

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
December 31, 2025



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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 annual accounts of TUBACEX, S.A. (the Parent Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes thereto, all of them consolidated, corresponding to the financial year ended on that date.

In our opinion, the accompanying consolidated annual accounts present, in all material respects, a true and fair view of the Group's equity and financial position as of December 31, 2025, as well as its consolidated results and cash flows for the year then ended, in accordance with the International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other applicable financial reporting regulations in force in Spain.

Basis for opinion

We conducted our audit in accordance with the regulatory framework governing statutory audit activity in Spain. Our responsibilities under these regulations are described in the section *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are applicable to our audit of the consolidated annual accounts in Spain, as required by the regulatory framework governing statutory audit activity. In this regard, we have not provided services other than the statutory audit, nor have circumstances arisen that, in accordance with the aforementioned regulations, could have affected the necessary independence in a way that might compromise it.

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 the greatest significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of intangible and tangible fixed assets

Description	<p>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 114,713 and 321,081 thousand euros, respectively, at 31 December 2025.</p> <p>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.</p> <p>Calculation of the recoverable amount involves making complex estimates, including the use of judgements by Group management to determine the key underlying assumptions.</p> <p>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.</p>
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Our response In relation to this matter, our audit procedures included the following:

- ▶ 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.
- ▶ Analyzing the reasonableness of the allocation of the various assets to the different cash-generating units.
- ▶ 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.
- ▶ Performing a sensitivity analysis with respect to the key inputs used to determine the assets’ recoverable amount to changes in the relevant assumptions considered.
- ▶ Checking that the disclosures made in the consolidated financial statement notes comply with the applicable financial reporting framework.

Inventory Valuation

Description As indicated in Note 11 of the accompanying consolidated financial statements, the Group has inventories recognized in the consolidated balance sheet as of December 31, 2025, with a net carrying amount of 396,121 thousand euros.

In accordance with the Group's accounting policy described in Note 3.7, inventories are measured at the lower of cost—which includes all costs incurred in acquiring and transforming the inventories, as well as the direct and indirect costs incurred to bring them to their current condition and location—and net realizable value, the latter being understood as the estimated selling price in the ordinary course of business less the estimated costs required to complete production and to carry out the sale.

We have considered this area as a key issue in our audit due to the significance of the amounts involved and the complexity inherent in the estimation process used to determine the value of inventories across the various locations of the Group.

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.
- ▶ Performing detailed testing on the cost assigned to inventory valuation through sampling, comparing acquisition cost with purchase invoices and tracing production costs to the corresponding supporting documentation.
- ▶ Evaluating inventories whose net realizable value may be lower than their acquisition or production cost, by analyzing the most recent sales invoices issued after year-end.
- ▶ Analyzing inventory turnover to assess the reasonableness of the estimates made by Group Management relating to obsolete inventory and impairment adjustments recorded for this purpose.
- ▶ Reviewing the disclosures included in the consolidated financial statements and assessing their compliance with the applicable financial reporting framework.

Other information: Consolidated management report

The other information comprises exclusively the consolidated management report for the year 2025, the preparation of which is the responsibility of the directors of the Parent Company, and it does not form part of the consolidated annual accounts.

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 verify only whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, as referred to in the Spanish Audit Law, have been provided in the manner required by the applicable regulations, and, if not, to report on this matter.
- b) To evaluate and report on the consistency of the rest of the information included in the consolidated management report with the consolidated annual accounts, based on the knowledge obtained during the audit of those accounts, as well as to assess whether the content and presentation of this part of the consolidated management report comply with the applicable regulations. If, based on the work performed, we conclude that there are material misstatements, we are required to report them.

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.

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 responsible 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 2025, 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 2025 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 26, 2026.



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Recruitment period

The General Shareholders' Meeting held on May 22, 2025, appointed us as auditors for a period of one year for the fiscal year ending December 31, 2025.

Previously, we were designated by agreement(s) of the General Shareholders' Meeting for a period of 1 year, 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 N° S0530)

Francisco Rahola Carral
(Registered in the Official Register of
Auditor of Accounts with N° 20597)

February 26, 2026

Tubacex, S.A.
and
subsidiaries

Consolidated financial statements
for the year ended
31 December 2025 and
consolidated management report

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2025 AND 2024
(€ 000)

ASSETS	Note	31 Dec. 2025	31 Dec. 2024	EQUITY AND LIABILITIES	Note	31 Dec. 2025	31 Dec. 2024
NON-CURRENT ASSETS				EQUITY			
Intangible assets	7	114,713	117,725	Capital and reserves			
Goodwill		6,753	8,011	Issued capital	14.1	56,947	56,947
Other intangible assets		107,960	109,714	Share premium	14.2	17,108	17,108
Property, plant and equipment	8	321,081	343,797	Revaluation reserve	14.3	3,763	3,763
Derivative financial instruments	10	318	647	Other reserves of the parent and entities accounted for using the full consolidation and equity methods	14.4	289,354	286,202
Investments in associates and joint ventures	9	2,447	-	Own shares	14.5	(11,699)	(10,792)
Non-current financial assets	9	18,416	4,032	Profit/(loss) for the year attributable to equity holders of the parent		(31,277)	22,854
Deferred tax assets	21.3	95,808	93,288	Other equity instruments	14.6	1,057	2,616
Total non-current assets		552,783	559,489	Valuation adjustments			
				Translation differences		(32,676)	(359)
				Hedging transactions	14.7	(267)	(313)
				Equity attributable to equity holders of the parent		(32,943)	(672)
				Non-controlling interests	14.9	292,310	378,026
				Total equity		101,776	104,124
						394,086	482,150
				NON-CURRENT LIABILITIES			
				Non-current provisions	15	24,442	6,426
				Deferred income	16	9,816	7,510
				Non-current financial liabilities		175,986	168,415
				Notes and other marketable securities	17	40,524	-
				Bank borrowings	17	135,263	168,415
				Derivative financial instruments	10	199	-
				Employee benefits	20	7,335	7,849
				Deferred tax liabilities	21.3	20,874	23,491
				Other non-current financial liabilities	18	41,324	30,272
				Total non-current liabilities		279,777	243,963
CURRENT ASSETS				CURRENT LIABILITIES			
Inventories	11	396,121	423,168	Current provisions	15	1,533	767
Trade and other receivables	12	106,194	108,172	Current financial liabilities		332,190	332,072
Trade receivables		73,822	76,609	Notes and other marketable securities	17	148,394	202,027
Other receivables		32,372	31,563	Bank borrowings	17	177,358	120,969
Current tax assets	21	-	-	Derivative financial instruments	10	2,338	2,390
Derivative financial instruments	10	2,720	3,651	Other financial liabilities	18	4,100	6,686
Current financial assets	9	12,029	11,121	Trade and other payables	19	209,439	273,758
Other current assets		2,453	1,837	Trade payables		146,052	189,574
Cash and cash equivalents	13	144,725	225,272	Other accounts payable		63,387	79,376
				Current tax liabilities	21	-	4,808
Total current assets		664,242	773,221	Total current liabilities		543,162	606,597
TOTAL ASSETS		1,217,025	1,332,710	TOTAL EQUITY AND LIABILITIES		1,217,025	1,332,710

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2025 AND 2024
(€ 000)

	Note	2025	2024
Continuing operations:			
Revenue	6	719,257	767,541
Changes in inventories of finished goods and work in progress		(2,730)	3,996
Self-constructed assets	3.2	3,765	2,836
Cost of sales	11	(301,234)	(308,176)
Other operating income	23	35,162	10,971
Employee benefits expense	24	(180,565)	(163,615)
Other operating expenses	23	(198,602)	(206,563)
Asset depreciation, amortisation and impairment	7 & 8	(66,108)	(43,467)
Operating profit		8,945	63,523
Finance income		1,533	1,338
Finance costs	17	(28,404)	(37,527)
Exchange differences		(3,898)	2,668
Share of profit/(loss) of associates and joint ventures	9	116	-
Other income		(1,250)	-
Net finance cost		(31,903)	(33,521)
Profit/(loss) before tax		(22,958)	30,002
Income tax	21	(743)	(4,753)
Profit/(loss) for the year from continuing operations		(23,701)	25,249
Profit/(loss) for the year		(23,701)	25,249
Attributable to:			
Equity holders of the parent		(31,277)	22,854
Non-controlling interests	14.9	7,576	2,395
Earnings/(loss) per share (€)			
- Basic	22.1	(0.25)	0.19
- Diluted	22.2	(0.25)	0.18

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024
(€ 000)

	Note	2025	2024
Profit/(loss) for the year		(23,701)	25,249
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	(794)	(1,380)
Tax effect	10, 14.7 & 21	191	331
Translation differences	14.7	(42,241)	8,045
Amounts reclassified to profit or loss for the year			
Cash flow hedging instruments	10 & 14.7	854	(2,645)
Tax effect	10, 14.7 & 21	(205)	635
Other comprehensive income		(42,195)	4,986
Total comprehensive income for the year		(65,896)	30,235
Attributable to:			
Equity holders of the parent		(63,548)	27,925
Non-controlling interests		(2,348)	2,310

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2025 AND 2024
(€ 000)

	Equity										
	Issued capital	Share premium	Revaluation reserve	Other reserves	Own shares	Profit/(loss) for the year	Other equity instruments	Translation differences	Cash-flow hedges	Non-controlling interests	Total equity
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 December 2024	56,947	17,108	3,763	286,202	(10,792)	22,854	2,616	(359)	(313)	104,124	482,150
Total recognised income/(expense)	-	-	-	-	-	(31,277)	-	(42,241)	46	7,576	(65,896)
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	-	-	22,854	-	(22,854)	-	-	-	-	-
Transactions with shareholders and owners (note 2.6)	-	-	-	-	-	-	-	-	-	-	-
Purchase-sale of own shares (note 14.5)	-	-	-	3,366	(907)	-	-	-	-	-	2,459
Dividends (note 14.4)	-	-	-	(25,003)	-	-	-	-	-	-	(25,003)
Acquisition of non-controlling interests (note 2.6)	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	(305)	-	-	-	9,924	-	(9,924)	(305)
Long-term incentive plan (notes 3.12 & 14.6)	-	-	-	2,240	-	-	(1,559)	-	-	-	681
Balance at 31 December 2025	56,947	17,108	3,763	289,354	(11,699)	(31,277)	1,057	(32,676)	(267)	101,776	394,086

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2025 AND 2024
(€ 000)

