lease term. If ownership is transferred to the lessee or it is virtually certain that the lessee will exercise a purchase option, the asset is depreciated over its useful life. The useful life of leasehold improvements that cannot be passed on may not exceed the remaining term of the lease. The weighted average term of the Group’s leases is four years in the case of buildings and properties and three years in the case of plant.

Lease liabilities are initially recognised at the present value of the outstanding lease payments at the commencement date. Those payments are discounted using the lessee’s incremental borrowing cost. Subsequently, the financial liability is restated by increasing its carrying amount on the basis of the finance cost recognised in “Finance costs” in the consolidated statement of profit or loss and reducing it by the amount of lease payments made.

Contingent rents subject to the occurrence of a specific event and variable payments that depend on the use of the underlying asset are recognised when incurred within external services in the consolidated statement of profit or loss and are not included as part of the lease liability.

### *3.5 Financial instruments*

*Financial assets*

The Group's financial assets are classified into the following categories on the basis of the contractual cash flow characteristics of the financial asset and the entity's business model for managing the financial assets:

a) Assets at amortised cost: financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes the Group's "Trade and other receivables", which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method. The Group recognises impairment losses at the amount of any differences between the amount of its accounts receivable it reasonably expects to recover and their carrying amount in accordance with the above measurement criteria. More specifically, the Group recognises provisions for these accounts receivable using the expected credit loss model (note 12).

b) Assets at fair value through other comprehensive income: financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income, impairment losses and exchange differences are recognised in profit or loss in the same way as for financial assets measured at amortised cost. All other changes in fair value are recognised in other comprehensive income and can be reclassified to profit or loss when the assets are sold.

The Group may irrevocably designate equity instruments that are not held for trading as financial assets at fair value through other comprehensive income. In such instances, amounts presented in other comprehensive income are not subsequently reclassified to profit or loss when the instruments are sold; only dividends are recognised in profit or loss.

c) Financial assets at fair value through profit or loss: all remaining financial assets are included in this category. They are initially recognised in the consolidated statement of financial position at the fair value of the consideration delivered plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

The Group recognises impairment losses at the amount of any differences between the amount of its accounts receivable it reasonably expects to recover and their carrying amount in accordance with the above measurement criteria.

The Group recognises impairment losses on receivables when the debtor is in arrears on its payments or ceases to be creditworthy following individual analysis of their collectible amounts. In 2024, the Group recognised impairment allowances against account receivable in the amount of 1,768 thousand euros and reverted 1,694 thousand euros of existing provisions (2023: additional allowances of 3,130 thousand euros and reversal of 1,206 thousand euros) (notes 12 and 23).

The Group derecognises financial assets when the contractual rights to the cash flows from the financial asset expire or are transferred, which implies transferring substantially all the risks and rewards of ownership of the financial asset; this is the case with firm asset sales; trade receivables discounting transactions in which it retains neither credit risk nor interest rate risk; sales of financial assets with an agreement to repurchase them at their fair value; and securitisations in which the transferring entity neither retains subordinated liability, grants any form of guarantee nor assumes any other type of risk.

At 31 December 2024, the Group had derecognised 104,905 thousand euros of trade receivables on that basis (year-end 2023: 112,221 thousand euros). At 31 December 2024, the Group had 31,677 thousand euros of receivables discounting facilities available for drawdown (year-end 2023: 29,464 thousand euros).

In contrast, the Group does not derecognise financial assets, but rather recognises a financial liability at an amount equal to the consideration received, in the transfer of financial assets in which it retains substantially all the risks and rewards incidental to ownership, such as discounted bills, recourse discounting, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitisations of financial assets in which the transferor retains subordinated liability or grants other types of guarantees which would substantially absorb all possible losses. At 31 December 2024, the Group had transferred assets yet retained substantially all the risks and rewards of their ownership in the amount of 19,039 thousand euros (year-end 2023: 27,046 thousand euros) (note 17).

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other highly liquid short-term investments whose value is not subject to significant risks. Cash equivalents include investments with original maturities of three months or less.

*Trade and other payables*

Accounts payable are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method.

*Bank borrowings and other financial liabilities*

Bank borrowings and other financial liabilities are initially recognised at the amount received, net of incurred transaction costs, i.e., the equivalent of subsequent application of the amortised cost model using the effective interest rate. Finance costs are recognised on an accrual basis in the consolidated statement of profit or loss using the effective interest rate method and are added to the carrying amount of the financial instrument to the extent they are not settled in the year in which they accrue (note 17).

*Derivative financial instruments*

The Group uses derivatives to hedge the risks to which its activities, operations and projected cash flows expose it. The main risks derive from exposure to changes in exchange rates and interest rates.

For those instruments to qualify for hedge accounting they have to be designated as hedges from the outset and the hedging relationship must be documented in detail. Hedge effectiveness must be verified initially and regularly over the life of the hedging relationship.

The fair values of certain derivative instruments used for hedging purposes are disclosed in note 10. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities, as appropriate.

The Group arranges cash flow hedges.

At the inception of the hedge, the Group formally designates and documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. Hedge accounting is only used if at the inception of the hedge and in subsequent periods the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective testing) and those expectations are realised within a certain range (retrospective testing).

For cash flow hedges of forecast transactions, the Group evaluates whether those transactions are highly probable and present an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group only designates assets, liabilities, firm commitments or highly probable forecast transactions that involve a party external to the Group as hedged items.

It defers the fair value measurement gains or losses on hedging instruments corresponding the portion of the hedge determined to be effective in equity. The ineffective portion of the hedging relationship, and the specific component of the gain or loss or related cash flows on the hedging instrument that is excluded from the assessment of the hedging relationship (excluded components), are recognised with a charge or credit to finance costs and finance income in profit and loss.

When hedge accounting is discontinued, any cumulative loss or gain existing at that time in “Valuation adjustments - Hedging transactions” is kept in equity until the hedged transaction occurs, at which time the loss or gain on the transaction is recycled. If a forecast transaction is no longer expected to occur, the gain or loss that was recognised in equity is transferred immediately to the consolidated statement of profit or loss.

### *3.6 Own shares*

The own shares held by the Group at year-end 2024 are recognised at cost and are presented as a reduction in equity under “Equity - Capital and reserves” in the consolidated statement of financial position balance in the amount of 10,792 thousand euros (year-end 2023: 11,674 thousand euros) (note 14.5).

### *3.7 Inventories*

Inventories are carried at the lower of cost, which comprises all costs of purchase, costs of conversion and other direct and indirect costs incurred in bringing the inventories to their present location and condition, and their net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group uses the following criteria to determine cost for each class of inventories:

1. Goods for resale: At cost of purchase, determined using the weighted average cost method.

2. Raw materials and goods held for conversion: At weighted average cost.

3. Work in progress and finished goods: At the weighted average cost of the raw materials and other consumables used, including costs directly related with the units produced and a portion of the fixed and variable production overheads incurred during the conversion period, calculated on a systematic basis.

The costs of underutilisation are not included in the measurement of inventories.

The carrying amount of inventories is written down for impairment when their cost exceeds their net realisable value. For impairment testing purposes, net realisable value is calculated as follows:

- Raw materials and goods held for conversion: replacement price. Notwithstanding the foregoing, the Group does not recognise an impairment allowance if it expects that the finished products in which the impaired raw materials and other supplies will be sold at an amount equivalent to or higher than their cost of production.

- Goods held for resale and finished products: the estimated sale price less the costs necessary to make the sale.

- Work in progress: the estimated sale price of the corresponding finished products, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory impairment losses and the reversal thereof are recognised in the consolidated statement of profit or loss under "Changes in inventories of finished goods and work in progress" and "Cost of sales".

### *3.8 Foreign currency transactions and other commitments*

The assets and liabilities of foreign operations have been translated into euros following the procedure outlined in note 2.6. All other non-monetary assets and liabilities denominated in foreign currency have been translated at the exchange rates prevailing at each reporting date, with the differences between the amounts translated at the exchange rate used for accounting purposes and the closing rates recognised as exchange gains or losses, as appropriate. Foreign currency transactions in which the Tubacex Group has decided to mitigate the foreign currency risk through the use of derivatives are accounted for using the criteria outlined in note 3.5.

### *3.9 Distinction between current and non-current liabilities*

Liabilities are classified in accordance with their maturities as at year-end in the accompanying consolidated statement of financial position. Current liabilities are those maturing within 12 months of the reporting date; all other liabilities are classified as non-current.

### *3.10 Government grants*

The grants received by the Group companies are accounted for as follows:

1) Non-repayable grants, donations and bequests received: Grants are measured at the fair value of the amount or asset awarded, depending on whether or not the grant is a monetary grant, and are recognised in profit or loss over the periods and in the proportions in which depreciation expense on the related depreciable assets is recognised or, when applicable, when the asset is derecognised or written down for impairment.

2) Repayable grants: These grants are accounted for as liabilities as long as they qualify for repayment.

3) Grants related to income: These grants are credited to the statement of profit or loss when awarded unless they are earmarked to offset future operating losses, in which case they are recognised in the years the losses are realised. If they are granted to finance specific expenses, they are recognised in profit or loss in the same period as the related expenses.

Elsewhere, grants, donations and bequests received from shareholders or owners do not constitute income and must be recognised directly in equity, regardless of the type of grant extended, so long as they are not repayable.

### *3.11 Employee commitments*

*Pension obligations*

The Group has assumed certain commitments to its employees which qualify for classification as defined benefit plans. A portion of those commitments was covered in prior years by taking out an insurance policy with a single premium. At 31 December 2024, those commitments were measured at 4,426 thousand euros (year-end 2023: 4,322 thousand euros) and are recognised under "Non-current liabilities - Employee benefits" in the accompanying statement of financial position (note 20).

*Other long-term employee benefits*

In May 2019, the Parent's shareholders agreed, in general meeting, an incentive plan (in addition to the share-based payments outlined in notes 3.12 and 14.6), payable in 2024, for the members of the Tubacex Group's senior management team and its CEO, payment of which will depend on value generation by the Group, measured as a function of certain metrics, including EBITDA, net debt and dividend payments. That incentive was paid out in 2024.

In addition, due to the commitments assumed by certain subsidiaries with their employees, the Group has to pay long-service bonuses upon retirement and other benefits agreed with those employees whose disbursement takes place more than 12 months from the end of the year in which they accrue.

### *3.12 Share-based payments*

The Group recognises, on the one hand, the goods and services received as an asset or expense, depending on their nature, at the time they are received and the corresponding increase in equity, if the transaction is settled using equity instruments, or the corresponding liability, if it is settled in an amount that is based on the value of the equity instruments, on the other.

In the case of equity-settled share-based transactions, both the services provided and the related increase in equity are measured at the fair value of the equity instruments granted with reference to the date of their grant. If, on the other hand, they are settled in cash, the goods and services received and the corresponding liability are recognised at the fair value of the latter, with reference to the date on which the vesting conditions are met.

In the case of equity-settled share-based payments, the fair value is charged equally over the vesting period to "Employee benefits expense" in the consolidated statement of profit or loss and credited to "Other equity instruments" in the consolidated statement of financial position (note 14.6) as a function of the Group's best estimate of how many shares will ultimately vest.

Fair value is based on market prices available at the measurement date, taking into account the characteristics of the instrument. In the absence of market prices, generally accepted valuation techniques are used to measure financial instruments of this kind (note 14.6).

### *3.13 Termination benefits*

Under prevailing labour law, the Group is obliged to pay severance to employees who are discontinued under certain circumstances. Termination benefits that can be reasonably estimated are recognised as an expense in the year in which the redundancy decision is taken.

### *3.14 Income tax*

On 26 December 2013, the Parent and certain subsidiaries domiciled in the Basque region notified the Alava tax authorities of their intention to file their income tax under the tax consolidation regime from the year that began on 1 January 2014, as provided for in Provincial Law 37/2013 (of 13 December 2013). Tubacex, S.A. is the parent of the resulting Tax Group (note 21).

The companies included in that tax regime apply the accounting criteria contemplated in the Resolution published by Spain's Audit and Accounting Institute - ICAC in Spanish - on 9 February 2016 addressing how to treat tax consolidation for accounting purposes (note 21).

The rest of the Group's subsidiaries file their corporate income tax on an individual basis in keeping with the regimes applicable in their respective jurisdictions.

The income tax expense of Spanish companies and consolidated foreign entities is recognised in the consolidated statement of profit or loss, except when it relates to transactions recognised directly in equity, in which case the related tax expense is likewise recognised in equity.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any eligible tax credits, plus any changes during the year in recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities include taxable and deductible temporary differences between the carrying amount of an asset or liability and its tax base, and the carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability settled.

Deferred tax liabilities are recognised for all temporary differences except, in general, if the temporary difference derives from the initial recognition of goodwill. Deferred tax assets are recognised for unused tax losses, unused tax credits and temporary differences only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As prescribed in IFRS, deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, respectively.

### 3.15 Provisions and contingencies

In drawing up the annual consolidated financial statements, the Parent's directors distinguish between:

- Provisions: liabilities recognised to cover a present obligation arising from past events, of uncertain timing and/or amount, settlement of which is expected to result in an outflow of resources embodying economic benefits.
- Contingent liabilities: a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

The consolidated financial statements recognise all provisions in respect of which it is considered more likely than not that a present obligation exists. Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the accompanying notes, unless the possibility of an outflow of resources embodying economic benefits is considered remote.

The compensation to be received from a third party when an obligation is settled is recognised as a separate asset so long as it is virtually certain that the reimbursement will be received, unless the risk has been contractually externalised so that the Group is legally exempt from having to settle, in which case the reimbursement is taken into consideration in estimating the amount of the provision, if any.

*Provision for GHG emission allowances*

Expenses derived from greenhouse gas emissions are recognised on a systematic basis by crediting the provision for emission allowances, which is reversed when the corresponding allowances (awarded free of charge by the authorities or purchased in the market) are delivered.

The provision is estimated assuming that the obligation will be cancelled:

- Firstly, using the allowances assigned to the Group in the national allowances registry as per a national allocation plan. The expense corresponding to this portion of the liability is determined as a function of the carrying amount of the allowances transferred.
- Subsequently, by using the rest of the allowances on record. The expense corresponding to this portion of the liability is determined using the average price or weighted average cost of those allowances.
- Given that the Group has sufficient allowances, it has not had to recognise any additional provisions to reflect the need to acquire further allowances.

### 3.16 Revenue recognition

Revenue from sales and the performance of services is measured at the fair value of the assets or rights received as consideration for the goods and services provided in the normal course of the Group companies' business, net of discounts and applicable taxes.

*Sale of goods*

The Group recognises revenue from sales when it has transferred the significant risks and rewards of ownership of the goods to the buyer. The Group believes it retains control over the goods it sells until they are delivered, at which point it deems it probable that it will receive the corresponding revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

*The transaction price*

The objective when allocating the transaction price is to allocate it to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services.

Subsequent to identification of the performance obligations in the contract with the customer, the Group allocates the price to the respective obligations. In general, the Group's contracts with customers contain a single performance obligation. As a result, the contract price is generally allocated to a single performance obligation.

*Variable consideration*

The Group's contracts with customers do not contain significant amounts of variable consideration (other than possible payments under contract penalty clauses).

*Warranties*

Warranties in relation to the Group's sales cannot be purchased separately. Accordingly, the Group recognises sales warranties as prescribed in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The Group does not give warranties additional to the assurance warranties it is legally required to offer that, under IFRS 15, could constitute service-type warranties that would have to be treated as a separate performance obligation.

*Collection period*

The Group's sales do not contain a significant financing component. Customers are generally required to pay, on average, 30 to 90 days after invoicing, as set down in the contract terms and conditions. In general, invoices are issued shortly after the goods are delivered.

### *3.17 Environmental disclosures*

The Group recognises capital expenditure of an environmental nature at acquisition or production cost net of accumulated depreciation, classifying such assets in the corresponding heading of property, plant and equipment (notes 8 and 28).

Expenses incurred to comply with applicable environmental legislation are classified by their nature under "Other operating expenses" in the accompanying consolidated statement of profit or loss (note 28).

Expenses incurred with respect to greenhouse gas emissions (Law 1/2005 of 9 March 2005) are recognised at their fair value or at the cost of the allowances allocated or purchased as those gases are emitted in the course of the productive process with a credit to the corresponding provision account.

### *3.18 Consolidated statement of cash flows*

The consolidated statement of cash flows was prepared using the indirect method and the following definitions:

- Cash flows. Inflows and outflows of cash and cash equivalents, the latter understood as short-term, highly liquid investments which are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities. The acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- Financing activities. Activities that result in changes in the size and composition of equity and borrowings that are not operating activities.

The Group classifies cash flows corresponding to interest received within investing activities and those corresponding to interest paid within financing activities. Dividends paid are classified within financing activities.

### *3.19 Earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year (not including the average number of Parent shares held as treasury stock).

Diluted earnings per share, meanwhile, is calculated by dividing the net profit attributable to the equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

### *3.20 Related party transactions*

The Group carries out all transactions with related parties at transfer prices that meet the OECD's rules governing transactions with group companies and associates. As a result, the Parent's directors do not believe there is a significant risk of material related liabilities not provided for.

## 4. Appropriation of the Parent's profit/(loss)

The Parent's directors have resolved to submit the following appropriation of the Parent's profit for the year for approval at the upcoming Annual General Meeting (€ 000):

| | 2024 |
|---|---|
| To: Dividends | 25,000 |
| To: Retained earnings (prior-year losses) | 22,521 |
| To: Reserves | 16,888 |
| Total | 64,409 |

## 5. Financial risk management policy

In 2023, the Board of Directors of Tubacex, S.A. updated its general risk and control policy, which it has duly published on the Company's website. That policy includes the basic principles and general framework for managing and controlling the risks of all classes to which the Tubacex Group is exposed.

That policy identifies the key risk factors, noting that their significance could change depending on business conditions and developments, specifically itemising 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 risk

f) Strategy and innovation risks

g) Regulatory and political risks

h) Reputation risks

The Tubacex Group's activities expose it to various types of financial risks that are categorised within market risk. The most significant of those risks are: commodity and energy price risk, credit risk, liquidity risk, foreign exchange risk, cash flow interest rate risk and fair value interest rate risk.

The current climate of global financial market volatility, coupled with the scale of the Tubacex Group, expose the Group to potentially destabilising, exogenous financial risks that require specific control mechanisms.

The Group’s financial risk management tasks are based on identifying, analysing and monitoring the types of market fluctuations that could affect its business and earnings performance. The goal is to define systematic measurement, control and monitoring processes to minimise potential adverse consequences and structurally reduce earnings volatility. To address certain risks, the Group uses or may use financial instruments.

Below is an account of the most significant financial risks:

*a. Commodity and energy price risk*

One of the key aims of the Group’s business plan is to reduce the impact of commodity and energy price volatility on its earnings; to minimise that exposure, the Group’s management meticulously monitors working capital positions as a function of timing milestones in the productive and invoicing processes.