	Note	2025	2024
Operating activities			
Profit/(loss) for the year before tax		(22,958)	30,002
Adjustments for:			
Asset depreciation and amortisation	7 & 8	66,108	43,467
Net foreign exchange differences		3,898	(2,668)
Changes in provisions	11, 12, 15 & 20	(1,487)	(2,730)
Share of profit/(loss) of associates and joint ventures		(116)	-
Finance income	9	(1,533)	(1,338)
Finance costs	17	28,404	37,527
		72,316	104,260
Working capital changes			
Inventories	11	2,659	(10,330)
Trade and other receivables	12	9,927	(7,761)
Other current assets		(1,524)	9,592
Trade and other payables	19	(63,381)	(81,888)
Other non-current assets and liabilities		836	(8,191)
		(51,483)	(98,578)
Other cash flows used in operating activities			
Interest paid		(28,934)	(36,347)
Income tax collected/(paid)	21	(5,478)	(3,131)
		(34,412)	(39,478)
Net cash flows used in operating activities (I)		(13,579)	(33,796)
Investing activities			
Interest received	9	1,533	1,338
Purchase of property, plant, and equipment	8	(52,588)	(69,608)
Purchase of intangible assets	7	(13,562)	(17,355)
Acquisition of group companies	2.6	(6,301)	-
Proceeds from sale of non-current assets	7	17,286	-
		(53,632)	(85,625)
Net cash used in investing activities (II)		(53,632)	(85,625)
Financing activities			
Acquisition of non-controlling interests	2.6	-	(5,560)
Sale of non-controlling interests	2.6	893	181,968
Purchase/sale of own shares	14.5	(157)	1,771
Proceeds from bank borrowings	17	63,762	139,399
Proceeds from other borrowings	17 & 18	10,877	10,704
Repayment of bank borrowings	17	(53,633)	(96,645)
Repayment of other borrowings	17	(6,177)	(34,431)
Dividend payments			
Dividends	14.4	(25,003)	(14,500)
		(9,438)	182,706
Net cash (used in)/from financing activities (III)		(9,438)	182,706
Net foreign exchange differences (IV)		(3,898)	2,668
Net (decrease)/increase in cash and cash equivalents (I+II+III+IV)		(80,547)	65,953
Cash and cash equivalents at 1 January	13	225,272	159,319
Cash and cash equivalents at 31 December	13	144,725	225,272

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

Notes to the consolidated financial statements for the year ended 31 December 2025

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 26 February 2025. The Group's 2024 consolidated financial statements were approved at the Parent's Annual General Meeting on 22 May 2025. The Group's annual consolidated financial statements and the separate financial statements of the Parent, Tubacex, S.A., for 2025 are pending approval at the Annual General Meeting. However, the Parent's Board of Directors expects the 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

2.1 *Basis of presentation*

The Group's consolidated financial statements for 2025 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 2025 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 underpinned by their belief that there are no uncertainties that could cast doubt on the Group's viability.

2.2 Application of International Financial Reporting Standards (IFRS)

The following mandatory standards and interpretations took effect in 2025, 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
(Lack of Exchangeability) (Amendments to IAS 21)	1 January 2025

Although the directors considered this new standard in drawing up these annual financial statements, it 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 2025

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, with the exception of IFRS 18, which is expected to have a significant impact on the Group's financial statement presentation and disclosures.

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
Annual Improvements to IFRS (Volume 11) (note 1)	9 July 2015	1 Jan. 2026	1 Jan. 2026
Financial instrument classification and measurement (Amendments to IFRS 9 and IFRS 7)	28 May 2025	1 Jan. 2026	1 Jan. 2026
Accounting for contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7)	30 June 2025	1 Jan. 2026	1 Jan. 2026
IFRS 18 - Presentation and disclosure in financial statements	16 February 2026	Pending	1 Jan. 2027
The effects of changes in foreign exchange rates ('Translation to a hyperinflationary presentation currency') (Amendments to IAS 21)	Pending	Pending	1 Jan. 2027
IFRS 19 - Subsidiaries without public accountability: Disclosures	Pending	Pending	1 Jan. 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 2025 and 2024, including intragroup balances that are eliminated in the consolidated statement of financial position, break down as follows:

Currency	Equivalent in thousands of euros			
	31 Dec. 2025		31 Dec. 2024	
	Assets	Liabilities	Assets	Liabilities
USD	537,971	242,027	543,572	222,185
INR	64,762	17,831	69,055	16,034
NOK	22,738	9,892	37,166	22,460
THB	14,935	6,059	17,904	8,981
AED	7,337	2,860	6,637	1,947
BRL	4,640	4,188	4,130	3,958
Other	15,374	9,358	15,964	8,920
Total	667,757	292,215	694,428	284,485

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 2025 consolidated financial statements make use of estimates. The most significant estimates relate to:

- The assumptions used to analyse the recoverability of 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 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).
- The cash flow forecasts (note 17).

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. 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.

2.6 Basis of consolidation

Consolidation scope

The accompanying consolidated financial statements for the year ended 31 December 2025 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.

Mergers & acquisitions

2024

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, paid for by Mubadala, was USD 158 million, plus the sum earmarked for investment in the CRA OCTG finishing and threading plant Tubacex has built in Abu Dhabi. This transaction did not have a significant impact on the consolidated statement of profit or loss for 2024 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 corresponded to non-controlling interests.

This transaction has cemented 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 has built a CRA OCTG finishing and threading plant. This plant is 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. That acquisition was fully paid for in 2025 (the sum of 6,301 thousand euros was recognised as a current liability at 31 December 2024).

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.

When the Group holds less than the majority of voting rights in an investee, it still has control 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The Group does not consolidate investees in which it has direct or indirect ownership interests of less than 50% unless it exercises control through its representation on the investee's governing bodies.

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.

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.

The Tubacex Group did not have any interests in joint operations at 31 December 2025 or 2024.

d) 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 acquirer, 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 "Gain on a bargain purchase", 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 2025 and 2024 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. Impairment tests are generally conducted in the month of December.

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 at the acquisition date are recognised at fair value. The difference between that value and the amount of consideration delivered, if any, is recognised with a credit to "Deferred income" in the consolidated statement of financial position.

That liability is recycled to profit or loss, specifically through "Other operating income", 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 those trademarks and intangible assets have indefinite useful lives and will test 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 estimated useful life, which is generally around five years.

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 assets. 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 2025, the Group capitalised staff costs totalling 3,765 thousand euros, related mainly to hours worked by its engineers; that balance was recognised under "Self-constructed assets" (2024: 2,836 thousand euros). Of that sum, 3,168 thousand euros was recognised under "Intangible assets" (2024: 1,915 thousand euros) (note 7) and 597 thousand euros was recognised under "Property plant and equipment" (2024: 921 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. Any changes in the initially established parameters are recognised as a change in accounting estimate.

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 2025 or 2024.

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. The Group's works of art were last appraised in 2024.

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.

In addition, the Group tests its goodwill and intangible assets with indefinite useful lives for impairment at the end of each year.

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). The right-of-use asset is recognised and presented according to the nature of the underlying asset and is classified as an intangible asset when appropriate.

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 in 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 in other operating expenses (note 12).

b) 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 in 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 2025, the Group recognised impairment allowances against accounts receivable in the amount of 1,527 thousand euros and reverted 1,158 thousand euros of existing provisions (2024: additional allowances of 1,768 thousand euros and reversal of 1,694 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 2025, the Group had derecognised 90,438 thousand euros of trade receivables on that basis (2024: 104,905 thousand euros). At 31 December 2025, the Group had 43,196 thousand euros of receivables discounting facilities available for drawdown (2024: 31,677 thousand euros).

In 2025, TBX Upstream Seamless Pipes L.L.C. entered into an agreement with HSBC Bank Middle East Limited (UAE Branch) for the transfer of collection rights against eligible creditors of the ADNOC group to allow it to monetise present and future claims under the contract signed with the Abu Dhabi National Oil Company (ADNOC). The contract stipulates a total limit of USD 110 million and a sub-limit of USD 30 million for invoice sale transactions. At 31 December 2025, that company had utilised the full USD 110 million.

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 2025, the Group had transferred assets yet retained substantially all the risks and rewards of their ownership in the amount of 13,752 thousand euros (2024: 19,039 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.

To date, the Group has only arranged 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 "Cash flow hedges" 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 2025 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 11,699 thousand euros (2024: 10,792 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 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 collected 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 extended to finance specific expenses, they are recognised in profit or loss in the same period as the related expenses.

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 2025, those commitments were measured at 3,777 thousand euros (2024: 4,426 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 depended 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, such as certain lawsuits, tax claims or guarantees provided. As at the reporting date, the Group did not have any contingent liabilities that could have a material impact on its consolidated financial statements.

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.

Variable consideration

The Group's contracts with customers do not tend to 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 from 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/(loss) for the year for approval at the upcoming Annual General Meeting (€ 000):

	2025
To: Dividends	6,435
To: Retained earnings (prior-year losses)	50,401
Total	56,836

The dividend payment will be made in conjunction with a bonus issue (capital increase with a charge against reserves) which the Board of Directors is going to submit as a motion at the Annual General Meeting in order to offer the Parent's shareholders the choice of receiving their remuneration in cash (collecting the dividend) or new-issue shares (by means of the aforementioned bonus issue).

Collecting the dividend will be one of the alternatives available to shareholders when electing how to receive their remuneration under the scope of the first round of the optional dividend scheme (Flexible Remuneration) for 2025, which will take the form of the above-mentioned bonus issue.

5. Financial risk management policy

In 2025, 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.

The update included the review of the corporate risk map in line with the Group's internal processes, and the management and maintenance of ISO 31000 certification.

The policy identifies the key risk factors, noting that their significance could change depending on business conditions and developments.

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, in response to the heightened market volatility encountered in recent years. 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 conversion cost stability for its long-term contracts. The Group reviews these agreements continually.

In the case of sales orders negotiated at fixed prices, the Group relies on commodity price futures contracts, mainly over nickel prices, 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.

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 2025, 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 82,596 thousand euros (2024: 85,014 thousand euros). The Group has written 8,774 thousand euros of those receivables down for impairment (2024: 8,405 thousand euros). The balance of receivables that were past due at 31 December 2025 amounted to approximately 11,299 thousand euros (2024: approximately 9,600 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 (CDTI, COFIDES and ICO) and the capital markets (the alternative fixed-income exchange, known as MARF) (note 12). The combination of all these mechanisms provides the Group with a good liquidity buffer.

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

d. Foreign exchange 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.

To manage the foreign currency risk derived 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.

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.

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. The Group's fixed-rate borrowings expose it to fair value interest rate risk.