In the event sales orders are negotiated at variable prices, the commodity price risk factor is significantly offset by the implicit hedge implied by the application of the alloy surcharge, which the Group passes on to its customers in its sales prices, so achieving a highly efficient natural hedge.

As for its energy purchases, the Group has a number of mechanisms for mitigating market variability, such as the intense market volatility encountered in 2023 and 2024. Specifically, the Tubacex Group has locked in long-term agreements for the supply of electricity and gas that ensure it procures energy generated from renewable sources, while minimising exposure to market volatility, so enabling the Group to ensure transformation cost stability for its long-term contracts. As at 1 January 2025, the Tubacex Group had offtake agreements to 2026 for the purchase of 178 GWh of electricity and 122 GWh of natural gas, which it will recognise in the consolidated statement of profit or loss as it consumes the energy so purchased.

In the case of sales orders negotiated at fixed prices, the Group relies on commodity price futures contracts with maturities selected to match the scheduled start of production of each order with the aim of locking in the margins targeted at the time of agreeing the sale.

At 31 December 2024, had nickel prices been 10% higher or lower, the Group’s cost of sales would have been approximately 7,032 thousand higher or lower, respectively (2023: approximately 9,513 thousand euros), albeit mitigated by the impact of the alloy surcharge added to sales prices.

Moreover, if the prices of commodities as a whole had been 10% higher or lower, the Group’s cost of sales would have been approximately 18,279 thousand euros higher or lower, respectively (2023: approximately 24,463 thousand euros).

Elsewhere, oil prices have an indirect effect on the Group’s earnings which is not possible to quantify. The reason for that effect is the correlation between crude prices and a reduction in orders in the oil & gas segment, to which the Group sells its highest value-added products. The Group’s business plan specifically pursues strategic objectives such as increased value chain reach and product and geographic diversification with the aim of mitigating exposure to oil prices and *ad-hoc* macroeconomic situations in different markets.

*b. Credit risk*

The Group's exposure to credit risk is not significantly concentrated. To address credit risk on its accounts receivable, the Group takes a conservative approach, arranging credit insurance to cover sales to customers with lower credit ratings.

It only arranges derivatives and spot transactions with financial institutions with high credit ratings. The Group's risk management policies limit exposure to individual financial institutions. At 31 December 2024, the Group's exposure to credit risk was limited mainly to the credit presented under "Trade and other receivables", with a gross carrying amount at year-end of 85,014 thousand euros (year-end 2023: 82,550 thousand euros). The Group has written 8,405 thousand euros of those receivables down for impairment (year-end 2023: 8,331 thousand euros) (note 12). In addition, the balance of receivables that were past due at 31 December 2024 amounted to approximately 9,600 thousand euros (year-end 2023: 9,875 thousand euros). Most of those receivables are past due by less than two months and the Group does not consider them non-performing as ordinary business developments can sometimes cause collection days that are not attributable to borrower solvency risk.

*c. Liquidity risk*

The Group takes a prudent approach to liquidity risk management, securing funding with long-term maturities on attractive terms and conditions, credit facilities with generous limits, some of which are not drawn down, for short-term funding purposes, receivables discounting facilities to front-load customer collections and reverse factoring agreements to facilitate supplier payments, all of which framed by a strategy of diversifying the Group's sources of financing, which include a variety of financial institutions, public institutions, the European Investment Bank, Spain's official credit institute (ICO) and the capital markets (the alternative fixed-income exchange, known as MARF) (notes 17 and 18). The combination of all these mechanisms provides the Tubacex Group with a good liquidity buffer.

The Parent's directors do not expect to encounter liquidity tensions in the short term.

*d. Currency risk*

The Group operates internationally and is exposed to foreign exchange risk on transactions denominated in foreign currency, especially in US dollars and Indian rupees. Foreign exchange risk arises from future commercial transactions (purchases of commodities and sales of products in foreign currencies), recognised assets and liabilities and net investments in foreign operations.

At 31 December 2024, had the euro been 5% weaker against the US dollar, all other variables remaining constant, the Group's after-tax profit would have been 7,565 thousand euros lower (2023: lower by 9,062 thousand euros), without considering the impact of the Group's hedging policy.

To manage the foreign currency risk deriving from future commodity purchases and product sales and recognised assets and liabilities, the Group companies use forward currency sale and purchase contracts with matching maturities, which it negotiates with its banks. Foreign exchange risk arises when future transactions and recognised assets and liabilities are denominated in a currency other than the functional currency. The Group's finance department is responsible for managing the net position in each foreign currency using external foreign exchange forward contracts. Note 10 itemises the forward currency purchase and sale agreements outstanding at 31 December 2024 and 2023.

For financial reporting purposes, the Group's management designates external forward currency agreements as foreign currency risk hedges on certain assets, liabilities or future transactions.

The Group has several investments in foreign operations whose net assets are exposed to foreign currency translation risk, mainly in US dollars and Indian rupees. At 31 December 2024, the Group had 321,387 euros of net assets denominated in dollars (year-end 2023: 239,150 thousand euros) and 53,021 thousand euros of net asset denominated in Indian rupees (year-end 2023: 48,195 thousand euros) (note 2.3).

*e. Cash flow interest rate risk and fair value interest rate risk*

The Group's interest rate risk stems from its current and non-current borrowings. Borrowings issued at floating rates of interest expose the Group to cash flow interest rate risk. The Group hedges its exposure to this risk factor mainly by arranging interest rate swaps (note 10). The Group's fixed-rate borrowings expose it to fair value interest rate risk.

The Group's current and non-current interest-bearing loans and other liabilities stood at 491,411 thousand euros at 31 December 2024 (year-end 2023: 459,718 thousand euros). In 2024, short-term bank financing averaged approximately 126 million euros (2023: approximately 124 million euros). Considering the balance drawn down, an increase or decrease of 5% in market interest rates would have decreased or increased profit before tax by 1,809 thousand euros, respectively (2023: 1,561 thousand euros). The Group also has other financial liabilities totalling 36,958 thousand euros (year-end 2023: 48,987 thousand euros).

Since the Group does not hold significant amounts of interest-earning assets, the income and cash flows generated by its operating activities are mostly protected from fluctuations in market interest rates.

<u>Fair value hierarchy disclosures</u>

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Upon initial recognition, the fair value of the derivatives arranged by the Group is equivalent to their transaction price in the principal market (retail market).

For financial reporting purposes, the Group classifies its fair value measurements into levels 1, 2 or 3 depending on the extent to which the inputs used are observable and the significance of the various inputs to the overall fair value measurement, as outlined next:

- Level 1 – The inputs are based on quoted prices (unadjusted) in active markets for an identical instrument.

- Level 2 – The inputs are based on quoted prices in active markets for a similar instrument (other than level 1), quoted prices for identical or similar instruments in markets that are not active and valuation techniques for which all the significant inputs are observable in the market or can be corroborated using market-observable data.

- Level 3 – The inputs are not generally observable and reflect, in general, assumptions and estimates to determine the price of an asset or liability. The non-observable data used in the valuation models are significant with respect to the fair values of the assets and liabilities.

The Group believes that most of the inputs used to determine the fair value of its derivative financial instruments are level 2 inputs, including the data used to calculate the own and counterparty credit risk adjustments. Although the Group has made that determination, the credit risk adjustments use level 3 inputs, namely direct or comparable company credit ratings, to determine own credit risk and counterparty credit risk, which in turn determine the probability of default.

*Climate risk factors*

The Tubacex Group has incorporated climate and transition risks into its global risk model. It assesses its climate risks in accordance with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD), evaluating its physical risks (acute and chronic) as a result of the effects of climate change on its activities separately from transition risks deriving from the economy's transition to a low carbon model.

The risks are analysed over three different time horizons - short term (2025), medium term (2030) and long term (2050) - identifying their possible sources and assessing their probability of occurrence, the potential impact on the Group's business and when they are likely to materialise.

To assess transition risks, the Group based its analysis on the IEA scenarios (the Announced Pledges Scenario (APS); the Stated Policies Scenario (STEPS); the sustainable development scenario (SDS); and the Net Zero Emissions by 2050 Scenario (NZE)), as well as its own models and estimates for the outlook for non-energy sector. For physical risk measurement purposes, it used the RCP 4.5 and 8.5 emissions scenarios. For more detailed information about the Group's risks and its approach to managing them, refer to section 2.1.4 of its Sustainability Report.

*Geopolitical factors*

In 2024 and 2023, none of the ongoing geopolitical conflicts, including those in Ukraine and the Middle East, had a significant impact on the Group's business. Nor did the economic fallout from those conflicts affect the accompanying financial statements.

In 2024, the Group updated its corporate risk map, aligning its risk assessment scales (probability and impact) for climate risks to the extent possible. It also quantified certain exposures and renewed ISO 31000 certification.

## 6. Segment reporting

### *6.1 Segment reporting criteria*

The Group is internally organised around operating segments, as detailed below, which coincide with its core business units. The core business units sell different products and services and are managed separately since they rely on different technology and market strategies.

For more information about the Group's product portfolio, business markets and general sales terms and conditions, please refer to its corporate website.

### *6.2 Segment reporting – Basis and methodology*

Segment performance is measured on the basis of earnings before tax. Segment profit is the performance measure used as the Group believes it is the most relevant to assessing certain segments' performance in relation to other players operating in the same businesses.

In keeping with the segment reporting rules prescribed in IFRS 8 *Operating Segments*, the Tubacex Group has defined two business units as operating segments, based on the conclusion that their organisational and management structures and their internal reporting systems (to the board and executive teams) are such that their risks and performance are predominantly influenced by the fact of operating in one or other business area, the latter understood as the universe of related products and services. The segment criteria applied pinpoint the identifiable components of the Tubacex Group that are characterised as being exposed to risk factors and performance drivers that are unique with respect to those of other business units which operate in different environments.

Against that backdrop, underpinned by its historical experience, in 2024, the Group identified the following segments:

- Seamless stainless steel tubing

- Specialty steels, components and other

The attendant operating segment disclosures are provided below:

| 2024 | Specialty steels, components and other | Seamless stainless steel tubing | TOTAL |
|---|---|---|---|
| Segment assets | 668,455 | 664,255 | 1,332,710 |
| Total segment assets | 668,455 | 664,255 | 1,332,710 |
| Capital expenditure | 53,114 | 29,012 | 82,126 |
| Total segment liabilities | 198,242 | 652,318 | 850,560 |
| Total segment revenue | 450,019 | 317,522 | 767,541 |
| Inter-segment transactions | (30,542) | 30,542 | - |
| Changes in inventories | 11,468 | (7,472) | 3,996 |
| Cost of sales and other expenses | (370,555) | (293,992) | (664,547) |
| Depreciation, amortisation and impairment | (19,935) | (23,532) | (43,467) |
| Operating profit/(loss) | 40,455 | 23,068 | 63,523 |
| Finance income | - | - | 1,338 |
| Finance costs | - | - | (37,527) |
| Exchange gains/(losses) | - | - | 2,668 |
| Segment profit/(loss) before tax | 40,455 | 23,068 | 30,002 |

| 2023 | Specialty steels, components and other | Seamless stainless steel tubing | TOTAL |
|---|---|---|---|
| Segment assets | 498,188 | 713,268 | 1,211,456 |
| Total segment assets | 498,188 | 713,268 | 1,211,456 |
| Capital expenditure | 63,613 | 11,800 | 75,413 |
| Total segment liabilities | 325,529 | 592,291 | 917,820 |
| Total segment revenue | 551,958 | 300,434 | 852,392 |
| Inter-segment transactions | (30,621) | 30,621 | - |
| Changes in inventories | 3,585 | 7,678 | 11,263 |
| Cost of sales and other expenses | (446,337) | (292,088) | (738,425) |
| Depreciation, amortisation and impairment | (19,212) | (25,279) | (44,491) |
| Operating profit/(loss) | 59,373 | 21,366 | 80,739 |
| Finance income | - | - | 1,950 |
| Finance costs | - | - | (33,163) |
| Exchange gains/(losses) | - | - | 54 |
| Segment profit/(loss) before tax | 59,373 | 21,366 | 49,580 |

The operating segments are managed globally, as the Group does business worldwide; its main markets are Europe, the US, United Arab Emirates and India. Within Europe, it most important markets are Spain, Germany, Austria, France, Italy, Norway, Netherlands and the UK (note 2.6).

For geographical segment disclosure purposes, revenue is based on the geographical location of the customer, while the segment asset breakdown is based on the physical location of the assets.

The geographical segment disclosures are provided below:

a) The breakdown of revenue by geographical area in 2024 and 2023 (€ 000):

| Geographical area | 2024 | % | 2023 | % |
|---|---|---|---|---|
| Spain | 29,986 | 4% | 27,593 | 3% |
| Germany | 33,684 | 4% | 76,087 | 9% |
| Italy | 73,989 | 10% | 55,834 | 7% |
| Norway | 110,526 | 14% | 52,659 | 6% |
| UK | 71,225 | 9% | 67,978 | 8% |
| France | 26,956 | 4% | 33,405 | 4% |
| Netherlands | 11,642 | 2% | 16,573 | 2% |
| Austria | 18,470 | 2% | 21,343 | 3% |
| Rest of Europe | 20,201 | 3% | 30,569 | 4% |
| United Arab Emirates | 36,732 | 5% | 39,236 | 5% |
| US | 134,781 | 18% | 202,699 | 24% |
| Brazil | 30,687 | 4% | 120,933 | 14% |
| India | 35,241 | 5% | 22,363 | 3% |
| China | 34,380 | 4% | 29,807 | 3% |
| Singapore | 26,250 | 3% | 5,301 | 1% |
| Other | 72,791 | 9% | 50,012 | 6% |
| Total revenue | 767,541 | 100% | 852,392 | 100% |

b) The breakdown of net investments in non-current assets by geographical area at year-end 2024 and 2023 (€ 000):

| Geographical area | 2024 | % | 2023 | % |
|---|---|---|---|---|
| Spain | 170,339 | 30% | 164,202 | 32% |
| Norway | 10,923 | 2% | 11,726 | 2% |
| Rest of Europe | 120,710 | 22% | 123,888 | 24% |
| India | 27,162 | 5% | 25,625 | 5% |
| US | 91,227 | 16% | 83,641 | 16% |
| Thailand | 3,505 | 1% | 3,576 | 1% |
| Brazil | 589 | 0% | 1,216 | 0% |
| United Arab Emirates | 114,148 | 20% | 82,019 | 16% |
| Saudi Arabia | 6,393 | 1% | 6,354 | 1% |
| Singapore | 3,938 | 1% | 4,209 | 1% |
| Canada | 10,248 | 2% | 11,469 | 2% |
| Kazakhstan | 307 | 0% | 369 | 0% |
| Total non-current assets | 559,489 | 100% | 518,294 | 100% |

## 7. Intangible assets

The reconciliation of the carrying amounts of the various items comprising intangible assets at the beginning and end of 2024 and 2023 (€ 000):

| | Goodwill | Other intangible assets | Greenhouse gas emission allowances | Total |
|---|---|---|---|---|
| Cost: | | | | |
| Cost at 1 Jan. 2023 | 26,306 | 165,648 | 1,551 | 193,505 |
| Additions | - | 6,471 | 86 | 6,557 |
| Amounts derecognised | - | (1,423) | - | (1,423) |
| Translation differences | (366) | - | - | (366) |
| Cost at 31 Dec. 2023 | 25,940 | 170,696 | 1,637 | 198,273 |
| Additions | - | 16,801 | 554 | 17,355 |
| Amounts derecognised | - | (10,652) | - | (10,652) |
| Translation differences | 246 | 589 | - | 835 |
| Cost at 31 December 2024 | 26,186 | 177,434 | 2,191 | 205,811 |
| Accumulated amortisation: | | | | |
| Accumulated amortisation at 1 Jan. 2023 | - | (53,747) | - | (53,747) |
| Additions | - | (7,538) | - | (7,538) |
| Amounts derecognised | - | 948 | - | 948 |
| Accumulated amortisation at 31 Dec. 2023 | - | (60,337) | - | (60,337) |
| Additions | - | (9,456) | - | (9,456) |
| Amounts derecognised | - | 7,046 | - | 7,046 |
| Translation differences | - | 36 | - | 36 |
| Accumulated amortisation at 31 Dec. 2024 | - | (62,711) | - | (62,711) |
| Accumulated impairment at 31 Dec. 2023 | (18,175) | (7,200) | - | (25,375) |
| Accumulated impairment at 31 Dec. 2024 | (18,175) | (7,200) | - | (25,375) |
| Carrying amount at 31 Dec. 2023 | 7,765 | 103,159 | 1,637 | 112,561 |
| Carrying amount at 31 Dec. 2024 | 8,011 | 107,523 | 2,191 | 117,725 |

The most significant additions recognised in 2024 and 2023 corresponded to the development of new products and software developments related with information processing at the factory level.

The Group was not contractually committed to the purchase of any intangible assets at either year-end.

At year-end 2024, the original cost of fully amortised intangible assets still in use, mainly software, was 39,275 euros (year-end 2023: 33,800 euros).

### *7.1 Goodwill*

Goodwill breaks down as follows:

2024:

| | 31 Dec. 2023 | Translation differences | 31 Dec. 2024 |
|---|---|---|---|
| Tubacex Tubes and Pipes Pvt Ltd | 7,665 | 246 | 7,911 |
| MIS | 100 | - | 100 |
| Total | 7,765 | 246 | 8,011 |

2023:

| | 31 Dec. 2022 | Translation differences | 31 Dec. 2023 |
|---|---|---|---|
| Tubacex Tubes and Pipes Pvt Ltd | 8,031 | (366) | 7,665 |
| MIS | 100 | - | 100 |
| Total | 8,131 | (366) | 7,765 |

Goodwill allocated to Tubacex Tubes and Pipes Pvt Ltd

In the wake of the acquisition in 2020 by the Indian subsidiary, Tubacex Tubes and Pipes Pvt Ltd, of the production line of Prakash Steelage Pvt Ltd for 2,091 million rupees, the Group recognised the difference between the price paid and the net assets acquired - 708 million rupees (10,008 thousand euros) - as goodwill. Due to translation differences, that balance stood at 7,911 thousand euros at 31 December 2024 (7,665 thousand euros at year-end 2023).

The recoverable amount of this CGU was determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The budgeted gross margin at the Indian subsidiary is based on management's expectations for the market's development. More specifically, the main valuation assumptions made by management include significant annual sales growth, an after-tax discount rate of 8.1% in 2024 and 2023 and a growth rate in perpetuity of 1.75% in 2024 and 2023, which is in line with the long-run growth rate observed in similar markets and geographies to those in which the CGU in question operates.

Based on the Group's estimates and projections, the projected net cash flows attributable to this CGU substantiate the carrying amount of the associated goodwill, which was accordingly not deemed impaired at 31 December 2024.