The Group's current and non-current loans and other liabilities stood at 501,539 thousand euros at 31 December 2025 (2024: 491,411 thousand euros). In 2025, short-term bank financing averaged approximately 144 million euros (2024: approximately 126 million euros). The Group also has other financial liabilities totalling 45,424 thousand euros (2024: 36,958 thousand 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 1,344 thousand euros, respectively (2024: 1,809 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.

Climate risk factors

The Tubacex Group has incorporated physical and transition climate risks into its global risk management model. Its assessment is based on IPCC methodology, analysing both the acute and chronic physical risks derived from the effects of climate change on the Group's activities and the transition risks associated with the broader transition to a low carbon economy.

Climate risks are analysed over different time horizons. In the case of physical risks, the analysis covers the intervals defined by the IPCC (recent past: 2000–2019; short term: 2020–2039; medium term: 2040–2059; long term: 2060–2099). For transition risks, the horizons are aligned with the Group's corporate strategy and the main regulatory milestones (short term: 2025–2030; medium term: 2031–2040; long term: 2041–2050). In all instances the exercise involves identifying the possible sources and assessing their probability of occurrence, potential impact on the business and the likely timeframe for materialisation.

The assessment of transition risks relies on the scenarios drawn up by the International Energy Agency (IEA), as well as prevailing climate policies and the main regulatory and market trends. As for physical risks, the benchmark scenarios are those defined in the IPCC's Sixth Assessment Report, evaluating the worst case scenario identified, under the precautionary principle, specifically SSP5-8.5, characterised by a fossil fuel driven development pathway. Elsewhere, the Group's assessment of its transition risks and opportunities factored in the most stringent scenario in terms of regulations, technology development and market transformation, namely SSP1-2.6, a low greenhouse gas emissions scenario representing a sustainability pathway. For further details about the management approach and more details about the risks identified, refer to the corresponding chapters of this report.

Geopolitical factors

In 2025, none of the ongoing geopolitical conflicts, including those in Ukraine and the Middle East and the fallout from US trade and tariff policy, had a significant impact on the Group's business. Nor did the economic impact of those conflicts affect the accompanying annual consolidated financial statements.

6. Segment reporting

6.1 Segment reporting criteria

The Group is internally organised around geographical segments. Its financial information is prepared and presented in line with that organisational structure, which is used by the CEO, in his capacity as chief operating decision maker, to allocate resources and assess the performance of the different segments.

For more information about the Group's product portfolio, business markets and general sales terms and conditions, the reader is referred 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 three 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 geographical area. The chief operating decision maker at the Tubacex Group is the CEO, who similarly assesses these three segments in carrying out his duties.

Against that backdrop, in 2025, the Group identified the following segments:

- Europe
- Americas
- Rest of the world

This segment definition is different to that used in 2024. The 2024 information has been reclassified accordingly in order to ensure it is comparable with that of 2025.

The operating segment disclosures are provided below:

2025	Europe	Americas	Rest of the world	Adjustments and overhead	TOTAL
Segment assets	757,762	177,776	281,487	-	1,217,025
Total segment assets	757,762	177,776	281,487	-	1,217,025
Capital expenditure	30,837	14,111	26,415	-	71,363
Total segment liabilities	418,673	48,789	58,963	296,514	822,939
Revenue	403,014	131,315	184,928	-	719,257
Inter-segment transactions	119,433	(22,925)	(96,508)	-	0
Changes in inventories	(8,137)	2,589	2,818	-	(2,730)
Cost of sales and other expenses	(466,530)	(101,206)	(73,738)	-	(641,474)
Depreciation, amortisation and impairment	(28,494)	(24,819)	(12,795)	-	(66,108)
Operating profit/(loss)	19,286	(15,046)	4,705	-	8,945
Finance income	519	-	324	690	1,533
Finance costs	(6,940)	(1,234)	(2,936)	(17,294)	(28,404)
Exchange gains/(losses)	(3,016)	(181)	(541)	(160)	(3,898)
Other income	-	-	-	(1,250)	(1,250)
Share of profit/(loss) of associates and joint ventures	116	-	-	-	116
Segment profit/(loss) before tax	9,965	(16,461)	1,552	(18,014)	(22,958)

2024	Europe	Americas	Rest of the world	Adjustments and overhead	TOTAL
Segment assets	865,266	200,547	266,897	-	1,332,710
Total segment assets	865,266	200,547	266,897	-	1,332,710
Capital expenditure	31,311	7,686	43,129	-	82,126
Total segment liabilities	496,887	54,056	61,497	238,120	850,560
Revenue	578,262	135,529	53,751	-	767,542
Inter-segment transactions	34,361	(18,094)	(16,267)	-	-
Changes in inventories	(3,748)	4,769	2,975	-	3,996
Cost of sales and other expenses	(529,530)	(103,344)	(31,674)	-	(664,548)
Depreciation, amortisation and impairment	(25,599)	(10,351)	(7,517)	-	(43,467)
Operating profit/(loss)	53,746	8,509	1,268	-	63,523
Finance income	468	531	339	-	1,338
Finance costs	(19,451)	(2,958)	(3,227)	(11,891)	(37,527)
Exchange gains/(losses)	1,208	(112)	1,572	-	2,668
Other income	-	-	-	-	-
Share of profit/(loss) of associates and joint ventures	-	-	-	-	-
Segment profit/(loss) before tax	35,971	5,970	(48)	(11,891)	30,002

In the segment disclosures, borrowings, finance income and costs and exchange differences have all been assigned to the holding company, where the Group's financing activities are centralised, specifically represented by "Adjustments and overhead" in the tables above.

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, its most important markets are Spain, Germany, Austria, France, Italy, Norway, Netherlands and the UK (note 2.6).

The geographical segment disclosures are provided below:

- a) The breakdown of revenue by geographical area in 2025 and 2024 (€ 000):

Geographical area	2025	%	2024	%
Spain	35,335	5%	29,986	4%
Germany	24,307	3%	33,684	4%
Italy	38,514	5%	73,989	10%
Norway	48,400	7%	110,526	14%
UK	56,942	8%	71,225	9%
France	40,907	6%	26,956	4%
Netherlands	9,677	1%	11,642	2%
Austria	15,988	2%	18,470	2%
Rest of Europe	26,042	4%	20,201	3%
United Arab Emirates	149,812	21%	36,732	5%
US	144,889	20%	134,781	18%
Brazil	39,940	6%	30,687	4%
India	25,515	4%	35,241	5%
China	8,766	1%	34,380	4%
Singapore	5,884	1%	26,250	3%
Other	48,339	7%	72,791	9%
Total revenue	719,257	100%	767,541	100%

- b) The breakdown of net investments in non-current assets by geographical area at year-end 2025 and 2024 (€ 000):

Geographical area	2025	%	2024	%
Spain	189,054	34%	170,338	30%
Norway	10,416	2%	10,923	2%
Rest of Europe	119,428	22%	120,710	22%
India	24,515	4%	27,162	5%
US	71,784	13%	91,227	16%
Thailand	3,204	1%	3,505	1%
Brazil	600	0%	589	0%
United Arab Emirates	117,937	21%	114,148	20%
Saudi Arabia	6,315	1%	6,393	1%
Singapore	245	0%	3,938	1%
Canada	9,261	2%	10,248	2%
Kazakhstan	24	0%	307	0%
Total non-current assets	552,783	100%	559,489	100%

7. Intangible assets

The reconciliation of the carrying amounts of the various items comprising intangible assets at the beginning and end of 2025 and 2024 (€ 000):

	Goodwill	Other intangible assets	Greenhouse gas emission allowances	Total
Cost:				
Cost at 1 Jan. 2024	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 Dec. 2024	26,186	177,434	2,191	205,811
Additions	-	13,507	55	13,562
Amounts derecognised	-	(2,372)	-	(2,372)
Translation differences	(1,258)	(2,528)	-	(3,786)
Cost at 31 Dec. 2025	24,928	186,041	2,246	213,215
Accumulated amortisation:				
Accumulated amortisation at 1 Jan. 2024	-	(60,337)	-	(60,337)
Charges	-	(9,456)	-	(9,456)
Amounts derecognised	-	7,046	-	7,046
Translation differences	-	36	-	36
Accumulated amortisation at 31 Dec. 2024	-	(62,711)	-	(62,711)
Charges	-	(11,477)	-	(11,477)
Amounts derecognised	-	1,077	-	1,077
Translation differences	-	2,184	-	2,184
Accumulated amortisation at 31 Dec. 2025	-	(70,927)	-	(70,927)
Accumulated impairment at 31 Dec. 2024	(18,175)	(7,200)	-	(25,375)
Accumulated impairment at 31 Dec. 2025	(18,175)	(9,400)	-	(27,575)
Carrying amount at 31 Dec. 2024	8,011	107,523	2,191	117,725
Carrying amount at 31 Dec. 2025	6,753	105,714	2,246	114,713

The most significant additions recognised in 2025 and 2024 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 2025, the original cost of fully-amortised intangible assets still in use, mainly software, was 42,072 euros (2024: 39,275 euros).

Sentinel Prime.

On 5 March 2025, the Tubacex Group granted Abu Dhabi National Oil Company (ADNOC) P.J.S.C. ("ADNOC") the right to use its premium connection technology, Sentinel Prime. The licensing agreement, worth USD 50 million, allows ADNOC to use that technology in non-corrosion-resistant (non-CRA) carbon steel OCTG applications. Sentinel Prime is designed to perform in high-pressure and high-temperature environments, as well as in deep and horizontal wells and boasts API CAL IV:2017 certification.

The transaction implied the recognition of collection rights in the amount of 15,400 thousand euros under "Non-current financial assets" and of 7,950 thousand euros under "Other receivables" within current assets on the consolidated statement of financial position, in line with the stipulated payment schedule. The Group also derecognised intangible assets associated with the development of this technology in the amount of 1,294 thousand euros. As a result, the Group recognised a net gain of 23,466 thousand euros in "Other operating income" in the consolidated statement of profit or loss and a liability of 20,254 thousand euros under "Non-current provisions" related to certain commitments assumed in relation to future sales of that technology.

7.1 Goodwill

Goodwill breaks down as follows:

2025:

	31 Dec. 2024	Translation differences	31 Dec. 2025
Tubacex Tubes and Pipes Pvt Ltd	7,911	(1,258)	6,653
MIS	100	-	100
Total	8,011	(1,258)	6,753

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

Goodwill allocated to Tubacex Tubes and Pipes Pvt Ltd

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 2025 and 2024 and a growth rate in perpetuity of 1.75% in 2025 and 2024, 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 2025.

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 at 31 December 2025, (2024: 13.9 million euros). 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 2025, 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 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 (2024: 0.89%).
- The cash flows were discounted at 9.16% (2024: 8%).