### *7.2 Other intangible assets*

*Intangible assets related with IBF*

In 2015, the Group recognised the fair value of assets derived from the acquisition of IBF, S.p.A. under "Other intangible assets", specifically a trademark with an indefinite useful life and an agreement with a strategic customer, which the Group carried at 11.7 million euros and 2.2 million euros, respectively, at both 31 December 2024 and 2023. Recognition of those assets triggered the recognition of a deferred tax liability in order to account for the transaction net of the corresponding tax effect (note 21) in the consolidated financial statements.

At year-end 2024, the Parent's directors tested the intangible asset corresponding to the IBF trademark for impairment. To measure its recoverable amount, they used the royalty-relief method, which consists of valuing the asset at the present value of the royalty income that could be generated by the trademark. The royalty income is discounted using a discount rate plus a premium to reflect the fact that the cash flows from the asset are subject to a higher degree of risk.

The main assumptions used to test the trademark for impairment:

- Sales projections based on financial budgets approved by management covering a four-year period.

- The directors projected sales for 2025 - 2028 based on their outlook for the market's development.

- They believe that in the long term the assumptions used when purchasing IBF, S.p.A. regarding the company's market potential have not changed.

- The royalty rate modelled was 0.89%, which is the same as that used by the independent expert when it conducted the purchase price allocation procedure (2023: 0.89%).

- The cash flows were discounted at 8% (2023: 9.7%).

Based on those tests, the Parent's directors concluded that at 31 December 2024, the IBF trademark was not impaired.

As for the intangible asset related with the agreement with the strategic customer, as noted above, that asset was recognised at the time of the business combination and is associated with nine orders that management expected to receive, which the Group recognised at 2.2 million euros at year-end 2024. The Group did not recognise any additional impairment losses in its consolidated statement of profit or loss in 2024 or 2023.

*NTS trademarks and customer relationships*

In 2019, following the acquisition of the NTS Group, the Group recognised trademarks and intangible assets associated with "Customer relationships" under "Other intangible assets" in the amounts of 10,617 and 41,799 thousand euros, respectively; the fair value of those assets was determined by an independent expert as part of the purchase price allocation process. Recognition of those assets triggered the recognition of a deferred tax liability in order to account for the transaction net of its tax effects.

As required under applicable accounting standards, the Group has tested the NTS trademark for impairment. The main assumptions used to test the trademarks for impairment:

- Sales projections for the next four years.

- The royalty rate modelled was 5% in both 2024 and 2023.

- The cash flows were discounted at rates of between 11.72% and 14.5% in 2024 (2023: between 14.15% and 15.4%).

At 31 December 2024, the carrying amount of the customer relationships stood at 29,263 thousand euros (year-end 2023: 31,587 thousand euros).

*Amega West trademarks and customer relationships*

As a result of the business combination completed in 2020, the Group recognised trademarks and intangible assets associated with “customer relationships” within “Other intangible assets” in the amounts of 8,767 and 7,864 thousand euros, respectively; the fair value of those assets was determined by an independent expert as part of the purchase price allocation process. It also recognised the corresponding deferred tax liability in order to account for the transaction net of its tax effects.

As required under applicable accounting standards, the Group has tested the NTS trademark for impairment. The main assumptions used to test the trademarks for impairment:

- Sales projections for the next five years.

- The royalty rate modelled in 2023 was 3% in 2024 and 2023.

- The cash flows were discounted at 17.2% in 2024 and 2023.

At 31 December 2024, the carrying amount of the customer relationships stood at 4,826 thousand euros (year-end 2023: 5,585 thousand euros).

*Norwegian Piping (TSS Norway) trademark*

As a result of the business combination completed in 2020, specifically the acquisition of TSS Norway (formerly, More Holdco AS), the Group recognised an intangible asset associated with the Norwegian Piping trademark in the amount of 5,063 thousand euros, along with the corresponding deferred tax liability in order to account for the transaction net of its tax effects.

As required under applicable accounting standards, the Group has tested the NTS trademark for impairment. The main assumptions used to test the trademarks for impairment:

- Sales projections for the next five years.

- The royalty rate modelled was 3% in both 2024 and 2023.

- The cash flows were discounted at 11.7% in 2024 (2023: 17.3%).

In the event that the discount rates modelled in the above-listed impairment tests were increased or decreased by 0.5% it would still not be necessary to recognise any impairment losses against those intangible assets.

## 8. Property, plant and equipment

The reconciliation of the carrying amounts of the various items comprising property, plant and equipment at the beginning and end of 2024 and 2023:

| | € 000 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Land | Buildings | Right-of-use assets - Land and buildings (note 3.4) | Plant and machinery | Right-of-use assets - Plant and machinery (note 3.4) | Other fixtures, tools, furniture and other PP&E: | Works of art (note 7) | Prepayments and PP&E in progress | Total |
| Cost | | | | | | | | | |
| Cost at 31 Dec. 2023 | 20,836 | 132,279 | 2,767 | 688,664 | 7,885 | 79,599 | 4,334 | 16,127 | 952,491 |
| Additions | - | 137 | 19,121 | 38,686 | 4,917 | 7,796 | - | 9,756 | 80,413 |
| Amounts derecognised | - | (11) | - | (7,257) | - | (3,436) | - | - | (10,704) |
| Transfers | - | 124 | - | 4,128 | - | 1,130 | - | (5,382) | - |
| Translation differences | - | - | - | (1,804) | - | (1,776) | - | - | (3,580) |
| Cost at 31 Dec. 2023 | 20,836 | 132,529 | 21,888 | 722,417 | 12,802 | 83,313 | 4,334 | 20,501 | 1,018,620 |
| Additions | 7 | 19,927 | 1,658 | 10,909 | - | 4,455 | - | 27,815 | 64,771 |
| Amounts derecognised | - | - | - | (1,375) | - | (2,398) | - | - | (3,773) |
| Transfers | - | 102 | - | 6,664 | - | 2,007 | - | (8,773) | - |
| Translation differences | - | 5,749 | - | 4,970 | - | 391 | - | 6 | 11,116 |
| Cost at 31 Dec. 2024 | 20,843 | 158,307 | 23,546 | 743,585 | 12,802 | 87,768 | 4,334 | 39,549 | 1,090,734 |
| Accumulated depreciation: | | | | | | | | | |
| Accumulated depreciation at 31 Dec. 2023 | - | (81,688) | (833) | (521,475) | (7,856) | (73,521) | - | - | (685,373) |
| Additions | - | (3,334) | (152) | (23,056) | - | (10,411) | - | - | (36,953) |
| Amounts derecognised | - | 11 | - | 7,257 | - | 3,436 | - | - | 10,704 |
| Accumulated depreciation at 31 Dec. 2023 | - | (85,011) | (985) | (537,274) | (7,856) | (80,496) | - | - | (711,622) |
| Additions | - | (2,508) | - | (22,038) | (192) | (9,273) | - | - | (34,011) |
| Amounts derecognised | - | - | - | 1,375 | - | 2,267 | - | - | 3,642 |
| Translation differences | - | (1,086) | - | (3,456) | - | (76) | - | - | (4,618) |
| Accumulated depreciation at 31 Dec. 2024 | - | (88,605) | (985) | (561,393) | (8,048) | (87,578) | - | - | (746,609) |
| Accumulated impairment at 31 Dec. 2023 | - | - | - | - | - | - | (328) | - | (328) |
| Accumulated impairment at 31 Dec. 2024 | - | - | - | - | - | - | (328) | - | (328) |
| Carrying amount at 31 Dec. 2023 | 20,836 | 47,518 | 20,903 | 185,143 | 4,946 | 2,817 | 4,006 | 20,501 | 306,670 |
| Carrying amount at 31 Dec. 2024 | 20,843 | 69,702 | 22,561 | 182,192 | 4,754 | 190 | 4,006 | 39,549 | 343,797 |

In 2024, the biggest investment related to the construction of a new factory underway in Abu Dhabi in connection with the contract with the Abu Dhabi National Oil Company (ADNOC). The Group also continued to adapt its various productive facilities for the growth in demand being observed across various segments of the market.

To that end it agreed in 2023 to lease a site for 50 years on which it is building the above-mentioned factory. Under IFRS 16, that agreement generates a right-of-use asset in the amount of 9,625 thousand euros (note 18).

The Group’s property, plant and equipment located outside of Spain at year-end (€ 000):

2024

| Description | Gross carrying amount | Accumulated depreciation |
|---|---|---|
| Land and buildings | 93,624 | (40,250) |
| Plant and machinery | 405,098 | (271,994) |
| PP&E in progress | 39,549 | - |
| Total | 538,271 | (312,244) |

2023

| Description | Gross carrying amount | Accumulated depreciation |
|---|---|---|
| Land and buildings | 92,188 | (37,812) |
| Plant and machinery | 403,723 | (254,093) |
| PP&E in progress | 13,205 | - |
| Total | 509,116 | (291,905) |

The breakdown at year-end of the original cost of fully depreciated items of property, plant and equipment still in use (€ 000):

| Description | Gross carrying amount | |
|---|---|---|
| | 2024 | 2023 |
| Buildings | 58,213 | 58,213 |
| Plant and machinery | 331,228 | 326,080 |
| Other fixtures, tools, furniture and other PP&E: | 40,119 | 39,406 |
| Total | 429,560 | 423,699 |

*Works of art*

This heading includes artwork owned by the Parent. The Tubacex Group engages an independent expert to appraise its artwork periodically. Those appraisal values are in line with the amounts at which the artwork was carried at year-end 2024 and 2023 (the last such appraisal was conducted in 2024). Works of art are not depreciated as they do not lose value with the passage of time. Under applicable accounting rules, artwork with such characteristics only fits into the property, plant and equipment category.

The following assets presented within property, plant and equipment (notes 3.1 and 8) are not used directly in the Group's business operations (€ 000):

| Description | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost | Impairment | Total | Cost | Impairment | Total |
| Works of art | 4,334 | (328) | 4,006 | 4,334 | (328) | 4,006 |

The were no material additions or derecognitions under works of art in 2024 or 2023.

*Asset impairment*

In the context of its business plan, the Group tested each of its cash-generating units for impairment. The Group's management determined the recoverable amounts of its CGUs based on value-in-use calculations. Those calculations use cash flow projections based on financial budgets approved by management covering a four-year period. Management determined budgeted gross margins based on past performance and its market development expectations. Cash flows beyond the four-year period were extrapolated using an estimated growth in perpetuity rate of 2%. The cash flow projections were discounted at an after-tax rate of 9.5%, which reflects the risks specific to the businesses carried on by the investees, underpinned by the understanding that the market is global in nature, so permitting the use of similar assumptions to discount different assets.

In 2024 and 2023, the Group ran impairment tests for Tubacex Durant, Inc, whose assets are carried at 48.5 million euros (year-end 2023: 43.7 million euros), arriving at a terminal value equivalent to 91% of the total recoverable amount (2023: 83%).

An increase in the discount rate of 0.5% would not result in any impairment losses.

*Other disclosures*

The directors believe there were no indications that the rest of the Group's assets were impaired at either 31 December 2024 or 2023.

The Group recognised approximately 9,353 thousand euros of balances payable to fixed-asset suppliers within "Trade and other accounts payable" in the consolidated statement of financial position at 31 December 2024 (no material amounts at year-end 2023) (note 19).

Capital expenditure contracted for at 31 December 2024 amounted to approximately 22,867 thousand euros.

The Group had not mortgaged any items of its property, plant or equipment at either year-end.

It is Group policy to take out the insurance policies necessary to cover the potential risks to which the various items of its property, plant, and equipment are exposed. The coverage existing at both year-ends is deemed sufficient to cover these risks.

The Group did not carry any material assets at fair value at either year-end.

## 9. Financial assets

This consolidated statement of financial position heading breaks down as follows:

2024:

| | € 000 | | |
|---|---|---|---|
| | 31 Dec. 2024 | | |
| | Fair value through profit or loss | At amortised cost | Total |
| Equity instruments | 3,665 | - | 3,665 |
| Other financial assets | - | 367 | 367 |
| Non-current | 3,665 | 367 | 4,032 |
| Other financial assets | 11,121 | - | 11,121 |
| Current | 11,121 | - | 11,121 |
| Total | 14,786 | 367 | 15,153 |

2023:

| | € 000 | | |
|---|---|---|---|
| | 31 Dec. 2023 | | |
| | Fair value through profit or loss | At amortised cost | Total |
| Equity instruments | 3,747 | - | 3,747 |
| Other financial assets | - | 440 | 440 |
| Non-current | 3,747 | 440 | 4,187 |
| Other financial assets | 19,692 | - | 19,692 |
| Current | 19,692 | - | 19,692 |
| Total | 23,439 | 440 | 23,879 |

In the wake of the business combination completed in Italy in 2015, the Tubacex Group acquired (unlisted) shares in certain companies through IBF SpA. The main resulting interest at year-end:

| Company name | % | Carrying amount 2024 | Capital | Profit for the year | Capital and reserves |
|---|---|---|---|---|---|
| COPROSIDER Srl | 39% | 39 | 100 | 166 | 4,696 |
| Total | 39% | 39 | 100 | 166 | 4,696 |

The Group had invested a portion of its surplus cash in mutual funds and other assets at year-end 2024, specifically 11,121 thousand euros (year-end 2023: 19,692 thousand euros); those investments are recognised under “Current financial assets”.

## 10. Derivative financial instruments

The breakdown of the Group's derivative financial instruments at year-end:

| | Notional amount | | € 000 | | |
|---|---|---|---|---|---|
| | | | Assets | | Liabilities |
| | Amount in '000 | Unit | Non-current | Current | Current |
| Derivatives held for trading | | | | | |
| Forward sale of USD | 16,299 | USD | - | - | (772) |
| Forward sale of GBP | 3,277 | GBP | - | 19 | - |
| Forward purchase of USD | 50,500 | USD | - | 1,937 | - |
| | | | - | 1,956 | (772) |
| Hedging derivatives | | | | | |
| Cash flow hedges | | | | | |
| Interest rate swaps | 36,871 | EUR | 647 | 802 | (87) |
| Forward sale of USD | 46,397 | USD | - | 893 | (1,531) |
| | | | 647 | 1,695 | (1,618) |
| | | | 647 | 3,651 | (2,390) |

| | Notional amount | | € 000 | | |
|---|---|---|---|---|---|
| | | | Assets | | Liabilities |
| | Amount in '000 | Unit | Non-current | Current | Current |
| Derivatives held for trading | | | | | |
| Forward sale of USD | 29,861 | USD | - | 477 | (67) |
| Forward sale of GBP | 3,808 | GBP | - | - | (56) |
| Forward purchase of USD | 59,568 | USD | - | - | (1,214) |
| | | | - | 477 | (1,337) |
| Hedging derivatives | | | | | |
| Cash flow hedges | | | | | |
| Interest rate swaps | 50,719 | EUR | 1,318 | 1,507 | - |
| Forward sale of USD | 25,553 | USD | - | 555 | - |
| Purchase/sale of commodities | - | EUR | - | 514 | (137) |
| | | | 1,318 | 2,576 | (137) |
| | | | 1,318 | 3,053 | (1,474) |

These financial instruments are classified into the categories stipulated in IFRS 9; for fair value hierarchy purposes, note that the valuation method used relies on unquoted prices obtained from observable markets.

### *10.1 Foreign currency forward contracts*

As indicated in note 2.3, the Group's functional currency is the euro. To manage its foreign currency risk, mainly its exposure to the US dollar, the Group has forward agreements for the purchase and sale of currencies to cover its import and export activities, respectively.

At 31 December 2024, the Group had forward currency sale contracts not accounted for as hedges in the amount of 18,614 thousand euros (year-end 2023: 31,700 thousand euros). The notional amount of forward currency contracts held for trading stood at USD 16,299 thousand (year-end 2023: USD 29,861 thousand) and GBP 3,277 thousand (year-end 2023: GBP 3,808 thousand). Despite not being designated as hedges, in all instances, those derivatives were arranged to hedge currency sales.

The breakdown by currency of the notional amounts of the forward currency sales contracts at year-end:

| | € 000 | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | USD | GBP | USD | GBP |
| Within one year | 14,788 | 3,826 | 27,334 | 4,366 |

Elsewhere, at year-end 2024, the Group had written forward currency purchase contracts held for trading over a notional amount of 46,470 thousand euros (year-end 2023: 54,961 thousand euros). Those contracts were written over a notional amount of USD 50,500 thousand (year-end 2023: USD 59,568 thousand). Despite not being designated as hedges, in all instances, those derivatives were arranged to hedge currency purchases.

The breakdown by currency of the notional amounts of the forward currency purchase contracts at year-end:

| | € 000 | |
|---|---|---|
| | USD | |
| | 2024 | 2023 |
| Within one year | 46,470 | 54,961 |

At 31 December 2024, the Group had currency sale agreements designated as cash flow hedges in the amount of 41,974 thousand euros (year-end 2023: 23,616 thousand euros). The notional amount covered by those hedges was USD 46,397 thousand (year-end 2023: USD 25,553 thousand). Under the applicable cash flow hedge accounting rules, the entire change in the fair value of those qualifying derivatives is recognised in equity, as the forecast sales hedged had not been recognised for accounting purposes by year-end.

The fair values of these foreign currency contracts were estimated by discounting their cash flows using forward exchange rates gleaned from public sources.

### *10.2 Futures contracts written over commodities*

To hedge the risk of volatile nickel prices, the Group arranges futures contacts over that commodity.

The Group was not party to any nickel futures contracts at year-end 2024.

At year-end 2023, the Group also recognised a derivative of 514 thousand euros under “Derivative financial instruments” on the asset side of the consolidated statement of financial position, the associated deferred liability of 123 thousand euros under “Deferred tax liabilities” and the corresponding positive impact on equity of 391 thousand euros, under “Valuation adjustments - Hedging transactions”.

In parallel, the Group also recognised a derivative on the liability side of 137 thousand euros under “Derivative financial instruments”, the associated deferred tax asset of 33 thousand euros under “Deferred tax assets” and the corresponding negative impact on equity of 104 thousand euros, under “Valuation adjustments - Hedging transactions”.

The fair value of those nickel price swaps was estimated using discounted cash flow analysis, modelling the difference between market prices gleaned from public information sources as of 31 December and the fixed prices locked in under the various contracts.

### *10.3 Interest rate swaps*

The Group writes interest rate swaps to hedge its exposure to floating rates of interest. The breakdown of the interest rate swaps outstanding at year-end:

2024:

| Notional amount (€ 000) | Start date | End date | Interest rate |
|---|---|---|---|
| 16500 | 20/06/2022 | 20/06/2027 | -0.03% |
| 17,500 | 20/01/2020 | 20/01/2028 | 0.30% |
| 833 | 21/10/2020 | 21/04/2025 | 0.00% |
| 1,250 | 21/10/2020 | 21/10/2026 | 0.00% |
| 788 | 31/01/2021 | 30/11/2026 | 0.25% |

2023:

| Notional amount (€ 000) | Start date | End date | Interest rate |
|---|---|---|---|
| 375 | 04/06/2019 | 29/05/2024 | 0.09% |
| 21,500 | 20/06/2022 | 20/06/2027 | -0.03% |
| 22,500 | 20/01/2020 | 20/01/2028 | 0.30% |
| 3,333 | 21/10/2020 | 21/04/2025 | 0.00% |
| 1,812 | 21/10/2020 | 21/10/2026 | 0.00% |
| 1,198 | 31/01/2021 | 30/11/2026 | 0.25% |

*10.4 Cash flow hedges*

The amount of cash flow hedges reclassified from equity to profit or loss and the breakdown of the headings of the consolidated statement of profit where they have been recognised:

| | € 000 | |
|---|---|---|
| | Profit/(loss) | |
| | 2024 | 2023 |
| Interest rate swaps: | | |
| - Finance income/(cost) | 1,488 | 1,821 |
| Foreign currency hedges: | | |
| - Exchange gains/(losses) | (4,133) | (581) |
| | (2,645) | 1,240 |

The interest income generated by the interest rate swaps that expired in 2024 was recognised under “Finance income” in the accompanying consolidated statement of profit or loss.

The Group layers adjustments for credit risk in order to reflect own credit risk and counterparty credit risk into its fair value estimates using generally accepted valuation models.

Specifically, to determine those credit risk adjustments, the Group uses a technique based on the calculation, using simulations, of the total expected exposure (which therefore includes current and potential exposure), adjusted for the probability of default over time and the loss given default assigned to the Group and each of its counterparties. The total expected exposure of derivatives is obtained using observable market inputs such as yield, currency and volatility curves, factoring in market conditions at the measurement date.

## 11. Inventories

The breakdown of this consolidated statement of financial position heading at the end of 2024 and 2023 is as follows:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Raw materials and other consumables | 168,193 | 142,288 |
| Work in progress and semi-finished goods | 95,064 | 121,139 |
| Finished goods | 194,961 | 184,081 |
| Advances to suppliers | 1,201 | 1,581 |
| Impairment | (36,251) | (37,960) |
| | 423,168 | 411,129 |

The raw materials, other consumables and goods for resale recognised as an expense in 2024 and 2023:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Raw materials, other consumables and goods for resale used | | |
| Net purchases | 312,483 | 390,089 |
| Change in inventories | (4,307) | (12,216) |
| | 308,176 | 377,873 |

The movement in the allowance for impairment of inventories in 2024 and 2023 is shown below (€ 000):

2024:

| | Opening balance | Additions | Unused amounts reversed | Closing balance |
|---|---|---|---|---|
| Goods for resale, raw materials and goods held for conversion | 18,798 | 5,159 | (2,603) | 21,354 |
| Work in progress | 2,178 | 2,311 | (289) | 4,200 |
| Finished goods | 16,984 | 4,401 | (10,688) | 10,697 |
| Impairment of inventories | 37,960 | 11,871 | (13,580) | 36,251 |

2023:

| | Opening balance | Additions | Unused amounts reversed | Closing balance |
|---|---|---|---|---|
| Goods for resale, raw materials and goods held for conversion | 18,351 | 2,441 | (1,994) | 18,798 |
| Work in progress | 2,367 | 2,703 | (2,892) | 2,178 |
| Finished goods | 14,026 | 7,689 | (4,731) | 16,984 |
| Impairment of inventories | 34,744 | 12,833 | (9,617) | 37,960 |

Net purchases included the purchase of the following inventories in currencies other than the euro:

| Currency | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| USD | 152,946 | 232,905 |
| INR | 33,325 | 40,190 |
| THB | 5,075 | 3,729 |

## 12. Trade and other receivables

The breakdown of this consolidated statement of financial position heading at year-end is as follows:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Trade receivables | 85,014 | 82,364 |
| Trade receivables, related parties (note 25) | - | 186 |
| Other receivables | 17,980 | 10,623 |
| Receivable from government agencies (note 21) | 13,583 | 11,444 |
| Current tax assets (note 21) | - | 825 |
| | 116,577 | 105,442 |
| Less: impairment | (8,405) | (8,331) |
| Total trade and other receivables | 108,172 | 97,111 |

The impairment allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Balance at 1 January | 8,331 | 6,407 |
| Additions (notes 3.5 and 23) | 1,768 | 3,130 |
| Unused amounts reversed (notes 3.5 and 23) | (1,694) | (1,206) |
| Balance at 31 December | 8,405 | 8,331 |

## 13. Cash and cash equivalents

This consolidated statement of financial position heading breaks down as follows:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Cash at banks and on hand | 225,272 | 159,319 |
| | 225,272 | 159,319 |

This heading essentially includes cash, short-term bank deposits and commercial paper with an original maturity of three months or less. The amounts on deposit at banks are remunerated at market rates of interest. There are no restrictions on these balances.

## 14. Equity

### *14.1 Share*

At year-end 2022, the Parent's share capital was made up of 128,978,782 ordinary shares, represented by book entries, each with a par value of 0.45 euros, all fully paid. All of the shares carry identical voting and dividend rights except for the own shares held as treasury stock: voting rights on those shares are suspended and dividend entitlements are divided proportionately among the rest of the Company's shares.

On 24 May 2023, the Parent's shareholders agreed in general meeting to reduce the Company's share capital by 1,093 thousand euros by means of the cancellation of 2,429,531 own shares (equivalent to 1.88% of share capital), delegating execution of the resolution in the Board of Directors. The Board of Directors voted to execute that capital decrease at a meeting held on 22 June 2023.

Consequently, at 31 December 2024 and 2023, the Company's share capital consisted of 126,549,251 fully-paid shares, each with a par value of 0.45 euros. All of the shares carry identical voting and dividend rights except for the own shares held as treasury stock: voting rights on those shares are suspended and dividend entitlements are divided proportionately among the rest of the Company's shares.

The Company's shares are traded on the Spanish stock exchange.

There are no restrictions on the transfer of the shares.

At both year-ends, Mr. Jose María Aristrain de la Cruz held an 11% interest; no other shareholders held stakes of more than 10%.

### *14.2 Share premium*

This reserve is freely distributable.

### *14.3 Revaluation reserves*

The Group's revaluation reserve stood at 3,763 thousand euros at both year-ends.

The Group revalued its property, plant and equipment on 31 December 1996 as permitted under applicable company law.

The period for inspection by the tax authorities having duly prescribed, this reserve can be earmarked, without becoming taxable, to:

- Offsetting prior-year losses.
- Increasing capital, having first offset any accumulated losses recognised on the balance sheet and duly endowed the legal reserve.
- Restricted reserves in respect of any balance pending utilisation.

### *14.4 Other reserves*

The breakdown of "Other reserves" at year-end:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Reserves in the parent company | 215,747 | 74,366 |
| Reserves in fully consolidated companies | 70,455 | 66,608 |
| Total other reserves | 286,202 | 140,974 |

The increase in "Reserves in the parent company" in 2024 derived essentially from the corporate transactions outlined in note 2.6, specifically the transaction with Mubadala Investment Company.

*Legal reserve:*

The Spanish Corporate Enterprises Act stipulates that 10% of profit for each year be transferred to the legal reserve until it represents at least 20% of share capital. The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no other available reserves of sufficient amount, the legal reserve may only be used to offset losses.

That reserve was fully endowed at both year-ends.

*Other parent company reserves:*

These are voluntary, unrestricted reserves.

*Dividends:*

On 27 June 2024, the Parent's shareholders agreed in general meeting to pay out a dividend from 2023 earnings of 14,500 thousand euros, which it paid in July 2024.

### *14.5 Own shares*

At year-end, the Parent held the following own shares:

2024:

| | No. of shares at 31 Dec. 2024 | Par value (€ 000) | Average acquisition cost (€) | Total acquisition cost at 31 Dec. 2024 (€ 000) |
|---|---|---|---|---|
| Own shares at year-end 2024 | 4,855,029 | 2,185 | 2.223 | 10,792 |

2023:

| | No. of shares at 31 Dec. 2023 | Par value (€ 000) | Average acquisition cost (€) | Total acquisition cost at 31 Dec. 2023 (€ 000) |
|---|---|---|---|---|
| Own shares at year-end 2023 | 5,745,308 | 2,585 | 2.032 | 11,674 |

In 2019, the Board of Directors approved a new incentive plan that partially affected own shares.

Also in 2019, the Company entered into a liquidity agreement with JB Capital Markets, Sociedad de Valores, S.A., which was duly notified to the securities market regulator. Under the scope of that agreement, the Group acquired 1,211,701 own shares at an average price of 3.24 euros per share and sold 1,141,980 shares at an average price of 3.30 euros per share between 1 January 2024 and 31 December 2024. In addition, in 2024, it settled a portion of the share-settled incentive plan approved in May 2016, delivering 960,000 shares.

The reconciliation of the opening and year-end own share balances in 2024 and 2023:

2024:

| | 31 Dec. 2023 | Purchases | (Sales) | Other | 31 Dec. 2024 |
|---|---|---|---|---|---|
| Own shares | 11,674 | 3,923 | (4,468) | (337) | 10,792 |

2023:

| | 31 Dec. 2022 | Purchases | (Sales) | Shares cancelled | 31 Dec. 2023 |
|---|---|---|---|---|---|
| Own shares | 15,546 | 2,964 | (2,178) | (4,658) | 11,674 |

The Group recognised the gain on the sale of own shares in the amount of 1,315 thousand euros (2023: gain of 968 thousand euros) directly in equity, with a credit to "Voluntary reserves".

### *14.6 Other equity instruments*

At 31 December 2024, the Group had several share-based payment commitments under the following agreements:

- In May 2016, the Board of Directors and the Parent’s shareholders approved a long-term incentive plan (note 3.12), granting options to the CEO for the purchase of 500,000 shares for 2 euros each with an initial exercise date of 31 March 2018, later extended to March 2025. In 2024, as indicated in note 14.5 above, the Group settled part of that incentive plan, delivering 960,000 shares to officers.

- In May 2019, the Parent’s shareholders approved a long-term incentive plan similar to that approved in 2026, granting options to the CEO for the purchase of 500,000 shares for 3 euros each with an initial exercise date of 31 March 2024, later extended to March 2025. As part of that plan, loans were granted to nine officers for the acquisition of 1,080,000 shares for 3 euros with a limit per person of 120,000 shares; this portion of the plan was initially due to vest and be executed on 31 March 2024, a deadline later extended to 31 March 2025, with those shares required to be settled either in cash or via delivery by the Parent of all of the shares acquired in 2019. During the term of the loans, the Parent holds a pledge right over the shares and the borrowers are not allowed to avail of, transfer, dispose of or encumber the shares acquired pursuant to the loans without the prior written consent of the Parent.

- As per the resolution ratified at the Annual General Meeting held on 27 June 2024, the Group has recognised a charge of 1,000 thousand euros in its statement of profit or loss for the year for a long-term incentive plan for 2024-2026, payable in shares, for the CEO and other officers of the Group, which vests out to December 2026.

Based on the foregoing, the directors have estimated the value of the total amount accrued under those plans as at year-end at 2,616 thousand euros (year-end 2023: 2,334 thousand euros).

### *14.7 Valuation adjustments*

*Breakdown and reconciliation*

The breakdown and reconciliation of the carrying amounts of the various items comprising other comprehensive income at the beginning and end of 2024 and 2023:

| | € 000 | | | |
|---|---|---|---|---|
| | Translation differences | Cash flow hedges | Tax effect | Net |
| Balance at 31 Dec. 2022 | 879 | 3,791 | (811) | 3,859 |
| Gains and losses generated during the year | (9,368) | (1,547) | 371 | (10,544) |
| Amounts reclassified to profit or loss | - | 1,240 | (298) | 942 |
| Balance at 31 Dec. 2023 | (8,489) | 3,484 | (738) | (5,743) |
| Gains and losses generated during the year | 8,130 | (1,380) | 331 | 7,081 |
| Amounts reclassified to profit or loss | - | (2,645) | 635 | (2,010) |
| Balance at 31 December 2024 | (359) | (541) | 228 | (672) |

*Translation differences:*

Appreciation of the US dollar and Indian rupee in 2024 had the effect of revaluing the net assets denominated in those currencies with a positive impact on equity of 8,130 thousand euros.

### *14.8 Capital management policies*

The Group's capital management objectives are to safeguard its ability to continue as a going concern in order to generate further returns for its shareholders and benefits for all its stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In line with other players in its sector, the Tubacex Group monitors its capital structure on the basis of its leverage ratio. It calculates leverage by dividing net debt by total equity. Net debt is the sum of the Group’s current and non-current loans and other interest-bearing liabilities, less cash, cash equivalents and current financial assets.

The leverage ratios so calculated by management for year-end 2024 and 2023:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Total bank borrowings (note 17) | 491,411 | 459,718 |
| Less: cash, cash equivalents and current financial assets (notes 9 & 13) | (236,393) | (179,011) |
| Net debt | 255,018 | 280,707 |
| Equity | 482,150 | 293,636 |
| Leverage ratio | 53% | 96% |

*14.9 Non-controlling interests*

The reconciliation of non-controlling interests in the equity of the following Group companies at the beginning and end of 2024 and 2022 by component of equity:

| | € 000 |
|---|---|
| Balance at 31 Dec. 2022 | 54,612 |
| Recognised income and expense | |
| Profit for the year | 6,484 |
| Other | 90 |
| Acquisition of non-controlling interests (note 2.6) | (7,591) |
| Balance at 31 Dec. 2023 | 53,595 |
| Recognised income and expense | |
| Profit for the year | 2,395 |
| Translation differences | (85) |
| Sale of non-controlling interest (note 2.6) | 55,023 |
| Acquisition of non-controlling interests (note 2.6) | (6,804) |
| Balance at 31 Dec. 2024 | 104,124 |

In 2024, the Group completed two transactions that affected non-controlling interests, the first with Mubadala Investment Company, through Tbx Newco Spain, S.L. and Tbx Upstream Seamless Pipes, and the second involving the acquisition of the non-controlling interests in Promet AS (note 2.6).

The movement in 2023 related mainly to the buyout of the non-controlling interests in NTS Saudi Company LTD, whereby the Group increased its ownership interest from 49% to 100% and the buyout of the non-controlling interests in Awaji Thailand, LTD, whereby the Group increased its shareholding from 60% to 100% (note 2.6).

The breakdown of the Group's non-controlling interests by subsidiary at year-end is provided below:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Tubacex Services, S.L. | 2,869 | 3,032 |
| Tubacex Logistics, S.A. | 328 | 259 |
| Tubacex Services Solutions Middle East, FZCO | 2,147 | 2,008 |
| NTS AW | 22,393 | 20,283 |
| NTS Middle East, FZCO and subsidiaries | 19,043 | 28,013 |
| Tbx Upstream Seamless Pipes | 39,931 | - |
| Tbx Newco Spain, S.L. | 17,413 | - |
| Total | 104,124 | 53,595 |

Information about these investees is provided in Appendix I.

## 15. Provisions and contingent liabilities

*Non-current provisions:*

*Other liabilities*

The Group has recognised provisions at the estimated amount of its probable and certain tax debts and other liabilities as a result of litigation in progress and in respect of termination benefits or outstanding obligations of uncertain amount and sureties and other similar guarantees for which the exact amount of the corresponding payment either cannot be determined or for which the actual settlement date depends on the delivery of certain terms and conditions. The amounts provided for at 31 December 2024 totalled 5,002 thousand euros (year-end 2023: 6,933 thousand euros), a figure the directors deem adequate.

*Provision for environmental damages*

Non-current provisions likewise include provisions for potential environmental damages in the amount of 1,424 thousand euros (1,355 thousand euros at year-end 2023) (note 28).

*Current provisions:*

The reconciliation of current provisions at the beginning and end of 2024 and 2023 (€ 000):

| | Current provisions |
|---|---|
| Balance at 31 Dec. 2022 | 4,973 |
| Additions/(reversals), net | (4,452) |
| Balance at 31 Dec. 2023 | 521 |
| Additions/(reversals), net | 246 |
| Balance at 31 Dec. 2024 | 767 |

*Guarantees extended*

The Group has extended bank sureties to guarantee its performance under certain contracts obtained in the ordinary course of business totalling 20,2201 thousand euros (year-end 2023: 30,676 thousand euros).

In addition to those sureties, on 24 May 2017, the Group entered into a contract with the National Iranian Oil Company (NIOC) for the supply of 600km of corrosion-resistant stainless-steel tubing. In 2024, the NIOC fraudulently executed 49,707 thousand euros of contract performance surety bonds originally extended to it by the Group, so violating international rules banning these types of payments, a breach that could lead to the imposition of international fines on the entities that paid the bonds out.

On 28 January 2025, the Group filed a request for international arbitration proceedings against the NIOC and expects the fraudulent execution of its bonds to be ruled on within two years at the latest. Elsewhere, the financial institutions that counter guarantee those surety bonds have refused to execute their counter-guarantees, claiming negligent execution of the primary guarantees and indicating that they will not pay them on the grounds of fraudulent execution.

On 14 February 2025, the Group received notification of the decision taken by the Provincial Court of Vizcaya on 13 February 2025, granting the injunction applied for by the Group on 7 January 2025, the first working day after execution of the bonds for legal processing purposes, so paralysing execution of the bonds and upholding the Group's rights in the face of the manifest fraud and leaving the matter *sub judice* until the international arbitration proceedings are finished.

The Parent's directors believe, on the basis of the corresponding legal opinion and above facts circumstances, that, as at the date of authorising these consolidated financial statements for issue, the probability of a significant liability arising as a result of the fraudulent execution of the surety bonds is remote and have therefore not recognised any provision whatsoever in these financial statements.

## 16. Deferred income

In December 2018, Tubacex Durant, Inc. entered into an agreement with US Bancorp Community Development Corporation ("USBCDC"), a corporation based in Minnesota, covering the development, construction and fit-out of a facility in Durant (Oklahoma). Under the scope of that agreement, USBCDC made a capital contribution to USBCDC Investment Fund 272, LLC, a limited-liability company in Missouri (the "Fund") in the amount of 10.9 million dollars (equivalent to 9.5 million euros).

The agreement is part of a tax incentive scheme (the NMTC Program) contemplated in the Community Renewal Tax Relief Act of 2000, which is designed to foster investment in qualifying low-income communities in the United States. That Act gives qualifying tax payers credit (the new markets tax credit or "NMTC") against Federal income tax of up to 39% of the cost of investments made in designated Community Development Entities ("CDEs"). CDEs are privately managed entities that are certified to invest in the qualifying low-income communities. As a result of the funds contributed by USBCD, totalling 10.9 million dollars, USBCDC will be entitled to claim 13.3 million dollars (equivalent to 11.6 million euros) of tax credit during the seven-year period contemplated in the above Act (the "recapture period").