Based on those tests, the Parent's directors concluded that at 31 December 2025, the IBF trademark was not impaired.

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 directors projected sales for 2026 - 2029 based on their outlook for the market's development.
- The royalty rate modelled was 5% in both 2025 and 2024.
- The cash flows were discounted at rates of between 11.72% and 14.15% in 2025 (2024: between 11.72% and 14.5%).

At 31 December 2025, the carrying amount of the customer relationships stood at 24,576 thousand euros (2024: 27,303 thousand euros). These intangible assets are being amortised over a period of between 7 and 10 years.

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 7,168 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 2025 was 3% (3% in 2024).
- The cash flows were discounted at 17.2% in 2025 and 2024.

At 31 December 2025, the carrying amount of the customer relationships stood at 3,932 thousand euros (2024: 4,826 thousand euros). These intangible assets are being amortised over a period of between 7 and 10 years.

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 2025 and 2024.
- The cash flows were discounted at 11.7% in 2025 and 2024.

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 2025 and 2024:

	€ 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. 2024	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
Additions	-	526	5,213	11,199	-	4,827	-	36,036	57,801
Amounts derecognised	-	(3,481)	-	(3,690)	-	(2,159)	-	(576)	(9,906)
Transfers	-	11,614	-	59,747	-	162	-	(71,522)	1
Translation differences	(1,350)	(10,855)	(3,153)	(16,288)	(1,469)	(1,436)	-	(1,300)	(35,851)
Cost at 31 Dec. 2025	19,493	156,111	25,606	794,553	11,333	89,162	4,334	2,187	1,102,779
Accumulated depreciation:									
Accumulated depreciation at 1 Jan. 2024	-	(85,011)	(985)	(537,274)	(7,856)	(80,496)	-	-	(711,622)
Charges	-	(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)
Charges	-	(3,589)	(1,589)	(26,972)	(155)	(3,722)	-	-	(36,027)
Amounts derecognised	-	3,414	-	1,854	-	2,026	-	-	7,294
Translation differences	-	1,419	708	6,828	1,125	296	-	-	10,376
Accumulated depreciation at 31 Dec. 2025	-	(87,361)	(1,866)	(579,683)	(7,078)	(88,978)	-	-	(764,966)
Accumulated impairment at 31 Dec. 2024	-	-	-	-	-	-	(328)	-	(328)
Accumulated impairment at 31 Dec. 2025	(145)	(6,654)	-	(9,605)	-	-	(328)	-	(16,732)
Carrying amount at 31 Dec. 2024	20,843	69,702	22,561	182,192	4,754	190	4,006	39,549	343,797
Carrying amount at 31 Dec. 2025	19,348	62,096	23,740	205,265	4,255	184	4,006	2,187	321,081

In 2025 and 2024, the biggest investments 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 2024 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 9,107 thousand euros (2024: 9,625 thousand euros) (note 18).

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

2025

Description	Gross carrying amount	Accumulated depreciation
Land and buildings	143,357	(44,153)
Plant and machinery	532,322	(379,714)
PP&E in progress	2,187	-
Total	677,866	(423,867)

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)

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

Item	Gross carrying amount	
	2025	2024
Buildings	58,270	58,213
Plant and machinery	353,263	331,228
Other fixtures, tools, furniture and other PP&E	42,740	40,119
Total	454,273	429,560

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 2025 and 2024 (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 (note 3.1) are not used directly in the Group's business operations (€ 000):

Item	2025			2024		
	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 2025 or 2024.

Asset impairment

In the event the Group detects indications of impairment, it tests its cash-generating units (CGUs) 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 a pre-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 2025, the Group carried out impairment tests for the following companies:

- For Tubacex Durant, Inc, whose assets are carried at 43.2 million euros (2024: 48.5 million euros). The terminal value is equivalent to 76% of the total recoverable amount as at 31 December 2025 (2024: 91%). Having updated the forecasts for the return on this project, which reflect a more gradual ramp-up than initially contemplated, the Group recognised an impairment charge of 14 million euros;

- For Tubacex Tubos Inoxidables, S.A.U., whose assets are carried at 81.2 million euros. The terminal value represents 72% of the total recoverable amount as at 31 December 2025.
- For NTS Amega West USA Inc., whose assets are carried at 60.4 million euros. The terminal value represents 72% of the total recoverable amount as at 31 December 2025.
- For IBF, S.P.A., whose assets are carried at 30.9 million euros. The terminal value represents 72% of the total recoverable amount as at 31 December 2025.

An increase in the discount rate of 0.5% would not, in general, result in any impairment losses. However, with respect to the recoverable amount of Tubacex Durant, Inc., an increase or decrease in the discount rate of 0.5% would increase or decrease the impairment loss by approximately 2 million euros.

Other disclosures

The directors believe there were no indications that the rest of the Group's assets were impaired at either 31 December 2025 or 2024.

The Group recognised approximately 5,000 thousand euros of balances payable to fixed-asset suppliers within "Trade and other payables" in the consolidated statement of financial position at 31 December 2025 (2024: 9,353 thousand euros) (note 19).

Capital expenditure contracted for the end of the reporting period amounted to 7,194 thousand euros (2024: 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:

2025:

	€ 000		
	31 Dec. 2025		
	Fair value through profit or loss	At amortised cost	Total
Equity instruments	-	5,247	5,247
Other financial assets	-	15,616	15,616
Non-current	-	20,863	20,863
Other financial assets	12,029	-	12,029
Current	12,029	-	12,029
Total	12,029	20,863	32,892

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	-	4,032	4,032
Other financial assets	11,121	-	11,121
Current	11,121	-	11,121
Total	11,121	4,032	15,153

The balance of 15,400 thousand euros classified within non-current financial assets relates to the account receivable in the long term derived from the licensing agreement outlined in note 7, specifically the sale of the right to use a portion of the Group's premium connection technology.

In the wake of the business combination completed in Italy in 2015, the Tubacex Group holds (unlisted) shares in certain companies through IBF S.p.A. Those shares are recognised in the corresponding heading of the consolidated statement of financial position.

Specifically, they were carried at 2,447 thousand euros under "Investments in associates and joint ventures" at both reporting dates. In 2025, these investments generated a gain of 116 thousand euros, which has been recognised under "Share of profit/(loss) of associates and joint ventures" in the accompanying consolidated statement of profit or loss.

The Group had invested a portion of its surplus cash in mutual funds and other assets at year-end 2025, specifically 12,029 thousand euros (2024: 11,121 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:

31 Dec. 2025	Notional amount		€ 000			
			Assets		Liabilities	
	Amount in '000	Unit	Non-current	Current	Non-current	Current
Derivatives held for trading						
Forward sale of USD	38,216	USD	-	1,175	-	(40)
Forward sale of GBP	3,486	GBP	-	-	-	(60)
Forward purchase of USD	29,878	USD	-	42	-	(313)
			-	1,217	-	(413)
Hedging derivatives						
Cash flow hedges						
Interest rate swaps	99,363	EUR	318	458	(199)	(44)
Forward sale of USD	129,689	USD	-	353	-	(703)
Forward sale of GBP	729	GBP	-	-	-	(20)
Forward purchase of USD	30,966	USD	-	17	-	(1,158)
Purchase of commodities		USD	-	675	-	-
			318	1,503	(199)	(1,925)
			318	2,720	(199)	(2,338)

31 Dec. 2024	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)
Purchase/sale of commodities	-		-	-	-
			647	1,695	(1,618)
			647	3,651	(2,390)

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 2025, the Group had forward currency sale contracts not accounted for as hedges in the amount of 37,587 thousand euros (2024: 18,614 thousand euros). The notional amount of forward currency contracts held for trading stood at USD 38,216 thousand (2024: USD 16,299 thousand) and GBP 3,486 thousand (2024: GBP 3,277 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			
	2025		2024	
	USD	GBP	USD	GBP
Within one year	33,599	3,988	14,788	3,826

Elsewhere, at year-end 2025, the Group had written forward currency purchase contracts held for trading over a notional amount of 25,631 thousand euros (2024: 46,470 thousand euros). Those contracts were written over a notional amount of USD 29,878 thousand (2024: USD 50,500 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	
	2025	2024
Within one year	25,631	46,470

At 31 December 2025, the Group had currency sale agreements designated as cash flow hedges in the amount of 110,117 thousand euros (2024: 41,974 thousand euros). The notional amount covered by those hedges was USD 129,689 thousand (2024: USD 46,397 thousand) and GBP 729 thousand.

Elsewhere, at year-end 2025, the Group had written forward currency purchase contracts designated as cash flow hedges over a notional amount of 27,179 thousand euros (2024: zero). The notional amount covered by those hedges was USD 30,966 thousand (2024: zero).

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 contracts over that commodity.

Specifically, at year-end, the Group had several unexpired nickel sale and purchase futures. At year-end 2025, the Group also recognised a derivative of 675 thousand euros under "Derivative financial instruments" on the asset side of the consolidated statement of financial position (2024: zero), the associated deferred tax liability of 162 thousand euros under "Deferred tax liabilities" and the corresponding positive impact on equity of 513 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:

2025:

Notional amount (€ 000)	Start date	End date	Interest rate
11,500	20/06/2022	20/06/2027	-0.03%
12,500	20/01/2020	20/01/2028	0.30%
608	21/10/2020	21/10/2026	0.00%
380	31/01/2021	30/11/2026	0.25%
9,340	23/04/2025	26/10/2028	1.96%
5,660	23/04/2025	26/10/2029	2.04%
5,600	23/04/2025	26/10/2028	1.96%
3,400	23/04/2025	26/10/2029	2.04%
13,125	23/04/2025	13/06/2029	2.01%
15,000	08/07/2025	04/04/2031	2.26%

2024:

Notional amount (€ 000)	Start date	End date	Interest rate
16,500	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%

In addition, the Group has arranged fixed-to-floating interest rate swaps. The notional amount of those swaps was 22,250 thousand euros at the end of 2025 (2024: 14,000 thousand euros).