As a result, having recognised the sum of 1,705 thousand euros in profit or loss, the Group continued to recognise 3,333 thousand euros corresponding to the contribution made by USBCDC to the Fund, net of fees, at 31 December 2024 (year-end 2023: 5,038 thousand euros), this being the main component of this heading. The remaining balance corresponds to a number of grants for assets received by members of the consolidated group.

## 17. Current and non-current bank borrowings

The breakdown of this consolidated statement of financial position heading at the end of 2024 and 2023 is as follows:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Non-current | | |
| Bank borrowings | 168,400 | 109,213 |
| Notes and other marketable securities | - | 15,000 |
| Non-current credit facilities | 15 | 43 |
| | 168,415 | 124,256 |
| Current | | |
| Notes and other marketable securities | 202,027 | 194,137 |
| European Investment Bank | 6,915 | 8,125 |
| Current credit facilities | 9,299 | 3,869 |
| Current portion of non-current loans | 66,054 | 71,705 |
| Trade finance (note 3.5) | 33,509 | 53,614 |
| Interest | 5,192 | 4,012 |
| | 322,996 | 335,462 |
| Total | 491,411 | 459,718 |

As in prior years, the Tubacex Group, through its Parent, renewed its 200-million-euro commercial paper programme, which is listed on Spain's alternative fixed-income market - MARF. The commercial paper outstanding under that programme stood at 187,027 thousand euros at year-end (194,137 thousand euros at 31 December 2023) and was all due within one year. The average interest rate on the commercial paper outstanding at 31 December 2024 was 4.1% (5.4% at year-end 2023). In addition, and again as in prior years, the Tubacex Group, through its Parent, renewed its "EUR 100,000,000 Senior Unsecured Notes Programme Tubacex, S.A. 2019" with a limit of 150 million euros. The balance outstanding under that programme stood at 15,000 thousand euros at both year-end 2024 and 2023 and the notes are due in 2025. At 31 December 2024, all of the Group's commercial paper was recognised under "Notes and other marketable securities" within current liabilities on the accompanying consolidated statement of financial position.

In 2015 and 2016, the Group received financing from the European Investment Bank (EIB). The balance outstanding under that loan stood at 6.9 million euros at 31 December 2024 (15 million euros at year-end 2023).

In addition, in December 2018, the Group secured 30 million euros of investment financing from COFIDIS, a state-owned entity whose mission is to finance investment projects in emerging or developing countries. The balance outstanding under that loan stood at 18.1 million euros at 31 December 2024 (23.1 million euros at year-end 2023).

In 2019, the Group arranged 30 million euros of borrowings with ICO, Spain's official credit institute. The balance outstanding under that loan stood at 16.5 million euros at 31 December 2024 (21.5 million euros at year-end 2023).

In 2023, through its Parent, the Group arranged bilateral loans under a framework agreement with different financial institutions with an aggregate limit of 53,000 thousand euros to finance capital expenditure. Those loans are available for drawdown for a period of 24 months. The balance drawn down stood at 53,000 thousand euros at year-end 2024 (37,683 thousand euros at year-end 2013).

The Group is bound by a series of financial covenants as a result of the above borrowing agreements. Prior to year-end, anticipating the prospect of not complying with one of its covenants, the Parent obtained a waiver from the lenders.

In 2020, the Tubacex Group, through its Parent, arranged bilateral loans with a number of financial institutions totalling 63,200 thousand euros, of which 70% is guaranteed by ICO, as contemplated in Royal Decree-Law 8/2020 (of 17 March 2020) on urgent measures designed to mitigate the economic and social fallout from COVID-19.  The balance outstanding under those loans stood at 8,296 thousand euros at 31 December 2024 (29,226 thousand euros at year-end 2023).

In 2024, Tubacex, S.A. also renewed a loan in the amount of 20,000 thousand euros due 18 January 2025. At the date of authorising these financial statements for issue, that loan had been extended by a further 36 months.

In 2024, the Tubacex Group arranged 71,714 thousand euros of new loans. The balance outstanding under those loans stood at 70,264 thousand euros at 31 December 2024.

Lastly, the Group has additional loans, arranged in prior years with a number of banks, totalling 48,253 thousand euros.

The carrying amount of those loans and other interest-bearing liabilities is a good proxy for their fair value. Fixed-rate loans account for approximately 6.9% of total borrowings and fall due by no later than 2025.

The maturity analysis for the Group's loans and other interest-bearing liabilities showing the remaining contractual maturities at year-end is provided below:

| | € 000 | |
|---|---|---|
| Maturity | 2024 | 2023 |
| One year | 322,996 | 335,462 |
| Two years | 54,778 | 55,642 |
| Three years | 56,462 | 29,462 |
| Four years | 41,826 | 25,365 |
| Five years | 14,467 | 12,039 |
| Other | 882 | 1,748 |
| | 491,411 | 459,718 |

The weighted average interest rate on bank borrowings was approximately Euribor + 1.65% in 2024 (2023: Euribor + 1.81%).

In 2024, the limit on the Group's credit facilities was 102,862 thousand euros, of which 2,500 thousand euros matures in 2026.

At year-end 2024, the balance drawn down against current credit facilities totalled 9,299 thousand euros (3,869 thousand euros at year-end 2023).

At 31 December 2024, the Group had undrawn trade finance and credit facilities totalling 47,320 thousand euros and 93,547 thousand euros, respectively (year-end 2023: 7,861 thousand euros and 86,225 thousand euros).

The weighted average interest rate on the Group's credit facilities was approximately Euribor + 1.10% in 2024 (2023: Euribor + 1.75%).

## 18. Other financial liabilities

The breakdown of "Other financial liabilities" at year-end:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Non-current: | | |
| Repayable long-term loans | 976 | 798 |
| Loan from IVF (Basque finance institute) | 363 | 987 |
| Lease liabilities (IFRS 16) | 24,164 | 27,760 |
| Other | 4,769 | 1,180 |
| | 30,272 | 30,725 |
| Current: | | |
| Loans other than from banks | 455 | 17,863 |
| Other (note 2.6) | 6,231 | 398 |
| | 6,686 | 18,261 |
| | 36,958 | 48,986 |

The loan extended by IVF matures in 2028.

Finance lease liabilities mainly relate to the lease over land for the new factory being built in Abu Dhabi (note 8).

## 19. Trade and other payables

Trade and other payables break down as follows at year-end:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Trade payables | 189,574 | 250,888 |
| Other accounts payable: | | |
| Employee benefits payable | 14,922 | 19,865 |
| Payable to government agencies (note 21) | 14,346 | 28,491 |
| Other payables | 53,793 | 56,274 |
| | 83,061 | 104,630 |
| Current tax liabilities (note 21) | 4,808 | 130 |
| | 277,443 | 355,648 |

The Group has a series of reverse factoring agreements in place with a number of financial institutions. The trade payables whose settlement is managed by those financial institutions are recognised under “Trade and other accounts payable” on the consolidated statement of financial position insofar as the Group has only transferred payment management to those entities, while the Group remains the primary obligor for payment of the debts assumed vis-a-vis its suppliers. At 31 December 2024, the Group had an outstanding balance of 112 million euros of this form of supply chain financing, compared to a limit of 206 thousand euros (year-end 2023: drawdown of 154 million euros and limit of 184 million euros).

The breakdown at year-end of the trade payables to be managed under those supply chain financing arrangements is provided below:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Trade payables managed under supply chain financing arrangements | 112,393 | 153,863 |
| Invoices discounted by suppliers under those arrangements | 85,943 | 122,228 |

“Other liabilities” mainly includes balances due to fixed-asset suppliers and down payments received from customers at year-end.

*Information on late payments to suppliers. Additional Provision Three - "Disclosure requirements" of Law 31/2014*

Below are the disclosures required under final provision two of Law 31/2014, of 3 December 2014, prepared in accordance with the related Resolution issued by the Spanish Audit and Accounting Institute (ICAC) on 29 January 2016:

| | 2024 | 2023 |
|---|---|---|
| Days | | |
| Average supplier payment term | 93 | 111 |
| Paid transactions ratio | 100 | 116 |
| Outstanding transactions ratio | 63 | 75 |
| € 000 | | |
| Total payments made | 189,685 | 339,292 |
| Total payments outstanding | 45,505 | 63,102 |
| No. of invoices paid within the legally stipulated deadline | 6,238 | 5,009 |
| Percentage of total issued invoices | 34% | 29% |
| Amount paid within the legally stipulated deadline (€ 000) | 51,385 | 77,388 |
| Percentage of the total monetary sum paid to the Company’s suppliers | 27% | 23% |

The data provided in the table above regarding payments to suppliers made by the Parent and its Spanish subsidiaries refer to suppliers which qualify as trade creditors in respect of amounts due in exchange for goods and services supplied, to which end it includes the amounts presented under “Trade and other payables - Trade payables" within current liabilities on the accompanying consolidated statement of financial position.

"Average supplier payment term" is the time taken to pay or the delay in settling trade debt. That term is calculated by dividing the sum of the paid transactions ratio times total payments made plus the outstanding transactions ratio times total payments outstanding by the sum of total payments made and total payments outstanding.

The paid transactions ratio is calculated by dividing the sum of the payments made times the days of payment (the number of calendar days elapsing between the end of the legal deadline for making payment until effective payment for the transactions) by the total amount of payments made.

Lastly, the outstanding transactions ratio is calculated by dividing the sum of the payments outstanding times the days payable outstanding (the number of calendar days elapsing between the end of the legal deadline for making payment until the reporting date) by the total amount of payments outstanding.

The legally stipulated payment term applicable to companies domiciled in Spain according to Law 11/2013, of 26 July 2013, establishing measures to tackle trade supplier non-payment and the transitory provisions stipulated in Law 15/2010, of 5 July 2010, is 30 days (unless the terms in that legislation are met for extending that payment term to 60 days). The Group has rolled out measures with a view to continuing to bring its average payment period within the limits stipulated in applicable legislation.

## 20. Employee benefits

The reconciliation of the liability recognised for commitments to employees at the beginning and end of 2024 and 2023 is as follows (€ 000):

| | Long-term defined benefit remuneration (note 3.11) | Other long-term employee benefits (note 3.11) | Other | Total |
|---|---|---|---|---|
| Balance at 31 Dec. 2022 | 4,178 | 4,468 | 537 | 9,183 |
| Unused amounts reversed | (67) | - | - | (67) |
| Amount recognised as expense during the year (note 24) | 1,232 | - | 266 | 1,498 |
| Benefits paid | (1,021) | (21) | (82) | (1,124) |
| Transfers | - | (1,789) | - | (1,789) |
| Balance at 31 Dec. 2023 | 4,322 | 2,658 | 721 | 7,701 |
| Unused amounts reversed | (144) | - | - | (144) |
| Amount recognised as expense during the year (note 24) | 418 | - | 139 | 557 |
| Benefits paid | (170) | (24) | (71) | (265) |
| Balance at 31 December 2024 | 4,426 | 2,634 | 789 | 7,849 |

*Long-term defined benefit remuneration*

This heading includes certain legal obligations to employees of the SBER subgroup that joined that company after 1 January 2003 which will materialise when they retire or leave the company for other reasons contemplated in prevailing labour legislation in Austria.

The total obligation accrued under this defined benefit plan was calculated using accepted actuarial methods and factoring in Austria's most recent mortality assumptions and tables at 3,786 thousand euros at 31 December 2024 (year-end 2023: 3,611 thousand euros).

The discount rate used was 3.25% (2023: 3.5%) and the wage growth assumption was 3% (2023: 3.25%).

*Other long-term employee benefits*

This heading includes 1,327 thousand euros at year-end 2024 (1,477 thousand euros at year-end 2023) in respect of the estimated amount accrued and payable in the future for a series of long-service awards to employees of the SBER subgroup, payable after 25, 30 and 40 years of service at the firm and consisting of one, two and three months' pay, respectively.

Under certain circumstances it is permitted in Austria for employees who meet a series of requirements to avail of an early retirement scheme. Employees who avail of that scheme work 50% of their working hours until retirement age and receive 75% of the wages corresponding to a full working day, with the additional 25% borne by the Austrian social security authorities.

Lastly, this heading also includes other commitments assumed in keeping with local labour regulations related with employees belonging to the NTS subgroup in the amount of 1,351 thousand euros (year-end 2023: 1,016 thousand euros).

## 21. Taxes receivable and payable and tax matters

The Parent's shareholders, at the Annual General Meeting held on 29 May 2013, agreed that it and certain subsidiaries located in the Basque region and subject to that region's corporate income tax regulations would avail of the consolidated tax regime from the year started 1 January 2014 (as provided for in Chapter VI, Title VI of Basque Regional Regulation 37/2013 of 13 December 2013).

The resulting Tax Group, with number 01/14/A for consolidated filing purposes, is made up of Tubacex, S.A., as Tax Group parent, and the following Group subsidiaries: Acería de Álava, S.A.U., Tubacex Tubos Inoxidables, S.A.U., Tubacex Taylor Accesorios, S.A.U., Tubacex Service Solutions, S.A.U., Tubacoat, S.L., RTA Red Distribuidora de Tubos y Accesorios, S.A.U., CFT Servicios Inmobiliarios, S.A.U., , Tubacex Advanced Solutions, S.L.U., Tubacex Service Solutions Holding, S.L.U., Tubacex Upstream Technologies, S.A., Tubacex Servicios de Gestión, S.L.U., Tubacex Logistics, S.A., Tubacex Desarrollos, S.L., Tbx Spain Assets, S.L. and Tbx Newco Spain, S.L, the last two having joined the tax group in 2023. Tbx Premium Connections, S.L. joined the Tax Group in 2024 (with no companies exiting it that year).

*21.1 Current taxes receivable and payable*

The breakdown of current tax receivable from and payable to the tax authorities at year-end:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| VAT receivable (note 12) | 7,417 | 8,039 |
| Other receivables (note 12) | 6,166 | 3,405 |
| Current tax assets (note 12) | - | 825 |
| Deferred tax assets | 93,288 | 93,558 |
| Total taxes receivable | 106,871 | 105,827 |
| Current tax liabilities (note 19) | (4,808) | (130) |
| VAT payable (note 19) | (12,239) | (14,692) |
| Social security payable (note 19) | (1,531) | (2,102) |
| Personal income tax payable (note 19) | (572) | (3,182) |
| Other payables (note 19) | (4) | (8,515) |
| Deferred tax liabilities | (23,491) | (23,653) |
| Total taxes payable | (42,645) | (52,274) |

*21.2 Reconciliation of accounting profit/(loss) to taxable income/(tax loss)*

The breakdown of the Group's tax expense/ (tax income) in 2024 and 2023:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Current tax | 4,146 | 5,634 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 607 | 1,130 |
| | 4,753 | 6,764 |

Accounting profit/(loss) (before tax) reconciles to tax expense/(income) as follows:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Consolidated profit/(loss) before tax | 30,002 | 49,580 |
| Income tax at average tax rate | 7,200 | 11,899 |
| Permanent differences and consolidation adjustments | 339 | 2,452 |
| Effect of different tax rates levied on certain subsidiaries | (3,055) | (5,627) |
| Capitalisation of unused tax credits and restatement of deductions | (275) | (3,126) |
| Reversal of temporary differences | 610 | 1,130 |
| Restatements | (66) | 37 |
| Total consolidated tax expense/(income) recognised | 4,753 | 6,764 |

*21.3 Deferred tax assets and liabilities*

The breakdown of the Group's deferred tax assets and liabilities at year-end:

| | € 000 | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 2024 | 2023 | 2024 | 2023 |
| Provisions and other items | 14,493 | 9,956 | (17,371) | (17,563) |
| Unused tax losses | 60,390 | 61,803 | - | - |
| Unused tax credits | 18,611 | 21,206 | - | - |
| Asset revaluations (note 2.6) | - | - | (5,805) | (5,443) |
| | 93,494 | 92,965 | (23,176) | (23,006) |
| Derivative financial instruments | (206) | 594 | (315) | (647) |
| | 93,288 | 93,559 | (23,491) | (23,653) |

The Group considered the following matters when recognising deferred tax assets:

- The Group believes it is highly probably that it will generate sufficient profits in the future to enable it to utilise the unused tax losses recognised as tax assets, underpinned by its business plan, which calls for growth in productivity, sales volumes and, by extension, core business profitability. The Group plans to continue to execute the strategic investments contemplated in its 2025-2028 Strategic Plan and consolidate its positioning in new, high value-added products in the oil, gas, power generation and nuclear power sectors, guaranteeing reinforced competitive positioning in the wake of the international crisis.

- The business plans and projections used by the Group to substantiate the recoverability of the deferred tax assets recognised are aligned with the market reality and the Group's specific circumstances. The outlook by business unit for tax purposes is as follows:

  - There is no time limit for utilising the tax credits generated in Austria in the amount of 22 million euros (23 million euros at year-end 2023); their recoverability is associated with execution of the Industrial Plan.

  - Nor is there a time limit for utilising the tax credits generated in Italy in the amount of 7 million euros (8 million euros at year-end 2023): the Group expects to be able to utilise these credits within a period of 10 years in light of the Italian business's track record generating taxable income and the Group's outlook for that business.

  - In 2024, the Group reassessed the unused tax losses and credits recognised by the Tax Group (note 3.14), as a result of which it capitalised a further 988 thousand euros of tax losses and 812 thousand euros of tax credits.

Based on the above, the Group's management believes the tax assets recognised for unused tax credits can be substantiated and that it will be able to utilise those assets within no more than 10 years and in any event within the stipulated deadlines. The Parent's directors agree with this criterion.

The breakdown of the changes in deferred taxes by class of assets and liabilities which have been recognised against tax income / (expense) in the consolidated statement of profit or loss is as follows:

| | € 000 | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 2024 | 2023 | 2024 | 2023 |
| Provisions and other items | 4,537 | (2,083) | 192 | 261 |
| Unused tax losses | (1,413) | (838) | - | - |
| Unused tax credits | (2,595) | 3,964 | - | - |
| Consolidated asset revaluations (note 2.6) | - | - | (362) | 104 |
| Total | 529 | 1,043 | (170) | 365 |
| Derivative financial instruments/Other | (800) | 549 | 332 | (647) |
| | (271) | 1,592 | 162 | (282) |

*Unused tax losses*

Of the total unused tax losses, approximately 25 million euros were generated by companies comprising the Tax Group. The rights to utilise the tax losses expire between 2039 and 2051, depending on their year of generation.

There are also 21 million euros of unused losses at the Austrian subsidiary and 3 million euros at the Italian subsidiary for which there is no deadline for their utilisation under local tax regulations.

*Unused tax credits*

Of total deferred tax assets for unused tax credits, in the amount of 18.6 million euros at year-end:

- 4.7 million euros relate to double taxation relief generated by the Tax Group. That tax relief must be utilised between 2036 and 2043, depending on the year the tax credits were generated.

- 13.9 million euros relate to tax credits with deduction limits of 35% and of 70% generated by the Tax Group. That tax relief must be utilised between 2032 and 2053, depending on the year the tax credits were generated.

The total amount of current and deferred taxes recognised directly in other comprehensive income in 2024 and 2023 is shown below:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Cash flow hedges (note 14.7) | 966 | 73 |

### *21.4 Unused tax credits and unused tax losses not recognised as deferred tax assets*

The Group has not recognised certain deferred tax assets on the accompanying consolidated statement of financial position as it believes it is not probable it will be able to utilise them within the above-mentioned timeframes.

### *21.5 Years open to inspection and tax inspections*

In accordance with prevailing tax legislation, in Spain, tax returns cannot be considered final until they have been inspected by the tax authorities, or until the four-year inspection period has elapsed (five years in the case of entities subject to inspection by the Alava authorities). At year-end 2024, the entities subject to inspection by the Alava authorities had their returns for 2019 on open to inspection, specifically their corporate income tax returns, along with their returns for the last five years for VAT, resident income tax withholdings and all other applicable taxes. In addition, the tax authorities are entitled to inspect any tax credits and tax losses generated in prior years when they are utilised in any of the years open to inspection. In the case of the Spanish entities that are not subject to inspection by the Alava authorities, the related prescription period is four years rather than five.

The Parent’s directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying consolidated financial statements.

The Parent's directors do not anticipate the accrual of material additional liabilities other than those already provided for as a result of any review by the tax authorities of the years open to inspection.

### *21.6 Pillar Two*

On 15 December 2022, the European Union’s Economic and Financial Affairs Council (ECOFIN) approved Council Directive (EU) 2022/2523 of 14 December 2022, commonly known as the Pillar Two Directive. The goal is to ensure a global minimum level of taxation of 15% for multinational enterprise groups and large-scale domestic groups in the European Union with annual revenue of over 750 million euros. Approval of the Directive put the onus on the various member states to transpose it into national law.

Spain transposed the Directive via Law 7/2024, of 20 December 2024, enacting the Minimum Top-Up Tax (for Pillar Two purposes), including the Domestic Top-Up Tax. That top-up tax is applicable retroactively for tax periods beginning on or after 31 December 2023 with respect to the Primary Top-Up Tax and the Domestic Top-Up Tax, so that it applies during the years beginning from that date.

Elsewhere, with respect to Spain’s historical “*foral*” tax territories, the local tax authorities in Alava published Emergency Tax Decree 3/2024 in the official state journal on 30 November 2024, likewise enacting a top-up tax to ensure a minimum global tax rate for multinational enterprises and large-scale domestic groups. That Decree, since validated via Provincial Law 1/2025, of 15 January 2025, approves, for the historical tax territory of Alava, where the Group is resident for tax purposes, application for Pillar Two purposes of Spanish Law 7/2024 (see above) in the tax periods beginning on or after 31 December 2023 until the Economic Agreement between the Basque Region and the Spanish State is amended to factor in the minimum top-up tax.

The minimum top-up tax was articulated as a direct tax under regional purview at the Mixed Committee of the Economic Agreement on 23 December 2024, so that the general courts must now approve the legislation amending the Economic Agreement to introduce this new taxation power.

The first top-up tax accrued as at 31 December 2024, just a few days after approval of the state law (Law 7/2024), with the proximity between the two dates making it impossible for the Alava tax authorities to exercise its legislative powers on time. As a result, with respect to the first top-up tax accrued as at 31 December 2024, as stipulated in Emergency Tax Decree 3/2024, as subsequently validated by Provincial Law 1/2025, the top-up tax applicable is that enacted in the state legislation until the Economic Agreement introduces the required top-up tax provisions.

The Group to which the Parent belongs does not fall within the scope of application of the minimum top-up tax in 2024, as its consolidated annual revenue has not exceeded 750 million euros in at least two of the four years prior to 2024. As a result, the consolidated statement of profit or loss for the year ended 31 December 2024 does not include any impact in respect of the Pillar Two rules. The Group is, however, expected to fall within the scope of the minimum top-up tax in 2025 as its consolidated annual revenue will exceed 750 million euros in two of the four years prior to 2025, i.e., in 2023 and 2024.

The Group is currently assessing its potential exposure to the Pillar Two rules in light of Law 7/2024, the European Directive and the administrative guidance published by the OECD. Insofar as that assessment is ongoing, the Group has not yet estimated the potential accounting impacts of application of the top-up tax in the future and has therefore not recognised any related amounts in its consolidated financial statements.

Note that the Group has applied the mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules as per the IASB’s amendments to IAS 12 of May 2023.

Transitional Provision One of Law 7/2024 further contemplates a transitional first-time application regime for the tax treatment of deferred tax assets and liabilities and of assets transferred during the transitional tax period. Specifically, article 47 stipulates that calculation of the tax rate for a jurisdiction in the “transition year”, understood as the first tax period in which a multinational enterprise group or a large-scale domestic group must apply the contents of Law 7/2024 in each jurisdiction, and in each subsequent tax period, must take into account all the deferred tax assets and deferred tax liabilities recognised or disclosed in the financial statements of all of the constituent entities in the jurisdiction in question at the start of the relevant transition year.

## 22. Earnings per share

### *22.1 Basic*

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Parent by the weighted average number of shares in issue, excluding treasury shares, during the period.

| | 2024 | 2023 |
|---|---|---|
| Profit/(loss) attributable to equity holders of the parent (€ 000) | 22,854 | 36,332 |
| Average number of shares outstanding | 121,694,222 | 120,803,943 |
| Basic earnings per share (€) | 0.19 | 0.30 |

The average number of ordinary shares was calculated as follows:

| | 2024 | 2023 |
|---|---|---|
| Ordinary shares outstanding (note 14.1) | 126,549,251 | 126,549,251 |
| Average own shares (note 14.5) | (4,855,029) | (5,745,308) |
| Average number of shares outstanding | 121,694,222 | 120,803,943 |

### *22.2 Diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

| | 2024 | 2023 |
|---|---|---|
| Profit/(loss) attributable to equity holders of the parent (€ 000) | 22,854 | 36,332 |
| Average number of shares outstanding | 124,884,222 | 123,963,943 |
| Diluted earnings per share (€) | 0.18 | 0.29 |

The average number of ordinary shares was calculated as follows:

| | 2024 | 2023 |
|---|---|---|
| Ordinary shares outstanding (note 14.1) | 126,549,251 | 126,549,251 |
| Average own shares (note 14.5) | (4,855,029) | (5,745,308) |
| Effect of stock option plans (note 14.6) | 3,190,000 | 3,160,000 |
| Average number of shares outstanding | 124,884,222 | 123,963,943 |

## 23. Other operating income and other operating expenses

“Other operating income” in the consolidated statement of profit or loss breaks down as follows in 2024 and 2023:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Grants related to income | 5,046 | 6,664 |
| Other income | 5,925 | 10,286 |
| | 10,971 | 16,950 |

The breakdown of “Other operating expenses” in 2024 and 2023 is provided below:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Research and development costs | 835 | 543 |
| Operating lease expense | 1,116 | 2,063 |
| Repairs and upkeep | 18,552 | 18,233 |
| Independent professional services | 12,382 | 15,548 |
| Transportation | 13,078 | 15,601 |
| Insurance premiums | 3,229 | 4,321 |
| Utilities | 38,156 | 61,364 |
| Other expenses | 118,094 | 101,886 |
| Taxes other than income tax | 1,047 | 968 |
| Change in impairment allowance for trade receivables (note 3.5) | 74 | 1,924 |
| | 206,563 | 222,451 |

Other expenses in 2024 included 393 thousand euros (2023: 503 thousand euros) earmarked to the Tubacex Foundation, which articulates the Group's community investment effort.

## 24. Employee benefits expense

The breakdown for 2024 and 2023:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Wages, salaries and similar | 126,298 | 124,382 |
| Contributions to pension plans | 4,387 | 2,128 |
| Social security | 28,326 | 24,619 |
| Other benefit expense | 4,604 | 5,965 |
| | 163,615 | 157,094 |

The Group's average headcount by job category in 2024 and 2023 was as follows:

| Category | 2024 | 2023 |
|---|---|---|
| Key management personnel | 12 | 11 |
| Middle managers and supervisors | 448 | 399 |
| Experts and professionals | 497 | 435 |
| Operations staff | 1,709 | 1,659 |
| Total | 2,666 | 2,504 |

The above average headcounts factor in everyone who has or had an employment relationship with the Company during the year weighted by the length of time for which they provided their services. The employees affected by furlough schemes were weighted for the effective length of time worked.

The breakdown of the year-end headcount by job category and gender:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| Category | Men | Women | Men | Women |
| Key management personnel | 10 | 1 | 10 | 1 |
| Middle managers and supervisors | 381 | 64 | 341 | 69 |
| Experts and professionals | 302 | 208 | 268 | 196 |
| Operations staff | 1,677 | 122 | 1,587 | 131 |
| Total | 2,370 | 395 | 2,206 | 397 |

The Parent's Board of Directors was made up of three women and seven men at 31 December 2024 (four women and seven men at year-end 2023).

The Group employed a total of 20 people with disabilities in 2024 (2023: 19).

## 25. Related party transactions and balances

*Related party transactions*

The transactions performed with related parties in 2024 and 2023, the effects of which have been eliminated upon consolidation:

2024:

| € 000 | Revenue | Finance income |
|---|---|---|
| Coprosider S.R.L. | 215 | 7 |
| | 215 | 7 |

2023:

| € 000 | Revenue | Finance income |
|---|---|---|
| Coprosider S.R.L. | 98 | 13 |
| | 98 | 13 |

*Related party balances*

The breakdown of balances outstanding with related parties at year-end 2024 and 2023 (€ 000):

2024:

| | Receivable | |
|---|---|---|
| | Other non-current financial assets (note 9) | Trade and other receivables (note 12) |
| Coprosider S.R.L. | 703 | 7 |
| Fundación Tubacex | - | 96 |
| Total related party balances | 703 | 103 |

2023:

| | Receivable | | Payable |
|---|---|---|---|
| | Other non-current financial assets (note 9) | Trade and other receivables (note 12) | Trade and other payables (note 19) |
| Coprosider S.R.L. | 644 | 49 | (12) |
| Fundación Tubacex | - | 96 | - |
| Total related party balances | 644 | 145 | (12) |

*Related party transactions*

There were no related party transactions in 2024 (in 2023, transactions with related parties totalled 135 thousand euros).

## 26. Key management personnel remuneration

The remuneration accrued by key management personnel in 2024 and 2023 is shown below:

| | € 000 | |
|---|---|---|
| | 2024 | 2023 |
| Short-term employee benefits - KMP | 3,515 | 3,114 |
| Post-employment benefits | 141 | 126 |
| Total director remuneration | 3,656 | 3,240 |

The Group had not extended any loans or advances to any of its key management personnel at either year-end. “Post-employment benefits” in the table above corresponds basically to contributions made to a defined benefit plan.

In 2024, the Group's key management personnel accrued 1,000 thousand euros under multi-year compensation schemes (2023: 3,517 thousand euros).

## 27. Disclosures relating to the Parent's directors

### *27.1 Parent directors - Remuneration and year-end balances*

The members of the Board of Directors received 1,052 thousand euros of fixed fees for attending its meetings in 2024 (2023: 1,037 thousand euros).

Those amounts do not include the additional remuneration accrued by the directors who discharge executive duties: in 2024, that remuneration amounted to 701 thousand euros (2023: 676 thousand euros) plus 34 thousand euros of post-employment benefits (mainly contributions to a defined benefit plan) (2023: 32 thousand euros). They also accrued 60 thousand euros of other remuneration (2023: 55 thousand euros).

In addition, at year-end 2023, the Group accrued remuneration for its CEO under a multi-year incentive plan in the amount of 1,954 thousand euros.

Note lastly, that in 2024, as was the case in 2023, the members of the Board of Directors did not accrue any remuneration for sitting on or attending the meetings of the boards of other members of the consolidated group.

The Group had not extended any loans or advances to any of the Parent's directors at either year-end.

The Group had no pension plan or life insurance commitments to former or serving members of the Parent's Board of Directors nor had it given any guarantees on their behalf at either reporting date.

In 2024, the Group accrued 61 thousand euros of director and officer liability insurance premiums (2023: 51 thousand euros).

### *27.2 Transactions outside the ordinary course of business or on terms other than on arm's length performed between the Group and the Parent's directors*

None of the directors of the Parent transacted with the Parent or any of its Group companies outside the ordinary course of business or other than on an arm's length basis in 2024.

### *27.3 Shareholdings and positions held by directors of the Parent and their related parties at other companies*

At year-end 2024, none of the members of the Parent's Board of Directors nor any of their related parties, as defined in Spain's Corporate Enterprises Act, had relationships with other companies whose business activities could imply a conflict of interest for them or for Tubacex, given that none of the notices required under article 229 of that Act have been provided to the Board of Directors or the rest of its members, which is why there are no related disclosures in these consolidated financial statements.

## 28. Environmental disclosures

The Group's operations are governed by environmental protection and occupational health and safety regulations. The Group believes that it complies substantially with those laws and has designed and implemented procedures for encouraging and guaranteeing due compliance.

In 2024, the Group incurred capital expenditure of an environmental nature of approximately 1,755 thousand euros (2023: 1,757 thousand euros) and expenses of an environmental nature of 2,909 thousand euros (2023: 3,202 thousand euros), which was mainly spent on the removal of acids and on repair and conservation work and advisory and audit services provided by independent professionals.

The Group did not receive any grants of an environmental nature in 2024 or 2023.

At 31 December 2024, except for a provision of 1,424 thousand euros recognised under "Non-current provisions" in the accompanying statement of financial position (year-end 2023: 1,355 thousand euros) related to a subsidiary domiciled in the US to cover water pollution exposure (note 15), which was measured by an independent expert, the Group has not recognised any provisions for environmental risks as the Parent's directors believe there are no material contingencies related to possible lawsuits, damages or other claims.

## 29. Audit fees

The fees accrued (irrespective of when they were invoiced) for financial statement audit services and other services by the auditor of the Group's consolidated financial statements and the fees for services invoiced by the auditors of the separate financial statements of the entities included in the consolidation group and by entities related to those auditors by means of control, common ownership or management (again, irrespective of when they were invoiced) in 2024 and 2023 were as follows (€ 000):

| | 2024 | 2023 |
|---|---|---|
| Audit services | 651 | 469 |
| Other assurance services | 97 | 72 |
| Total audit and related services | 748 | 541 |
| Tax advisory services | 50 | 70 |
| Other services | 153 | 143 |
| Total other services | 203 | 213 |

In addition, other auditors invoiced the Group 554 thousand euros (2023: 544 thousand euros) for audit services, 62 thousand euros for tax advisory services (2023: 51 thousand euros) and 122 thousand euros for other services (2023: 127 thousand euros).

## 30. Events after the reporting date

There have been no developments since 31 December 2024 with a significant impact on the annual consolidated financial statements of the Tubacex Group.