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)	
	2025	2024
Interest rate swaps:		
- Finance income/(cost)	819	1,488
Foreign currency hedges:		
- Exchange gains/(losses)	35	(4,133)
	854	(2,645)

The interest income generated by the interest rate swaps that expired in 2025 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 2025 and 2024 is as follows:

	€ 000	
	2025	2024
Raw materials and other consumables	168,180	168,193
Work in progress and semi-finished goods	91,967	95,064
Finished goods	193,084	194,961
Advances to suppliers	1,104	1,201
Impairment	(58,214)	(36,251)
	396,121	423,168

The raw materials, other consumables and goods for resale recognised as an expense in 2025 and 2024:

	€ 000	
	2025	2024
Raw materials, other consumables and goods for resale used		
Net purchases	302,920	312,483
Change in inventories	(1,686)	(4,307)
	301,234	308,176

The movement in the allowance for the impairment of inventories in 2025 and 2024 is shown below (€ 000):

2025:

	Opening balance	Additions	Unused amounts reversed	Closing balance
Goods for resale, raw materials and goods held for conversion	21,354	17,933	(1,322)	37,965
Work in progress	4,200	-	(34)	4,166
Finished goods	10,697	5,386	-	16,083
Impairment of inventories	36,251	23,319	(1,356)	58,214

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

The provision for the impairment of inventories was recognised to align their carrying amount with their value in terms of rotation, obsolescence and net realisable value and affected certain subsidiaries, the Italian subsidiary in particular.

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

Currency	€ 000	
	2025	2024
USD	88,392	152,946
INR	27,302	33,325
THB	4,266	5,075

12. Trade and other receivables

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

	€ 000	
	2025	2024
Trade receivables	82,596	85,014
Trade receivables, related parties (note 25)	-	-
Other receivables	16,592	17,980
Taxes receivable (note 21)	15,780	13,583
Current tax assets (note 21)	-	-
	114,968	116,577
Less: impairment	(8,774)	(8,405)
Total trade and other receivables	106,194	108,172

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

	€ 000	
	2025	2024
Balance at 1 January	8,405	8,331
Additions (notes 3.5 and 23)	1,527	1,768
Unused amounts reversed (notes 3.5 and 23)	(1,158)	(1,694)
Balance at 31 December	8,774	8,405

13. Cash and cash equivalents

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

	€ 000	
	2025	2024
Cash at bank and in hand	144,725	225,272
	144,725	225,272

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 Capital

At 31 December 2025 and 2024, 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	
	2025	2024
Reserves in the parent company	258,614	215,747
Reserves in fully-consolidated companies	30,740	70,455
Total other reserves	289,354	286,202

The increase in "Reserves in the parent company" in 2024 derived 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 22 May 2025, the Parent's shareholders agreed in general meeting to pay out a dividend from 2024 earnings of 25,000 thousand euros, which it paid on 30 May 2025.

14.5 Own shares

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

2025:

	No. of shares at 31 Dec. 2025	Par value (€ 000)	Average acquisition cost (€)	Total acquisition cost at 31 Dec. 2025 (€ 000)
Own shares at year-end 2025	3,843,373	1,730	3.044	11,699

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

On 22 May 2025, the Parent's shareholder, in general meeting and in conformity with article 146 *et seq.* of the Corporate Enterprises Act, authorised the Board of Directors to execute the repurchase of shares of Tubacex, S.A. by the Company itself and its investees during a period of up to five years, with the power to buy back a maximum number of shares, including those already held as treasury stock by the Company and its subsidiaries, of 10% of issued capital, so annulling the resolution ratified at the Annual General Meeting held on 24 June 2021 insofar as not already executed.

The reconciliation of the opening and year-end own share balances in 2025 and 2024:

2025:

	31 Dec. 2024	Purchases	(Sales)	Other	31 Dec. 2025
Own shares	10,792	12,787	(11,880)	-	11,699

2024:

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

The Group recognised the gain on the sale of own shares in the amount of 3,336 thousand euros (2024: gain of 1,315 thousand euros) directly in equity in 2025, with a credit to "Voluntary reserves".

14.6 Other equity instruments

At 31 December 2025, the Group had several share-based payment commitments under the following agreements:

- As per the resolution ratified at the Annual General Meeting held on 27 June 2024, at the end of the Group recognised the sum of 1,000 thousand euros for a long-term incentive plan for 2024-2026, payable in shares, for the CEO and other key management personnel of the Group, which vests out to December 2026. No additional charges were recognised in relation to that plan in 2025 based on the level of delivery of the related targets.

At 31 December 2024, the Group was also party to the following commitments:

- 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 and key management personnel for the purchase of 500,000 shares for 2 euros each with an initial exercise date of 31 March 2018, later extended several times, ultimately to March 2025. In 2024, as indicated in that year's financial statements, the Group settled part of that incentive plan, delivering 960,000 shares to key management personnel. The call options corresponding to the former CEO were ultimately not exercised in the first quarter of 2025.
- 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 members of key management personnel 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. That plan vested in full in the first quarter of 2025; the call options corresponding to the former CEO were ultimately not exercised.

Based on the foregoing, the directors have estimated the value of the total amount accrued under those plans at the end of 2025 at 1,057 thousand euros (2024: 2,616 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 2025 and 2024:

	€ 000			
	Translation differences	Cash flow hedges	Tax effect	Net amount
Balance at 31 Dec. 2023	(8,489)	3,484	(738)	(5,743)
Income and expense 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 Dec. 2024	(359)	(541)	228	(672)
Income and expense generated during the year	(32,317)	(794)	191	(32,920)
Amounts reclassified to profit or loss	-	854	(205)	649
Balance at 31 Dec. 2025	(32,676)	(481)	214	(32,943)

In the case of the translation differences, the figures only reflect the effect attributable to the Parent.

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 of 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 2025 and 2024:

	€ 000	
	2025	2024
Total bank borrowings (note 17)	501,539	491,411
Less: cash, cash equivalents and current financial assets (notes 9 & 13)	(156,754)	(236,393)
Net debt	344,785	255,018
Equity	394,086	482,150
EBITDA	75,053	106,990
Leverage ratio	87%	53%
EBITDA/net debt	22%	42%

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 2025 and 2024 by component of equity:

	€ 000
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 December 2024	104,124
Recognised income and expense	
Profit for the year	7,577
Translation differences	(9,924)
Sale of non-controlling interest (note 2.6)	-
Acquisition of non-controlling interests (note 2.6)	-
Balance at 31 December 2025	101,777

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

	€ 000	
	2025	2024
Tubacex Services, S.L.	2,479	2,869
Tubacex Logistics, S.A.	375	328
Tubacex Services Solutions Middle East, FZCO	2,073	2,147
NTS AW	15,265	22,393
NTS Middle East, FZCO and subsidiaries	18,906	19,043
Tbx Upstream Seamless Pipes	40,338	39,931
Tbx Newco Spain, S.L.	22,340	17,413
Total	101,776	104,124

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 2025 totalled 2,861 thousand euros (2024: 5,002 thousand euros), a figure the directors deem adequate.

The Tubacex Group's contingent liabilities at the reporting date were not material in respect of the consolidated financial statements as a whole with the exception of the contingent liability related to the National Iranian Oil Company, described in further detail later in this note.

Provision for environmental damages

Non-current provisions include provisions for potential environmental damages in the amount of 1,327 thousand euros (2024: 1,424 thousand euros) (note 28).

Provision for Sentinel Prime

At the end of 2025, the Group recognised a provision of 20,254 thousand euros within non-current provisions related to certain commitments assumed under the scope of the licensing transaction disclosed in note 7.

Current provisions:

The reconciliation of current provisions at the beginning and end of 2025 and 2024 (€ 000):

	Current provisions
Balance at 31 Dec. 2023	521
Additions/(reversals), net	246
Balance at 31 Dec. 2024	767
Additions/(reversals), net	766
Balance at 31 Dec. 2025	1,533

Guarantees extended

The Group has extended bank sureties to guarantee its performance under certain contracts obtained in the ordinary course of business totalling 19,266 thousand euros (2024: 22,201 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 refused to execute their counter-guarantees, claiming negligent execution of the primary guarantees and indicating that they would 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, which are expected to conclude within two years, are finished.

The Parent's directors believe, on the basis of the corresponding legal opinion and above facts and 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 annual consolidated 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 USBCDC, 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").

The NMTC Program recapture period concluded in 2025, triggering the recognition of all of the outstanding deferred income in the consolidated statement of profit or loss, specifically the sum of 2,499 thousand euros under "Other operating income". As a result, there was no related balance outstanding at the end of 2025 (2024: the contribution made by USBCDC to the Fund, net of fees, stood at 3,333 thousand euros).

17. Current and non-current bank borrowings

The breakdown of this consolidated statement of financial position heading at the end of 2025 and 2024 is as follows:

	€ 000	
	2025	2024
Non-current		
Bank borrowings	135,263	168,400
Notes and other marketable securities	40,524	-
Non-current credit facilities	-	15
	175,787	168,415
Current		
Notes and other marketable securities	148,394	202,027
European Investment Bank	-	6,915
Current credit facilities	11,032	9,299
Current portion of non-current loans	122,462	66,054
Trade finance	39,203	33,509
Interest	4,661	5,192
	325,752	322,996
Total	501,539	491,411

As a result of the recognition of a series non-recurring charges, at 31 December 2025, the Group was in breach of certain covenants under some of its financing agreements.

Those breaches give the providers of certain loans the right to invoke acceleration, specifically the right to call the repayment of 77,642 thousand euros. Of that sum, 56,142 thousand euros would normally be recognised within non-current borrowings; as a result of those covenant breaches, however, those amounts have been reclassified to "Current financial liabilities - Bank borrowings" on the consolidated statement of financial position, in keeping with the applicable accounting standard.

After the end of the reporting period, the Group obtained waivers from all of the affected financiers; those entities have specifically agreed to waive their right to call in those loans as a result of the aforementioned covenant breaches.

In addition, the Group has drawn up cash flow forecasts which contemplate the full and timely repayment of those loans, confirming the existence of adequate coverage of its forecast liquidity requirements.

As in prior years, in 2025, 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 balance of commercial paper outstanding at the end of 2025 stood at 188,918 thousand euros, of which 148,394 thousand euros (2024: 187,027 thousand euros) is due within 12 months of the reporting date, with the remaining 40,524 thousand euros due more than 12 months after the reporting date. The average interest rate on the commercial paper outstanding at 31 December 2025 was approximately 3.1% (2024: 4.1%). At 31 December 2025, 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). That loan had been fully repaid by the end of 2025 (2024: the balance outstanding stood at 6.9 million euros).

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 13.1 million euros at 31 December 2025 (2024: 18.1 million euros).

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 11.5 million euros at 31 December 2025 (2024: 16.5 million euros).

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. The balance drawn down stood at 53,000 thousand euros at both year-ends.

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. Those loans had been fully repaid by the end of 2025 (2024: the balance outstanding stood at 8,296 thousand euros).

In 2025, the Tubacex Group arranged 70,300 thousand euros of new loans (2024: 71,714 thousand euros). The balance outstanding under those loans stood at 68,882 thousand euros at 31 December 2025 (2024: 70,624 thousand euros).

Lastly, the Group has additional loans, arranged in prior years with a number of banks, totalling 111,201 thousand euros.

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

Maturity	€ 000	
	2025	2024
One year	325,752	322,996
Two years	84,746	54,778
Three years	59,170	56,462
Four years	19,742	41,826
Five years	8,206	14,467
Other	3,923	882
	501,539	491,411

The weighted average interest rate on bank borrowings was approximately Euribor + 1.65% in 2025 (2024: Euribor + 1.65%).

In 2025, the limit on the Group's current credit facilities was 110,758 thousand euros.

At year-end 2025, the balance drawn down against current credit facilities totalled 11,032 thousand euros (2024: 9,299 thousand euros).

At 31 December 2025, the Group had undrawn trade finance and credit facilities totalling 23,619 thousand euros and 99,557 thousand euros, respectively (2024: 47,320 thousand euros and 93,547 thousand euros).

The Group believes that the carrying amount of its borrowings is very close to their fair value considering the fact that only 15.6% (after factoring in hedges) carry fixed rates of interest.

The weighted average interest rate on the Group's credit facilities was approximately Euribor + 1.10% in 2025 (2024: Euribor + 1.10%).

18. Other financial liabilities

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

	€ 000	
	2025	2024
Non-current:		
Repayable long-term loans	812	976
Loan from IVF (Basque finance institute)	170	363
Lease liabilities (IFRS 16)	27,113	24,164
Other (note 2.6)	13,229	4,769
	41,324	30,272
Current:		
Loans other than from banks	109	455
Other (note 2.6)	3,991	6,231
	4,100	6,686
	45,424	36,958

The loan extended by IVF matures in 2028.

At the end of 2025, "Other" in the table above includes a loan in the amount of 11,179 thousand euros to the shareholder in NTS Middle East FZCO, General Holding Corporation PJSC.

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	
	2025	2024
Trade payables	146,052	189,574
Other accounts payable:		
Employee benefits payable	16,428	14,922
Payable to government agencies (note 21)	13,687	14,346
Other borrowings	33,272	53,793
	63,387	83,061
Current tax liabilities (note 21)	-	4808
	209,439	277,443

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 2025, the Group had an outstanding balance of 73 million euros of this form of supply chain financing, compared to a limit of 190 thousand euros (2024: drawdown of 112 million euros and limit of 206 million euros).

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

	€ 000	
	2025	2024
Trade payables managed under supply chain financing arrangements	73,255	112,393
Invoices discounted by suppliers under those arrangements	49,315	85,943

"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:

	2025	2024
<u>Days</u>		
Average supplier payment term	83	93
Paid transactions ratio	90	100
Outstanding transactions ratio	52	63
<u>€ 000</u>		
Total payments made	206,134	189,685
Total payments outstanding	46,450	45,505
No. of invoices paid within the legally stipulated deadline	9,392	6,238
Percentage of total issued invoices	41%	34%
Amount paid within the legally stipulated deadline (€ 000)	66,838	51,385
Percentage of the total monetary sum paid to the Group's suppliers	32%	27%

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 2025 and 2024 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. 2023	4,322	2,658	721	7,701
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 Dec. 2024	4,426	2,634	789	7,849
Amounts reversed	(311)	-	-	(311)
Amount recognised as expense during the year (note 24)	32	502	-	534
Benefits paid	(370)	(49)	(318)	(737)
Balance at 31 Dec. 2025	3,777	3,087	471	7,335

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 3,177 thousand euros at 31 December 2025 (2024: 3,786 thousand euros).

The discount rate used was 3.75% (2024: 3.25%) and the wage growth assumption was 3% (2024: 3%).

Other long-term employee benefits

This heading includes 1,488 thousand euros at year-end 2025 (2024: 1,327 thousand euros) 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 1,599 thousand euros (2024: 1,351 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).

In 2025, 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., 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., Tubacex Innovación, S.L., Tubacex Spain Assets, S.L., Tubacex Newco Spain, S.L. and Tbx Premium Connections, S.L. CFT Servicios Inmobiliarios, S.A.U. left the Tax Group in 2025.

21.1 Current taxes receivable and payable

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

	€ 000	
	2025	2024
VAT receivable (note 12)	7,170	7,417
Other receivables (note 12)	8,610	6,166
Current tax assets (note 12)	-	-
Deferred tax assets	95,808	93,288
Total taxes receivable	111,588	106,871
Current tax liabilities (note 19)	-	(4,808)
VAT payable (note 19)	(10,879)	(12,239)
Social security payable (note 19)	(1,974)	(1,531)
Personal income tax payable (note 19)	(548)	(572)
Other payables (note 19)	(286)	(4)
Deferred tax liabilities	(20,874)	(23,491)
Total taxes payable	(34,561)	(42,645)

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

The breakdown of the Group's tax expense/(tax income) in 2025 and 2024:

	€ 000	
	2025	2024
Current tax	1,067	4,146
Deferred tax:		
Origination and reversal of temporary differences	(324)	607
	743	4,753

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

	€ 000	
	2025	2024
Consolidated profit/(loss) before tax	(22,958)	30,002
Income tax at average tax rate (24%)	(5,510)	7,200
Permanent differences and consolidation adjustments	(9,226)	339
Effect of different tax rates levied on certain subsidiaries	225	(3,055)
Unused tax losses not capitalised	8,971	(275)
Derecognition of unused tax credits	5,943	-
Reversal of temporary differences	-	610
Restatements	340	(66)
Total consolidated tax expense/(income) recognised	743	4,752

The permanent differences in 2025 mainly include the sum of 10,490 thousand euros derived from the tax exemption related to the reinvestment of the extraordinary gain derived from the transaction disclosed in note 7.

In 2025, the Group reassessed the deferred tax assets recognised by the Tax Group in respect of unused tax losses and unused tax credits, derecognising tax assets for unused tax credits in the amount of 5,943 thousand euros as a result.

21.3 Deferred tax assets and liabilities

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

	€ 000			
	Assets		Liabilities	
	2025	2024	2025	2024
Provisions and other items	25,549	14,493	(13,357)	(17,371)
Unused tax losses	58,508	60,390	-	-
Tax credits and tax relief	12,877	18,611	-	-
Asset revaluations (note 2.6)	-	-	(5,162)	(5,805)
	96,934	93,494	(18,519)	(23,176)
Derivative financial instruments	(1,126)	(206)	(2,355)	(315)
	95,808	93,288	(20,874)	(23,491)

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

- The Group believes it is highly probable that in the future it will generate sufficient profits 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 (2024: 22 million euros); 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 12 million euros (2024: 7 million euros); 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 2025, the Group reassessed the deferred tax assets recognised by the Tax Group (note 3.14) in respect of unused tax losses and unused tax credits, derecognising tax assets for unused tax credits in the amount of 5,943 thousand euros as a result.

Based on the above, the Group's management believes the tax assets recognised 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.

At 31 December 2025, the Group had unused tax losses of 17,828 thousand euros and unused tax credits of 21,097 thousand euros for which it had not recognised any deferred tax assets.

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	
	2025	2024	2025	2024
Provisions and other items	11,056	4,537	4,014	192
Unused tax losses	(1,882)	(1,413)	-	-
Tax credits and tax relief	(5,735)	(2,595)	-	-
Consolidated asset revaluations (note 2.6)	-	-	643	(362)
Total	3,439	529	4,657	(170)
Derivative financial instruments/Other	(919)	(800)	(2,041)	332
	2,520	(271)	2,616	162

Unused tax losses

Of the total unused tax losses, approximately 24 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 22 million euros of unused losses at the Austrian subsidiary and 6 million euros at the Italian subsidiary for which there is no deadline for their utilisation under local tax regulations.

Tax credits and tax relief

Of total deferred tax assets for unused tax credits, in the amount of 13 million euros at year-end, the vast majority relate to the various limits on the deductibility of tax losses (35% | 70% | 50%). That tax relief must be utilised between 2032 and 2055, depending on the year the tax credits were generated.

The total amount of current and deferred taxes recognised directly in other comprehensive income in 2025 and 2024 is shown below:

	€ 000	
	2025	2024
Cash flow hedges (note 14.7)	(14)	966

21.4 Deferred tax assets not capitalised

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 2025, 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.

In the rest of the jurisdictions where the Group has operations, the inspection prescription period tends to range between three and five years, varying in line with the tax regulations applicable in each country.

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.

The Top-Up Tax was articulated as a direct tax under regional purview at the Mixed Committee of the Economic Agreement on 23 December 2024, leaving it to the general courts to approve the legislation amending the Economic Agreement between the Spanish state and the Basque regional government 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 treasury to exercise its legislative powers on time. As a result, with respect to that 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 was that enacted in the state legislation pending introduction of the required top-up tax provisions via the Economic Agreement.

Law 3/2025 was passed in the wake of the agreements reached by the Mixed Committee of the Economic Agreement, and published in the official state journal on 30 April 2025, amending Law 12/2002, enacting the Economic Agreement with the Basque regional government. Among other things, Law 3/2025 establishes the Top-Up Tax as a regional tax and defines the crossover points for determining the applicable regulations and powers to inspect and exact that tax. As a result, the provincial authorities of the three Basque territories, including that of Alava, that of concern here, approved their own regulations governing the Top-Up Tax: Basque Regional Regulation 16/2025, of 12 December 2025, establishing a top-up tax designed to ensure a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups. That piece of legislation is effective for tax periods beginning on or after 1 January 2025.

Against this backdrop, for Pillar Two purposes, the Group is a multinational enterprise headed up by Tubacex, S.A., its ultimate parent, and is subject to the Top-Up Tax from 2025.

The Group has assessed its exposure to the Pillar Two rules in light of Regional Regulation 16/2025, the European Directive and the Administrative Guidance published by the OECD. As a result of that analysis, it has recognised a tax expense in respect of the Top-up Tax of 297 thousand euros in 2025, corresponding to the domestic Top-up Tax estimated for the United Arab Emirates jurisdiction.

Note additionally 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, which were transposed into Spanish law via Law 7/2024, which introduces Transitional Provision Eight to Royal Decree 1514/2007, enacting the General Accounting Plan, and Transitional Provision Seven to Royal Decree 1159/2010, enacting the rules for issuing consolidated financial statements.

Lastly, Transitional Provision One of Regional Regulation 16/2025 contemplates a transitional first-time application regime for the tax treatment of deferred tax assets and liabilities and of assets transferred during the "transition year", understood as the first tax period in which the multinational enterprise or domestic group must apply the contents of that Regulation for the first time, to the extent that the provisions of Transitional Provision Four of the Regional Regulation do not apply in that jurisdiction. For our purposes, that article 47 stipulates that calculation of the tax rate for a jurisdiction in the "transition year" 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.