## 31. Translation

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

# TUBACEX, S.A. AND SUBSIDIARIES

## INFORMATION REGARDING GROUP SUBSIDIARIES DURING THE YEAR ENDED 31 DECEMBER 2024

| Company | Registered office | Business | Auditor | Shareholding, % | | | € 000 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | Total | Capital (*) | Reserves and other items of equity (*) | Profit/(loss) (*) | Interim dividend (*) | Operating profit/(loss) (*) | Total equity (*) |
| Acería de Alava, S.A.U. | Alava (Spain) | Steel manufacturing | EY | 100 | - | 100 | 7,300 | 30,913 | 3,814 | - | 6,796 | 42,027 |
| Tubacex Services Solutions Holding S.L.U. | Alava (Spain) | Sale of tubing | N/A | 100 | - | 100 | 31,183 | 3,776 | 395 | - | (318) | 35,354 |
| Tubacex Services Solutions, S.A.U. | Alava (Spain) | Sale of tubing | EY | - | 100 | 100 | 1,142 | 10,109 | 2,001 | - | 4,176 | 13,252 |
| Tubacex Services Solutions France, S.A.S. | Soissons (France) | Sale of tubing | EY | - | 100 | 100 | 500 | 8,087 | 670 | - | 973 | 9,257 |
| Tubacex Service Solutions India, Pvt. Ltd. | India | Sales | EY | - | 100 | 100 | 564 | 523 | 759 | - | 1,166 | 1,846 |
| Tubacex Services Solutions Do Brasil Participacoes Ltda | Sao Paulo (Brazil) | Sale of tubing | N/A | - | 100 | 100 | - | 211 | (180) | - | (88) | 31 |
| Tbx Upstream do Brasil LTDA | Sao Paulo (Brazil) | Sale of tubing and provision of services | EY | - | 51 | 51 | - | 529 | (387) | - | 139 | 141 |
| Tubacex Services Solutions Austria Gmbh | Ternitz (Austria) | Sale of tubing | N/A | - | 100 | 100 | 35 | 6,485 | 1,356 | - | 1,849 | 7,876 |
| Tubacex Service Solutions Middle East, FZCO | Dubai (United Arab Emirates) | Sale of tubing | Grant Thornton LLp | - | 100 | 100 | 2,948 | 1,477 | 265 | - | 275 | 4,690 |
| CFT Servicios Inmobiliarios, S.A.U. | Alava (Spain) | Sale of tubing | N/A | 100 | - | 100 | 60 | - | - | - | - | 60 |
| Red Distribuidora de Tubos y Accesorios, S.A.U. (R.T.A.) | Alava (Spain) | Sale of tubing | N/A | 100 | - | 100 | 76 | 2,022 | 206 | - | 113 | 2,303 |
| Schoeller – Bleckmann Edelstahlrohr Inmobilien, AG | Ternitz (Austria) | Real estate | EY | 100 | - | 100 | 70 | 65,301 | 545 | - | 89 | 65,917 |
| Schoeller – Bleckmann Edelstahlrohr GmbH (Subgroup) | Ternitz (Austria) | Manufacture and sale of tubing | EY | 100 | - | 100 | 3,500 | 40,354 | 140 | - | 4,473 | 43,994 |
| Schoeller – Bleckmann Technisches Service GmbH | Ternitz (Austria) | Technical assistance services | EY | - | 100 | 100 | Included in the "Schoeller-Bleckmann Edelstahlhohr GmbH" Subgroup | | | | | |
| Schoeller – Bleckmann Technisches Service GmbH & Co. KG | Ternitz (Austria) | Technical assistance services | EY | - | 100 | 100 | Included in the "Schoeller-Bleckmann Edelstahlhohr GmbH" Subgroup | | | | | |
| Schoeller – Bleckmann Edelstahlrohr Deutschland GmbH | Düsseldorf (Germany) | Sale of tubing | N/A | 100 | - | 100 | 26 | 344 | 21 | - | 68 | 391 |
| Schoeller – Bleckmann Tube France | Paris (France) | Sale of tubing | N/A | 100 | - | 100 | 38 | 103 | (2) | - | 2 | 139 |
| Tubacex Taylor Accesorios, S.A.U. | Alava (Spain) | Manufacture of fittings | EY | 100 | - | 100 | 8,891 | 1,478 | (8) | - | (11) | 10,361 |
| Tubacex Tubos Inoxidables, S.A.U. | Alava (Spain) | Manufacture and sale of tubing | EY | 100 | - | 100 | 15,028 | 7,317 | 134,509 | - | 176,962 | 156,855 |
| Tubacex Innovación AIE | Vizcaya (Spain) | Innovation | N/A | - | 100 | 100 | 6 | 1,013 | 164 | - | 259 | 1,183 |
| Tubacoat, S.L. | Vizcaya (Spain) | Industrial development and sale of long steel products | N/A | 100 | - | 100 | 60 | 711 | (231) | - | (357) | 541 |
| Tubacex Services, S.L. | Cantabria (Spain) | Manufacture and sale of special size steel tubing | EY | 81 | - | 81 | 3,704 | 349 | (861) | - | (440) | 3,192 |
| Tubacex Middle East Holding, S.L. | Cantabria (Spain) | Holding company | N/A | 100 | - | 100 | 3 | (139) | (2,305) | - | (7) | (2,441) |
| IBF SpA | Italy | Manufacture of high-end fittings | EY | 100 | - | 100 | 15,000 | 10,725 | 3,550 | - | 6,008 | 29,275 |
| Tubacex Awaji Thailand, LTD | Thailand | Manufacture of fittings | Audit House Corporate, Ltd. | 100 | - | 100 | 4,729 | 2,576 | 1,618 | - | 2,098 | 8,923 |
| Tubacex Tubes and Pipes Pvt Ltd | India | Manufacture and sale of special size steel tubing | EY | 100 | - | 100 | 1,413 | 47,362 | 2,400 | - | 2,430 | 51,175 |
| Fundación Tubacex | Vizcaya (Spain) | Philanthropy | N/A | 100 | - | 100 | 150 | 176 | (67) | - | (67) | 259 |
| Tubacex Upstream Technologies S.A. | Vizcaya (Spain) | Manufacture and sale of special size steel tubing | EY | - | 51 | 51 | 1,000 | 16,161 | 21,154 | - | 8,510 | 38,315 |
| NTS Middle East, FZCO | Dubai (United Arab Emirates) | Mechanical repair of drilling tools | Grant Thornton LLp | 49 | - | 49 | 142 | 43,220 | 1,038 | - | 2,415 | 44,400 |
| Promet As | Tananger (Norway) | Precision engineering | PricewaterhouseCoopers, AS | - | 49 | 49 | Included in the "NTS Middle East FZCO" Subgroup | | | | | |
| Steinsvik Production As | Forresfjorden (Norway) | Production and repair of industrial products | N/A | - | 80 | 80 | Included in the "NTS Middle East FZCO" Subgroup | | | | | |
| NTS Saudi Company LTD | Al Khobar (Saudi Arabia) | Mechanical repair of drilling tools | Grant Thornton LLp | - | 49 | 49 | Included in the "NTS Middle East FZCO" Subgroup | | | | | |
| NTS Amega West USA, INC | Delaware (US) | Manufacture and rental of tubing industry equipment | Grant Thornton LLp | - | 49 | 49 | Included in the "NTS Middle East FZCO" Subgroup | | | | | |
| NTS Rocket Canada, LTD | Singapore (Singapore) | Manufacture and rental of tubing industry equipment | Grant Thornton LLp | - | 49 | 49 | Included in the "NTS Middle East FZCO" Subgroup | | | | | |
| NTS Rocket Pte, Ltd | Alberta (Canada) | Manufacture and rental of tubing industry equipment | Grant Thornton LLp | - | 49 | 49 | Included in the "NTS Middle East FZCO" Subgroup | | | | | |
| Tubacex Advance Solutions S.L. | Vizcaya (Spain) | Sale of tubing | N/A | 100 | - | 100 | 3 | 992 | (4) | - | (5) | 991 |
| TSS NORWAY, A.S. | Norway | Sale of tubing | KPMG | - | 100 | 100 | 23 | 3,810 | 3,630 | - | 4,755 | 7,464 |
| Tubacex Europe, B.V | Netherlands | Sale of tubing | N/A | 100 | - | 100 | 16 | 302 | (8) | - | (7) | 310 |
| Tubacex Logistics, S.A. | Leioa (Vizcaya) | Transport and logistics | EY | 75 | - | 75 | 72 | 964 | 252 | - | 338 | 1,288 |

This Appendix is an integral part of note 1 of the accompanying financial statements and should be read in conjunction therewith.

(*) The data included in this Appendix were taken from the separate financial statements of the consolidated entities prepared in accordance with the Group's accounting policies.

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tubacex Italy | Milan (Italy) | Sale of tubing | N/A | 100 | - | 100 | - | 214 | 24 | - | 24 | 238 |
| Tubacex Servicios de Gestión S.L.U. | Vizcaya (Spain) | Advisory and consultancy | N/A | 100 | - | 100 | 3 | 665 | (391) | - | (524) | 277 |
| Fundación EIC Energy Advanced Engineering | Vizcaya (Spain) | Technology project development | N/A | 25 | - | 25 | 30 | (4) | (1) | - | (1) | 25 |
| Tubacex US Holding, Inc | Delaware (US) | Holding company | Grossman Yanak & Ford | 100 | - | 100 | - | 49,139 | (50) | - | (50) | 49,089 |
| Salem Tube, Inc | Pennsylvania (US) | Tube manufacturing | Grossman Yanak & Ford | - | 100 | 100 | 18,093 | 30,903 | 2,328 | - | 3,750 | 51,324 |
| Tubacex America Inc | Houston (USA) | Sale of tubing | Grossman Yanak & Ford | - | 100 | 100 | 1 | 16,860 | 2,103 | - | 2,124 | 18,964 |
| Tubacex Durant, Inc | Delaware (US) | Tube manufacturing | Grossman Yanak & Ford | - | 100 | 100 | - | 7,646 | (2,687) | - | (2,455) | 4,959 |
| Hyvalue Tubacex IET, S.L. | Vizcaya (Spain) | Project development and sale | N/A | - | 50 | 50 | 4 | (55) | (4) | - | (12) | (55) |
| Hyvalue Gasteiz, S.L.U. (formerly, Hyvalue Gasteiz IET S.L.) | Alava (Spain) | Waste recovery and resale | N/A | - | 100 | 100 | 4 | (19) | (19) | - | (11) | (34) |
| Tubacex Desarrollos, S.L.U. | Vizcaya (Spain) | R&D | N/A | 100 | - | 100 | 3 | 2,322 | (9) | - | - | 2,316 |
| Tubacex IBF Kazajistan, S.R.L. | Atyrau (Kazakhstan) | Manufacture and distribution of tubing | N/A | 100 | - | 100 | 10 | 929 | 303 | - | 588 | 1,242 |
| Tbx Upstream Seamless Pipes | Abu Dhabi (United Arab Emirates) | Manufacture and sale of special size steel tubing | EY | - | 51 | 51 | 12,357 | 70,068 | (371) | - | (1,623) | 82,054 |
| Tbx Upstream Oil and Natural Gas Well Equipment Trading | Abu Dhabi (United Arab Emirates) | Sale of special size steel tubing | EY | - | 100 | 100 | 13 | 14,786 | (1,560) | - | (595) | 13,239 |
| Tubacex North Asia | Shanghai (China) | Consulting | N/A | 100 | - | 100 | 147 | 225 | 119 | - | 127 | 491 |
| Tubacex Spain Assets, S.L. | Alava (Spain) | Manufacture and sale of special size steel tubing | EY | - | 51 | 51 | 3 | 184,820 | 766 | - | 1,010 | 185,589 |
| Tubacex Service Solutions Asia PTE LTD | Singapore (Singapore) | Distribution and sale of special size steel tubing | N/A | - | 100 | 100 | 18 | - | - | - | - | 18 |
| Tbx Newco Spain, S.L. | Vizcaya (Spain) | Holding company activities | EY | 51 | - | 51 | 7,621 | 198,084 | (79) | - | (102) | 205,626 |
| TBX Premium Connections, S.L. | Vizcaya (Spain) | Holding company activities | EY | 100 | - | 100 | 17,003 | 2,140 | 68 | - | 886 | 19,211 |
| TSS North East Asia | Vizcaya (Spain) | Holding company activities | N/A | - | 100 | 100 | - | 200 | 31 | - | 39 | 231 |
| Tubacex Fertilizers and Chemicals, S.R.L. | Vizcaya (Spain) | Holding company activities | N/A | 100 | - | 100 | 10 | - | - | - | - | 10 |

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(*) The data included in this Appendix were taken from the separate financial statements of the consolidated entities prepared in accordance with the Group's accounting policies.

# TUBACEX, S.A. AND SUBSIDIARIES

## INFORMATION REGARDING GROUP SUBSIDIARIES DURING THE YEAR ENDED 31 DECEMBER 2023

| Company | Registered office | Business | Auditor | Shareholding, % | | | € 000 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | Total | Capital (*) | Reserves and other items of equity (*) | Profit/(loss) (*) | Interim dividend (*) | Operating profit/(loss) (*) | Total equity (*) |
| Acería de Alava, S.A.U. | Alava (Spain) | Steel manufacturing | EY | 100 | - | 100 | 7,300 | 26,168 | 4,826 | - | 8,593 | 38,294 |
| Tubacex Services Solutions Holding S.L.U. | Alava (Spain) | Sale of tubing | N/A | 100 | - | 100 | 31,183 | 6,891 | 563 | - | 15 | 38,637 |
| Tubacex Services Solutions, S.A.U. | Alava (Spain) | Sale of tubing | EY | - | 100 | 100 | 1,142 | 9,877 | 517 | - | 1,444 | 11,536 |
| Tubacex Services Solutions France, S.A.S. | Soissons (France) | Sale of tubing | EY | - | 100 | 100 | 500 | 6,545 | 1,470 | - | 2,123 | 8,515 |
| Tubacex India Pvt Ltd | India | Sales | N/A | - | 100 | 100 | 564 | 18 | 456 | - | 784 | 1,038 |
| Tubacex Services Solutions Do Brasil Participacoes Ltda | Sao Paulo (Brazil) | Sale of tubing | N/A | - | 100 | 100 | 2,083 | 1,421 | 186 | - | 202 | 476 |
| Tubacex Services Solutions Austria Gmbh | Ternitz (Austria) | Sale of tubing | N/A | - | 100 | 100 | 35 | 3,139 | 4,190 | - | 4,545 | 7,363 |
| Tubacex Service Solutions Middle East, FZCO | Dubai (United Arab Emirates) | Sale of tubing | N/A | - | 100 | 100 | 2,948 | 1,063 | 319 | - | 353 | 4,330 |
| CFT Servicios Inmobiliarios, S.A.U. | Alava (Spain) | Sale of tubing | N/A | 100 | - | 100 | 60 | 1,099 | - | - | - | 1,159 |
| Red Distribuidora de Tubos y Accesorios, S.A.U. (R.T.A.) | Alava (Spain) | Sale of tubing | N/A | 100 | - | 100 | 76 | 1,880 | 142 | - | 2 | 2,098 |
| Schoeller – Bleckmann Edelstahlrohr Inmobilien, AG | Ternitz (Austria) | Real estate | EY | 100 | - | 100 | 70 | 61,936 | 134 | - | 59 | 62,140 |
| Schoeller – Bleckmann Edelstahlrohr GmbH (Subgroup) | Ternitz (Austria) | Manufacture and sale of tubing | EY | 100 | - | 100 | 3,500 | 42,503 | 2,641 | - | 564 | 43,362 |
| Schoeller – Bleckmann Technisches Service GmbH | Ternitz (Austria) | Technical assistance services | EY | - | 100 | 100 | Included in the “Schoeller-Bleckmann Edelstahlhohr GmbH” Subgroup | | | | | |
| Schoeller – Bleckmann Technisches Service GmbH & Co. KG | Ternitz (Austria) | Technical assistance services | EY | - | 100 | 100 | Included in the “Schoeller-Bleckmann Edelstahlhohr GmbH” Subgroup | | | | | |
| Schoeller – Bleckmann Edelstahlrohr Deutschland GmbH | Düsseldorf (Germany) | Sale of tubing | EY | 100 | - | 100 | 26 | 159 | 185 | - | 220 | 370 |
| Schoeller – Bleckmann Tube France | Paris (France) | Sale of tubing | EY | 100 | - | 100 | 38 | 102 | 41 | - | 41 | 99 |
| Tubacex Taylor Accesorios, S.A.U. | Alava (Spain) | Manufacture of fittings | EY | 100 | - | 100 | 8,891 | 1,394 | 84 | - | 130 | 10,369 |
| Tubacex Tubos Inoxidables, S.A.U. | Alava (Spain) | Manufacture and sale of tubing | EY | 100 | - | 100 | 15,028 | 217 | 8,108 | - | 9,241 | 22,918 |
| Tubacex Innovación AIE | Vizcaya (Spain) | Innovation | N/A | 92 | 8 | 100 | 6 | 808 | 205 | - | 262 | 1,019 |
| Tubacoat, S.L. | Vizcaya (Spain) | Industrial development and sale of long steel products | N/A | 100 | - | 100 | 60 | 963 | 252 | - | 330 | 771 |
| Tubacex Services, S.L. | Cantabria (Spain) | Manufacture and sale of special size steel tubing | EY | 81 | - | 81 | 3,704 | 302 | 49 | - | 246 | 4,055 |
| Tubacex Middle East Holding, S.L. | Cantabria (Spain) | Holding company | N/A | 100 | - | 100 | 3 | 7 | 146 | - | 5 | 136 |
| IBF SpA (Subgroup) | Italy | Manufacture of high-end fittings | EY | 100 | - | 100 | 15,000 | 9,751 | 1,027 | - | 2,273 | 25,778 |
| Tubacex Awaji Thailand, LTD | Thailand | Manufacture of fittings | Audit House corp., Ltd. | 100 | - | 100 | Included in the “IBF SpA” Subgroup | | | | | |
| Tubacex Tubes and Pipes Pvt Ltd | India | Manufacture and sale of special size steel tubing | EY | 100 | - | 100 | 1,413 | 40,709 | 5,035 | - | 6,322 | 47,157 |
| Fundación Tubacex | Vizcaya (Spain) | Philanthropy | N/A | 100 | - | 100 | 500 | 483 | 103 | - | 103 | 86 |
| Tubacex Upstream Technologies S.A. | Vizcaya (Spain) | Manufacture and sale of special size steel tubing | EY | 100 | - | 100 | 1,000 | 17,337 | 11,868 | - | 18,913 | 30,205 |
| NTS Middle East, FZCO | Dubai (United Arab Emirates) | Mechanical repair of drilling tools | Grant Thornton LLp | - | 51 | 51 | 142 | 43,787 | 190 | - | 1,302 | 44,119 |
| Promet As | Tananger (Norway) | Precision engineering | Grant Thornton LLp | - | 34 | 34 | Included in the “NTS Middle East FZCO” Subgroup | | | | | |
| Steinsvik Production As | Forresfjorden (Norway) | Production and repair of industrial products | N/A | - | 34 | 34 | Included in the “NTS Middle East FZCO” Subgroup | | | | | |
| NTS Saudi Company LTD | Al Khobar (Saudi Arabia) | Mechanical repair of drilling tools | Grant Thornton LLp | - | 49 | 49 | Included in the “NTS Middle East FZCO” Subgroup | | | | | |
| NTS Amega West USA, INC | Delaware (US) | Manufacture and rental of tubing industry equipment | Grant Thornton LLp | - | 49 | 49 | Included in the “NTS Middle East FZCO” Subgroup | | | | | |
| NTS Rocket Canada, LTD | Singapore (Singapore) | Manufacture and rental of tubing industry equipment | Grant Thornton LLp | - | 49 | 49 | Included in the “NTS Middle East FZCO” Subgroup | | | | | |
| NTS Rocket Pte, Ltd | Alberta (Canada) | Manufacture and rental of tubing industry equipment | Grant Thornton LLp | - | 49 | 49 | Included in the “NTS Middle East FZCO” Subgroup | | | | | |
| Tubacex Advance Solutions S.L. | Vizcaya (Spain) | Sale of tubing | N/A | 100 | - | 100 | 3 | 1,008 | 4 | - | 5 | 1,007 |
| Tubacex Norway | Norway | Sale of tubing | N/A | - | 100 | 100 | 23 | 2,616 | 1,072 | - | 1,602 | 3,712 |
| Tubacex Europe, B.V | Netherlands | Sale of tubing | N/A | 100 | - | 100 | 16 | 297 | 6 | - | 6 | 319 |
| Tubacex Logistics, S.A. | Leioa (Vizcaya) | Transport and logistics | EY | 75 | - | 75 | 72 | 718 | 245 | - | 323 | 1,035 |
| Tubacex Italy | Milan (Italy) | Sale of tubing | N/A | 100 | - | 100 | - | 197 | 17 | - | 17 | 214 |
| Tubacex Servicios de Gestión S.L.U. | Vizcaya (Spain) | Advisory and consultancy | N/A | 100 | - | 100 | 3 | 788 | 123 | - | 288 | 668 |
| Fundación EIC Energy Advanced Engineering | Vizcaya (Spain) | Technology project development | N/A | 25 | - | 25 | 30 | 2 | 5 | - | 5 | 27 |
| Tubacex US Holding, Inc | Delaware (US) | Holding company | N/A | 100 | - | 100 | - | 49,317 | 178 | - | 178 | 49,139 |
| Salem Tube, Inc | Pennsylvania (US) | Tube manufacturing | Grossman Yanak & Ford | - | 100 | 100 | 18,093 | 26,999 | 2,673 | - | 3,684 | 47,765 |
| Tubacex America Inc | Houston (USA) | Sale of tubing | Grossman Yanak & Ford | - | 100 | 100 | 1 | 13,118 | 2,949 | - | 3,610 | 16,068 |
| Tubacex Durant, Inc | Delaware (US) | Tube manufacturing | Grossman Yanak & Ford | - | 100 | 100 | - | 9,555 | 2,252 | - | 2,718 | 7,302 |
| Hyvalue Tubacex IET, S.L. | Vizcaya (Spain) | Project development and sale | N/A | 100 | - | 100 | 4 | 24 | 12 | - | 12 | 32 |
| Hyvalue Gastiez, S.L.U. (formerly, Hyvalue Gasteiz IET S.L.) | Alava (Spain) | Waste recovery and resale | N/A | - | 100 | 100 | 4 | 2 | 11 | - | 11 | 9 |
| Tubacex Desarrollos, S.L.U. | Vizcaya (Spain) | R&D | N/A | 100 | - | 100 | 3 | 5 | 8 | - | 1 | 10 |
| Tubacex IBF Kazajistan, S.R.L. | Atyrau (Kazakhstan) | Manufacture and distribution of tubing | N/A | 100 | - | 100 | 10 | 96 | 1,427 | - | 1,427 | 1,533 |
| Tbx Upstream Seamless Pipes | Abu Dhabi (United Arab Emirates) | Manufacture and sale of special size steel tubing | N/A | - | 100 | 100 | 64 | 10,888 | 265 | - | 338 | 10,688 |
| Tbx Upstream Oil and Natural Gas Well Equipment Trading | Abu Dhabi (United Arab Emirates) | Sale of special size steel tubing | N/A | - | 100 | 100 | 13 | 11,710 | 49 | - | 48 | 11,771 |
| Tubacex North Asia | Shanghai (China) | Consultancy | N/A | 100 | - | 100 | 147 | 295 | 78 | - | 77 | 519 |
| Tubacex Spain Assets, S.L. | Alava (Spain) | Manufacture and sale of special size steel tubing | N/A | 100 | - | 100 | 3 | - | - | - | - | 3 |
| Tubacex Service Solutions Asia PTE LTD | Singapore (Singapore) | Distribution and sale of special size steel tubing | N/A | - | 100 | 100 | 18 | - | - | - | - | 18 |
| Tbx Newco Spain, S.L. | Vizcaya (Spain) | Holding company activities | N/A | 100 | - | 100 | 3 | - | - | - | - | 3 |

This Appendix is an integral part of note 1 of the accompanying financial statements and should be read in conjunction therewith.