	2025	2024
Profit/(loss) attributable to equity holders of the parent (€ 000)	(31,277)	22,854
Average number of shares outstanding	122,705,878	121,694,222
Basic earnings per share (€)	(0.25)	0.19

The average number of ordinary shares was calculated as follows:

	2025	2024
Ordinary shares outstanding (note 14.1)	126,549,251	126,549,251
Average own shares (note 14.5)	(3,843,373)	(4,855,029)
Average number of shares outstanding	122,705,878	121,694,222

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.

	2025	2024
Profit/(loss) attributable to equity holders of the parent (€ 000)	(31,278)	22,854
Average number of shares outstanding	122,705,878	124,884,222
Diluted earnings per share (€)	(0.25)	0.18

The average number of ordinary shares was calculated as follows:

	2025	2024
Ordinary shares outstanding (note 14.1)	126,549,251	126,549,251
Average own shares (note 14.5)	(3,843,373)	(4,855,029)
Effect of stock option plans (note 14.6)	-	3,190,000
Average number of shares outstanding	122,705,878	124,884,222

23. Other operating income and other operating expenses

"Other operating income" in the consolidated statement of profit or loss breaks down as follows in 2025 and 2024:

	€ 000	
	2025	2024
Grants related to income	9,004	5,046
Other income	26,158	5,925
	35,162	10,971

As disclosed in note 7, on 5 March 2025, the Tubacex Group granted Abu Dhabi National Oil Company (ADNOC) P.J.S.C. ("ADNOC") the right to use a portion of its premium connection technology, generating a gain of 23,466 thousand euros which was recognised in "Other income" in the table above.

The breakdown of "Other operating expenses" in 2025 and 2024 is provided below:

	€ 000	
	2025	2024
Research costs	273	835
Operating lease expense	1,597	1,116
Repairs and upkeep	25,137	18,552
Independent professional services	15,830	12,382
Transportation	13,457	13,078
Insurance premiums	4,961	3,229
Utilities	41,019	38,156
Other expenses	94,411	118,094
Taxes other than income tax	1,548	1,047
Change in impairment allowance for trade receivables (note 3.5)	369	74
	198,602	206,563

"Other expenses" in 2025 included 405 thousand euros (2024: 393 thousand euros) earmarked to the Tubacex Foundation, which articulates the Group's community investment effort.

24. [Employee benefits expense](#)

The reconciliation of the opening and closing balances under this heading in 2025 and 2024:

	€ 000	
	2025	2024
Wages, salaries and similar	140,030	126,298
Contributions to pension plans	2,506	4,387
Social security	30,095	28,326
Other benefit expense	7,934	4,604
	180,565	163,615

The Group's average headcount by job category in 2025 and 2024 was as follows:

Category	2025	2024
Key management personnel	11	12
Middle managers and supervisors	470	448
Experts and professionals	507	497
Operations staff	1,754	1,709
Total	2,742	2,666

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

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

Category	2025		2024	
	Men	Women	Men	Women
Key management personnel	9	2	10	1
Middle managers and supervisors	394	68	383	64
Experts and professionals	327	202	302	208
Operations staff	1,673	111	1,676	122
Total	2,403	383	2,371	395

The Parent's Board of Directors was made up of four women and seven men at 31 December 2025 (2024: three women and seven men).

The Tubacex Group employed a total of 27 people with disabilities in 2025 (2024: 20).

25. [Related party transactions and balances](#)

Related party transactions

The transactions performed with related parties in 2025 and 2024, the effects of which have been eliminated upon consolidation:

2025:

€ 000	Revenue	Other operating expenses	Finance income
Coprosider S.R.L.	88	-	-
Tubacex Foundation	-	405	-
	88	405	-

2024:

€ 000	Revenue	Other operating expenses	Finance income
Coprosider S.R.L.	215	-	7
Tubacex Foundation	-	393	-
	215	393	7

Related party balances

The breakdown of balances outstanding with related parties at year-end 2025 and 2024 (€ 000):

2025:

	Receivable	
	Other non-current financial assets (note 9)	Trade and other receivables (note 12)
Coprosider S.R.L.	485	80
Tubacex Foundation	-	85
Total related party balances	485	165

2024:

	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.	703	7	-
Tubacex Foundation	-	96	-
Total related party balances	703	103	-

Related party transactions

There were no transactions with other related parties in 2025 or 2024.

26. [Key management personnel remuneration](#)

The remuneration accrued by key management personnel in 2025 and 2024 is shown below:

	€ 000	
	2025	2024
Short-term employee benefits - KMP	2,915	3,515
Post-employment benefits	144	141
Total director remuneration	3,059	3,656

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 2025, the Group's key management personnel did not accrue any amounts under multi-year compensation schemes (2024: 1,000 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 1,025 thousand euros of fixed fees for attending its meetings in 2025 (2024: 1,052 thousand euros).

Those amounts do not include the additional remuneration accrued by the directors who discharge executive duties: in 2025, that remuneration amounted to 1,135 thousand euros (2024: 701 thousand euros) plus 39 thousand euros of post-employment benefits (mainly contributions to a defined benefit plan) (2024: 34 thousand euros). They also accrued 60 thousand euros of other remuneration (2024: 60 thousand euros).

In addition, at year-end 2024, the Group had accrued remuneration for its CEO under a multi-year incentive plan in the amount of 1,954 thousand euros.

Note lastly, that in 2025, as was the case in 2024, the members of the Board of Directors did not accrue any remuneration for sitting on or attending the meetings of the boards of other constituents 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 2025, the Group accrued 66 thousand euros of director and officer liability insurance premiums (2024: 61 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 2025.

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

At year-end 2025, 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 2025, the Group incurred capital expenditure of an environmental nature of approximately 2,992 thousand euros (2024: 1,755 thousand euros) and expenses of an environmental nature of 3,301 thousand euros (2024: 2,909 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 2025 or 2024.

At 31 December 2025, except for a provision of 1,327 thousand euros recognised under "Non-current provisions" in the accompanying statement of financial position (2024: 1,424 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 2025 and 2024 were as follows (€ 000):

	2025	2024
Audit services	756	651
Other assurance services	110	97
Total audit and related services	866	748
Tax advisory services	50	50
Other services	115	153
Total other services	165	203

In addition, other auditors invoiced the Group 465 thousand euros (2024: 554 thousand euros) for audit services, 78 thousand euros for tax advisory services (2024: 62 thousand euros) and 68 thousand euros for other services (2024: 122 thousand euros).

30. Events after the reporting date

There have been no developments since 31 December 2025 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 2025