(*) The data included in this Appendix were taken from the separate financial statements of the consolidated entities prepared in accordance with the Group's accounting policies.

# Tubacex, S.A. and subsidiaries comprising the Tubacex Group

# Consolidated management report for the year ended 31 December 2024

2023 was a year of record earnings for Tubacex, despite the backdrop of geopolitical uncertainty. After nearly a decade of crises across its main target sectors, the Tubacex Group carried out major restructuring work between 2020 and 2021. That effort, coupled with the strategic market repositioning embarked on several years ago, paved the way for the start of a recovery last year, when the Group posted record earnings, so endorsing its strategy.

Thanks to that successful strategy, Tubacex started 2024 with an orderbook of 1.6 billion euros, implying significant visibility. However, as foreshadowed at the end of last year, 2024 was ultimately marked by considerable uncertainty. Although the energy market is expanding after 7+ years of significant investment cuts, many risks linger, clouding the economic outlook and delaying decision-making. As a result, the Group expected 2024 to be a year of transition and consolidation of the achievements of 2023. Nevertheless, 2024 EBITDA was still the second highest in the Group's history.

Both its earnings and other strategic milestones and projects attained in 2024 lay the foundations for the Group's growth going forward and inject further visibility into delivery of the strategic targets set down in the NT2 2027 Plan.

## 1. GROUP BUSINESS PERFORMANCE IN 2024

To provide a detailed analysis of the trend in the Group's key business variables in 2024, we analyse the changes in the main headings of the consolidated statement of profit or loss along with the most significant developments derived from its financial, commercial and industrial activities.

1.1 Analysis of the trend in the Group's statement of profit or loss.
1.2 Financial activity.
1.3 Commercial activity.
1.4 Industrial activity.

### *1.1 Analysis of the trend in the Group's statement of profit or loss.*

Below we compare the main headings of the consolidated statements of profit or loss for 2024 and 2023 (€ m):

| | *2023* | *%* | *2024* | *%* |
|---|---|---|---|---|
| *Revenue* | *852.39* | *100.00* | *767.54* | *100.00* |
| *Other income* | *18.99* | *2.23* | *13.81* | *1.80* |
| *Change in inventories* | *11.26* | *1.32* | *4.00* | *0.52* |
| *Total operating income* | *882.64* | *103.55* | *785.35* | *102.32* |
| *Cost of sales* | *(377.87)* | *(44.33)* | *(308.18)* | *(40.15)* |
| *Employee benefits expense* | *(157.09)* | *(18.43)* | *(163.62)* | *(21.32)* |
| *External and operating expenses* | *(222.45)* | *(26.10)* | *(206.56)* | *(26.91)* |
| *EBITDA* | *125.23* | *14.69* | *106.99* | *13.94* |
| *Depreciation and amortisation* | *(44.49)* | *(5.22)* | *(43.47)* | *(5.66)* |
| *EBIT* | *80.74* | *9.47* | *63.52* | *8.28* |
| *Net finance cost* | *(31.21)* | *(3.66)* | *(36.19)* | *(4.72)* |
| *Exchange gains/(losses)* | *0.05* | *0.01* | *2.67* | *0.35* |
| *Profit from ordinary activities* | *49.58* | *5.82* | *30.00* | *3.91* |
| *Income tax* | *(6.76)* | *(0.79)* | *(4.75)* | *(0.62)* |
| *Profit for the year from continuing operations* | *42.82* | *5.03* | *25.25* | *3.29* |
| *Profit/(loss) after tax from discontinued operations* | - | - | - | - |
| *Profit for the year* | *42.82* | *5.03* | *25.25* | *3.29* |
| *Non-controlling interests* | *(6.49)* | *(0.76)* | *(2.40)* | *(0.32)* |
| *Profit attributable to equity holders of the parent* | *36.33* | *4.27* | *22.85* | *2.98* |

Here we look at the trend in the most important headings of the consolidated statement of profit or loss:

- Revenue amounted to 767.5 million euros, down 10% from 2023 due to two key factors: (i) the correction in nickel prices, which mainly affects the least value-added products; and (ii) the start of manufacturing for significant orders for which invoicing will not start until 2025, which is when the margins on those orders will be recognised.
- Cost of goods sold represented 40.2% of revenue (revenue + change in inventories), down from 43.8% in 2023.

- The Group's average headcount increased by 162 from 2,504 in 2023 to 2,666 in 2024 as a result of its international growth strategy, specifically the location of industrial units in the regions where demand for its products is strongest.
- Employee benefits expense accounted for 21.3% of revenue, up from 18.4% in 2023, due to the start of manufacturing of the above-mentioned orders for which invoicing has yet to begin.
- "Other operating expenses" amounted to 26.8% of revenue (revenue + change in inventories), compared to 25.8% in 2023, as a result of the above-mentioned unbilled orders, as well as logistics complexities in the supply of complex solutions.
- The EBITDA margin came to 13.9%, compared to 14.7% in 2023, as a result of lower invoicing of premium products due to higher stocks of these types of products, which will be invoiced in the coming quarters.
- Group net debt decreased by 25.7 million euros to 255.0 million euros, and leverage (net debt-to-EBITDA) amounted to 2.4x, compared to 2.2x at year-end 2023.
- Despite the significant investments made to start up the new factory in Abu Dhabi and the working capital tied up in the ADNOC order, 2024 was a year of considerable cash generation and a commensurate reduction in net debt.

### *1.2 Financial activity*

Equity stood at 482.2 million euros at year-end 2024, equivalent to 36.2% of total assets (293.6 million euros and 24.2%, respectively, at year-end 2023). The main reason for the increase in equity was the strategic alliance signed on 1 November 2024 between Tubacex and Mubadala Investment Company for the CRA OCTG market. With this alliance, the Mubadala Investment Company has taken an interest in Tubacex's OCTG business. That transaction has been articulated around a newly created joint venture in which Tubacex holds a 51% interest, with Mubadala taking the remaining 49% for 200 million euros. This transaction had the effect of generating an increase in "Equity attributable to equity holders of the parent", where the gain has been accounted for, and "Non-controlling interests" and significantly boosts the Group's financial position and capital structure.

Once again, the Group's solid financial position stands out. Tubacex held structurally high volumes of cash at year-end: 236.4 million euros, up considerably from 179.0 million euros at 31 December 2023 thanks to the proceeds from the alliance with Mubadala. Adding in undrawn loans and credit facilities puts the Group's overall liquidity position at 330 million euros. The Group's policy of keeping cash systematically high assures its solvency in the medium and long term.

Note that in 2024, Tubacex was immersed in the process of building a new OCTG finishing and threading plant under the scope of its USD 1 billion order in Abu Dhabi. During the year, Tubacex began to receive its first orders from ADNOC and started to make preliminary materials for which invoicing will begin in 2025. As a result of this large-scale project, working capital increased by 75.7 million euros in 2024. Framed by the Group's strategy of manufacturing to order, its net debt is closely linked to its working capital. The singular nature of the projects currently in the Group's orderbook, for very high value-added products and with very long lead times, is driving considerable growth in its working capital, which is in turn impacting its debt balance. The start of invoicing for those orders in 2025 will trigger immediate deleveraging and the recognition of very significant margins.

Net debt ended 2024 at 255.0 million euros, down from year-end 2023 in absolute terms. However, as a ratio of EBITDA, leverage increased to 2.4x from 2.2x in 2023, above the Group's strategic target of 2x. The deleveraging anticipated in 2025 is expected to bring that ratio under 2x.

Non-current borrowings accounted for 34.3% of the total at year-end, compared to 27.0% at 31 December 2023, reflecting a strategy of gradually lengthening the Group's maturity profile.

Tubacex's share capital consisted of 126,549,251 shares at 31 December 2024.

The Parent's share price ended the year at 3.26 euros, down 7% for the year, for a market capitalisation of 411.9 million euros. As for trading volumes, 54.4 million shares were traded on the regulated market in 2024, up from 43.4 million in 2023.

Tubacex is traded in the IBEX Medium Cap index made up of the 20 Ibex companies with the largest free-float-adjusted market caps after the 35 constituents of the IBEX-35 index.

### *1.3 Commercial activity*

Consolidated revenue from sales amounted to 767.54 million euros in 2024, down 10.0% from 2023. The key revenue drivers are outlined in paragraph 1.1 above.

The geographic breakdown of the Group's revenue in the last two years (€ m):

| | 2024 | 2023 | 2024 vs. 2023 |
|---|---|---|---|
| | | | |
| *Spain* | 29.99 | 27.59 | 8.7% |
| *Rest of Europe* | 366.69 | 354.45 | 3.5% |
| *US* | 134.78 | 202.70 | -33.5% |
| *RoW* | 236.08 | 267.65 | -11.8% |
| Total sales revenue | 767.54 | 852.39 | -10.0% |

In short, 51.7% of the Group's sales went to the European market in 2024, 17.6% to the US and 30.8% to other markets. In 2023, that split was 44.8%, 23.8% and 31.4%, respectively.

The significant share of revenue commanded by Europe reflects the fact that when the Group makes sales to new facilities in the oil, gas and energy sectors it is common for its engineering service provider or equipment manufacturer customers to be European even though the end product may end up in a different part of the world. The drop in sales in the US market reflects the slowdown in activity in that market as a result of the presidential elections held last year. Within the "Rest of the world" category it is worth highlighting the growth in sales in the upstream oil and gas segments in Brazil and the Middle East.

### *1.4 Industrial activity*

Capital expenditure totalled 63.1 million euros in 2024, compared to 56.4 million euros in 2023.

In both years, the biggest investment related to the construction of the new factory in Abu Dhabi. The Group also continued to adapt its various productive facilities for the growth in demand being observed across various segments of the market.

## 2. GROUP SITUATION

2024 was a crucial year for the Group's strategic positioning for the future in terms of its business development and, above all, strategic products. As expected at the start of the year, 2024 came with challenges. Although the energy market is expanding after 7+ years of significant investment cuts, many risks lingered, clouding the economic outlook and delaying decision-making. As a result, 2024 was a year of transition and consolidation of the achievements of 2023.

Both its earnings and other strategic milestones and projects attained in 2024 lay the foundations for the Group's growth going forward and inject further visibility into delivery of the strategic targets set down in the NT2 2027 Plan.

The Group reinforced its strategic relationship with Petrobras in the CRA OCTG solutions segment, consolidated its position in the umbilical tubing segment and launched Sentinel Prime®, revolutionary connection technology.

2024 was also a year of strategic milestones along the roadmap to achieving the strategic targets set down by the Group in its NT2 2027 Strategic Plan, injecting visibility into their delivery. The Group closed a USD 200 million strategic investment from Mubadala Investment Partners, with this financial partner taking a 49% interest in the Group's OCTG business. This alliance reinforces Tubacex's presence in the Middle East, the market where this product category is sustaining the strongest growth. Last year, the Group also commissioned its new OCTG factory in Abu Dhabi and began manufacturing under the large-scale USD 1 billion order from ADNOC.

In parallel, Tubacex continued to make progress on the development of its Low Carbon business unit, unveiled at the presentation of its Strategic NTS Plan for 2024-2027. The Low Carbon business unit is a key growth platform, articulated around existing Group customers and industrial solutions already created for the capture, storage and use of carbon (CCUS) and hydrogen. Specifically, the Group continued to bolster its positioning in the CCUS market and in the development of new solutions for the ammonia, fertiliser and hydrogen sectors. The target for this unit is to lift revenue to 100 million euros by 2027.

## 3. OUTLOOK FOR THE GROUP'S BUSINESSES AND PERFORMANCE

So far 2025 is also being marked by uncertainty. On top of the ongoing geopolitical conflicts, the Group faces challenges such as the economic slowdown in China and uneven pace of growth between Europe, where the economy has yet to take off, and the US, which is etching out a soft landing as it awaits the consequences of the new administration's policies.

Commodity prices remain at moderate levels shaped by strong production relative to demand, which is suffering from the slowdown in the US and China and stalled recovery in Europe. The correction in commodity prices has been key to easing inflationary pressures, paving the way for rate cuts. However, laxer monetary policy in 2025 will give way to more restrictive fiscal policies that are likely to have an adverse effect on growth in most countries.

However, Tubacex is starting 2025 with an orderbook of close to 1.6 billion euros, made up of a significant percentage of premium products, lending significant visibility. This orderbook, coupled with the strategic milestones outlined above, foreshadow strong earnings growth in 2025.

## 4. ACQUISITION AND DISPOSAL OF OWN SHARES

The Parent held 4,855,029 own shares at year-end 2024.

## 5. PROPOSED APPROPRIATION OF PROFIT

The Board of Directors intends to keep the Parent's payout at between 30% and 40%, specifically proposing the distribution of 9,142 thousand euros of dividends, equivalent to 40% of net profit. As a result of the exceptional events of 2024, including the extraordinary cash inflow derived from the transaction with Mubadala, the Board of Directors intends to increase shareholder remuneration this year by topping up its payout by a further 25 million euros. Therefore, the Board of Directors will submit the following proposal for the appropriation of the profit reported by Tubacex, S.A. at the upcoming Annual General Meeting:

| | € 000 |
|---|---|
| To: Dividends | 25,000 |
| To: Retained earnings (prior-year losses) | 22,521 |
| To: Reserves | 16,888 |
| Total | 64,409 |

## 6. FINANCIAL INSTRUMENT DISCLOSURES

Note 10 of the consolidated annual financial statements provides detailed information about the forward contracts written by the Group over foreign currencies and commodities and the interest rate swaps arranged by the Tubacex Group at 31 December 2024.

## 7. AVERAGE PAYMENT PERIOD

The Tubacex Group's average supplier payment term was 93 days in 2024 (111 days in 2023). The Group has rolled out measures with a view to continuing to bring its average payment period within the limits stipulated in applicable legislation.

## 8. R&D

The Group did not engage in significant R&D activities in 2024.

## 9. EVENTS AFTER THE REPORTING PERIOD

There have been no developments since 31 December 2024 with a significant impact on the annual consolidated financial statements of the Tubacex Group.

## 10. ANNUAL CORPORATE GOVERNANCE REPORT, NON-FINANCIAL INFORMATION STATEMENT AND ANNUAL DIRECTOR REMUNERATION REPORT

The Annual Corporate Governance Report and the Annual Director Remuneration Report, which are part of this management report, are presented in a separate document in xhtml format, which can be accessed via the CNMV's website.

## 11. ALTERNATIVE PERFORMANCE MEASURES

The definitions used in the management report are defined in Appendix I.

APPENDIX I: ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority (ESMA) published its Guidelines on Alternative Performance Measures on its website on 5 October 2015. Those guidelines are binding on all issuers whose securities are admitted to trading on a regulated market and are required to publish regulated information as defined by Directive 2004/109/EC on transparency.

The Tubacex Group presents its results in accordance with generally accepted accounting principles, specifically IFRS. In addition, this report provides certain other financial metrics that are not defined or specified in IFRS, known as alternative performance measures, or APMs, which are used by management to track the Group's performance. The main alternative performance measures used in this report are defined, reconciled and explained below:

| Measure | Definition \| Rationale |
|---|---|
| Earnings before interest and tax (EBIT) | Tubacex reports EBIT in its statement of profit or loss as operating profit before deducting interest or tax. |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | Tubacex reports EBITDA in its statement of profit or loss as the difference between revenue and operating expenses excluding asset amortisation and depreciation charges, impairment losses on non-current assets or gains/losses on the disposal of non-current assets.<br>EBITDA = EBIT + D&A + Provisions<br>EBITDA provides a measure for analysing the Group's earnings performance before interest and tax payments and is a widely used performance measure among analysts, investors, rating agencies and other types of shareholders. It additionally provides an initial proxy for the cash generated by the Group's operating activities. In fact, Tubacex uses EBITDA as the starting point for calculating its cash flow. |
| EBITDA MARGIN | Tubacex calculates its EBITDA margin as the ratio between EBITDA and revenue. The EBITDA Margin provides information about the profitability of the Group's operating processes. |
| EBIT MARGIN | Tubacex calculates its EBIT Margin as the ratio between EBIT and revenue. |
| NET PROFIT MARGIN | Tubacex calculates its Net Profit Margin as the ratio between net profit and revenue. |
| PROFIT BEFORE TAX MARGIN | Tubacex calculates its Profit Before Tax Margin as the ratio between profit before tax and revenue. |
| NET DEBT | Tubacex calculates Net Debt as the difference between gross debt and cash and cash equivalents plus short-term financial investments on the asset side of its statement of financial position. Gross debt is in turn defined as the sum of all current and non-current bank borrowings, issued notes and other marketable securities on the liability side of its statement of financial position. Net Debt provides a snapshot of the Group's financial position, solvency and liquidity by relating its cash and cash equivalents to its borrowings. The Net Debt measure is used to calculate widely used metrics such as the ratio of Net Debt-to-EBITDA, which is used extensively in the capital markets to compare different companies' financial positions. |
| WORKING CAPITAL | Tubacex calculates Working Capital as the sum of inventories and trade receivables less trade payables. |
| WORKING CAPITAL OVER REVENUE | Tubacex calculates its Working Capital over Revenue by dividing Working Capital by revenue. |
| STRUCTURAL NET DEBT | Tubacex calculates Structural Net Debt as the difference between Net Debt and Working Capital. It provides a snapshot of the Group's structural debt, as the strategy of manufacturing mainly to order means that Working Capital is covered by sales. |
| BOOK-TO-BILL RATIO | Tubacex calculates its Book-to-Bill Ratio by dividing its orderbook for the period by the amount of revenue recognised for that same period. This metric provides an indication of the strength of demand. |