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	32,433	7,045	-	9,499	46,778
Tubacex Services Solutions Holding S.L.U.	Alava (Spain)	Sale of tubing	N/A	100	-	100	31,183	4,171	528	-	(9)	35,882
Tubacex Services Solutions, S.A.U.	Alava (Spain)	Sale of tubing	EY	-	100	100	1,142	13,110	(1,658)	-	(23)	12,594
Tubacex Services Solutions France, S.A.S.	Soissons (France)	Sale of tubing	EY	-	100	100	500	8,902	(235)	-	11	9,167
Tubacex Service Solutions India, Pvt. Ltd.	India	Sales	EY	-	100	100	564	954	556	-	1,129	2,074
Tubacex Services Solutions Do Brasil Participacoes Ltda	Sao Paulo (Brazil)	Sale of tubing	N/A	-	100	100	-	78	(74)	-	(94)	4
Tbx Upstream do Brasil LTDA	Sao Paulo (Brazil)	Sale of tubing and provision of services	EY	-	51	51	-	179	269	-	332	448
Tubacex Services Solutions Austria GmbH	Ternitz (Austria)	Sale of tubing	N/A	-	100	100	35	7,841	648	-	922	8,524
Tubacex Service Solutions Middle East, FZCO	Dubai (United Arab Emirates)	Sale of tubing	Grant Thornton LLP	-	100	100	3,461	614	402	-	421	4,477
CFT Servicios Inmobiliarios, S.A.U.	Alava (Spain)	Sale of tubing	N/A	100	-	100	-	-	-	-	-	-
Red Distribuidora de Tubos y Accesorios, S.A.U. (R.T.A.)	Alava (Spain)	Sale of tubing	N/A	100	-	100	-	-	-	-	-	-
Schoeller – Bleckmann Edelstahlrohr Immobilien, AG	Ternitz (Austria)	Real estate	EY	100	-	100	70	65,847	204	-	121	66,121
Schoeller – Bleckmann Edelstahlrohr GmbH (Subgroup)	Ternitz (Austria)	Manufacture and sale of tubing	EY	100	-	100	-	-	-	-	-	-
Schoeller – Bleckmann Technisches Service GmbH	Ternitz (Austria)	Technical assistance services	EY	-	100	100	-	-	-	-	-	-
Schoeller – Bleckmann Technisches Service GmbH & Co. KG	Ternitz (Austria)	Technical assistance services	EY	-	100	100	-	-	-	-	-	-
Schoeller – Bleckmann Edelstahlrohr Deutschland GmbH	Düsseldorf (Germany)	Sale of tubing	N/A	100	-	100	26	363	(7)	-	43	382
Schoeller – Bleckmann Tube France	Paris (France)	Sale of tubing	N/A	100	-	100	38	103	102	-	102	243
Tubacex Taylor Accesorios, S.A.U.	Alava (Spain)	Manufacture of fittings	EY	100	-	100	8,891	1,471	(2,407)	-	(2,523)	7,955
Tubacex Tubos Inoxidables, S.A.U.	Alava (Spain)	Manufacture and sale of tubing	EY	100	-	100	15,028	42,085	(6,259)	-	(8,544)	50,854
Tubacex Innovación AIE	Vizcaya (Spain)	Innovation	N/A	-	100	100	6	1,177	(108)	-	(87)	1,075
Tubacoat, S.L.	Vizcaya (Spain)	Industrial development and sale of long steel products	N/A	100	-	100	60	481	(725)	-	(765)	(184)
Tubacex Services, S.L.	Cantabria (Spain)	Manufacture and sale of special size steel tubing	EY	81	-	81	3,704	(510)	(2,052)	-	(1,639)	1,142
Tubacex Middle East Holding, S.L.	Cantabria (Spain)	Holding company	N/A	100	-	100	3	2,557	(948)	-	(5)	1,612
IBF SpA	Italy	Manufacture of high-end fittings	EY	100	-	100	-	-	-	-	-	-
Tubacex Awaji Thailand, LTD	Thailand	Manufacture of fittings	Audit House Corporate, Ltd.	100	-	100	4,729	3,824	324	-	1,080	8,877
Tubacex Tubes and Pipes Pvt Ltd	India	Manufacture and sale of special size steel tubing	EY	100	-	100	1,413	41,560	1,884	-	2,085	44,857
Tubacex Foundation	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	38,029	- 503	-	- 15	38,526
NTS Middle East, FZCO	Dubai (United Arab Emirates)	Mechanical repair of drilling tools	Grant Thornton LLP	49	-	49	-	-	-	-	-	-
Promet As	Tananger (Norway)	Precision engineering	EY	-	49	49	-	-	-	-	-	-
Steinsvik Production As	Forresfjorden (Norway)	Production and repair of industrial products	EY	-	80	80	-	-	-	-	-	-
NTS Saudi Company LTD	Al Khobar (Saudi Arabia)	Mechanical repair of drilling tools	Grant Thornton LLP	-	49	49	-	-	-	-	-	-
NTS Omega West USA, INC	Delaware (US)	Manufacture and rental of tubing industry equipment	Grant Thornton LLP	-	49	49	-	-	-	-	-	-
NTS Rocket Canada, LTD	Alberta (Canada)	Manufacture and rental of tubing industry equipment	Grant Thornton LLP	-	49	49	-	-	-	-	-	-
NTS Rocket Pte, Ltd	Singapore (Singapore)	Manufacture and rental of tubing industry equipment	Grant Thornton LLP	-	49	49	-	-	-	-	-	-
Tubacex Advance Solutions S.L.	Vizcaya (Spain)	Sale of tubing	N/A	100	-	100	3	989	(5)	-	(5)	987
TSS NORWAY, A.S.	Norway	Sale of tubing	EY	-	100	100	23	7,393	811	-	1,260	8,227
Tubacex Europe, B.V	Netherlands	Sale of tubing	N/A	100	-	100	16	297	(9)	-	(9)	304
Tubacex Logistics, S.A.	Leioa (Vizcaya)	Transport and logistics	EY	75	-	75	72	1,216	186	-	245	1,474
Tubacex Italy	Milan (Italy)	Sale of tubing	N/A	100	-	100	-	156	43	-	44	199
Tubacex Servicios de Gestión S.L.U.	Vizcaya (Spain)	Advisory and consultancy	N/A	100	-	100	3	275	215	-	298	493
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	-	49,047	(181)	-	(235)	48,866
Salem Tube, Inc.	Pennsylvania (US)	Tube manufacturing	Grossman Yanak & Ford	-	100	100	18,093	27,396	2,957	-	4,719	48,446
Tubacex America Inc.	Houston (USA)	Sale of tubing	Grossman Yanak & Ford	-	100	100	1	16,617	2,321	-	2,621	18,939
Tubacex Durant, Inc.	Delaware (US)	Tube manufacturing	Grossman Yanak & Ford	-	100	100	-	4,434	(4,551)	-	(2,828)	(117)
Hyvalue Tubacex IET, S.L.	Vizcaya (Spain)	Project development and sale	N/A	-	50	50	-	-	-	-	-	-
Hyvalue Gasteiz, S.L.U. (formerly, Hyvalue Gasteiz IET S.L.)	Alava (Spain)	Waste recovery and resale	N/A	-	100	100	-	-	-	-	-	-
Tubacex Desarrollos, S.L.U.	Vizcaya (Spain)	R&D	N/A	100	-	100	3	2,313	(149)	-	(2)	2,167
Tubacex IBF Kazajistan, S.R.L.	Atyrau (Kazakhstan)	Manufacture and distribution of tubing	N/A	100	-	100	10	959	(6)	-	(13)	963
Tbx Upstream Seamless Pipes	Abu Dhabi (United Arab Emirates)	Manufacture and sale of special size steel tubing	EY	-	51	51	12,357	58,994	10,655	-	18,577	82,006
Tbx Upstream Oil and Natural Gas Well Equipment Trading	Abu Dhabi (United Arab Emirates)	Sale of special size steel tubing	EY	-	100	100	13	456	(295)	-	(295)	174
Tubacex North Asia	Shanghai (China)	Consulting	N/A	100	-	100	147	328	175	-	180	650
Tubacex Spain Assets, S.L.	Alava (Spain)	Manufacture and sale of special size steel tubing	EY	-	51	51	3	185,704	3,295	-	5,258	189,002
Tubacex Service Solutions Asia PTE LTD	Singapore (Singapore)	Distribution and sale of special size steel tubing	N/A	-	100	100	18	(32)	144	-	143	362
Tbx Newco Spain, S.L.	Alava (Spain)	Holding company	EY	-	51	51	7,621	198,006	(128)	-	(125)	205,499
TBX Premium Connections, S.L.	Alava (Spain)	R&D	EY	100	-	100	5	19,206	23,902	-	23,634	43,113
Tubacex Fertilizers and Chemicals, S.R.L.	Italy	Sale of tubing	N/A	-	100	100	10	15	(116)	-	(84)	(91)

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
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 (*)
Aceria 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 Immobilien, 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	0	4,473	43,994
Schoeller – Bleckmann Technisches Service GmbH	Ternitz (Austria)	Technical assistance services	EY	-	100	100	Included in the "Schoeller-Bleckmann Edelstahlrohr GmbH" Subgroup					
Schoeller – Bleckmann Technisches Service GmbH & Co. KG	Ternitz (Austria)	Technical assistance services	EY	-	100	100	Included in the "Schoeller-Bleckmann Edelstahlrohr GmbH" Subgroup					
Schoeller – Bleckmann Edelstahlrohr Deutschland GmbH	Dusseldorf (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 Innovacion 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
Tubacex Foundation	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	43220	1038	-	2415	44400
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 Omega 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
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.	Ayrau (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

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 2025

2025 was marked by a challenging and volatile market environment, with a broad impact on volumes around the world. Faced by that situation, the Group prioritised operating discipline and strategic positioning in high-value markets and products and focused on cash generation and control over working capital.

Revenue amounted to 719.3 million euros, down 6.3% from 2024, reflecting slower activity in certain segments combined with less dynamic order conversion rates against the backdrop of less visible investment schedules, partially offset by a higher weight of premium and strategic products in the overall mix.

At the end of 2025, the orderbook stood at 1.23 billion euros, which is still high and continues to be dominated by high value-added products. Looking to the coming quarters, the pipeline remains robust, with the Subsea and Nuclear verticals strong, albeit marked by ongoing uncertainty around adjudication schedules and the pace of conversion into orders.

The Group's financial position was conditioned by its working capital requirement in 2025, affected primarily by the ramp-up of strategic projects. That situation began to normalise during the last quarter of the year, as progress was made on billing and collections, framed by an ongoing focus on cash generation and efficient working capital management.

As announced on 14 January 2026, in 2025, the Group recognised a series of extraordinary, non-recurring accounting adjustments, with no impact on cash, in order to align the measurement of specific assets with the prevailing market situation, none of which has undermined its ability to generate cash or its current or forecast operating performance. More specifically, those adjustments impacted EBITDA by 30.7 million euros, EBIT by 49.3 million euros and the bottom line by 47.2 million euros.

In terms of shareholder remuneration, the Group kept its payout at 40% (of net profit before the extraordinary charges), which translates into a proposed payout of 6.4 million euros, subject to shareholder approval at the Annual General Meeting.

Turning to 2026, the Group remains cautious in light of the heightened volatility and plans to continue to focus on cash generation, working capital discipline and profitable growth, leveraging its positioning in high-value segments and an orderbook and pipeline that offer visibility, albeit framed by less predictable adjudication timelines.

1. GROUP BUSINESS PERFORMANCE IN 2025

To provide a detailed analysis of the trend in the Group's key business variables in 2025, 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 Earnings performance
- 1.2 Financial activity
- 1.3 Commercial activity
- 1.4 Industrial activity

1.1 *Earnings performance*

Below we compare the main headings of the consolidated statement of profit or loss for 2025 and 2024 (€ m):

	2024	%	2025	%
<i>Revenue</i>	767.54	100.00	719.30	100.00
<i>Other income</i>	13.81	1.80	38.90	5.40
<i>Change in inventories</i>	4.00	0.52	-2.70	(0.40)
<i>Total operating income</i>	785.35	102.32	755.50	105.03
<i>Cost of sales</i>	(308.18)	(40.15)	(301.20)	(41.90)
<i>Employee benefits expense</i>	(163.62)	(21.32)	(180.60)	(25.10)
<i>External and operating expenses</i>	(206.56)	(26.91)	(198.60)	(27.60)
<i>EBITDA</i>	106.99	13.94	75.10	10.44
<i>Depreciation and amortisation</i>	(43.47)	(5.66)	(66.20)	(9.20)
<i>EBIT</i>	63.52	8.28	8.90	1.24
<i>Net finance cost</i>	(36.19)	(4.72)	(28.00)	(3.90)
<i>Exchange gains/(losses)</i>	2.67	0.35	(3.90)	(0.50)
<i>Profit from ordinary activities</i>	30.00	3.91	(23.00)	(3.20)
<i>Income tax</i>	(4.75)	(0.62)	(0.70)	(0.10)
<i>Profit/(loss) for the period from continuing operations</i>	25.25	3.29	(23.70)	(3.29)
<i>Profit after tax from discontinued operations</i>	-	-	-	-
<i>Consolidated profit/(loss) for the year</i>	25.25	3.29	(23.70)	(3.29)
<i>Non-controlling interests</i>	(2.40)	(0.32)	(7.60)	(1.10)
<i>Profit/(loss) attributable to equity holders of the parent</i>	22.85	2.97	(31.30)	(4.35)

In 2025, the Group faced a tough and volatile market environment marked by widespread weakness which affected volumes around the world. Against this backdrop, the Group remained focused on its value-added product mix, operating discipline and efficient cost management, prioritising cash generation and control over working capital.

Revenue amounted to €719.3 million, down 6.3% from 2024 (767.5 million euros), due mainly to lower volumes on the back of the above-mentioned market weakness and more cautious investment and adjudication schedules.

On the earnings front, the Group's cost of sales amounted to 301.2 million, accounting for a higher 41.9% of revenue (2024: 40.2%). That trend is related to the sales mix, marked by a higher share of value-added products, which entail a higher cost of sales relative to revenue.

Employee benefits expense increased to 180.6 million euros (2024: 163.6 million euros), driven mainly by a higher average headcount, which went from 2,666 professionals in 2024 to 2,742 in 2025, in line with operating requirements. On the other hand, other operating expenses decreased to 198.6 million euros (2024: 206.6 million euros), reflecting the Group's efforts around cost discipline and control in the face of weaker business volumes.

EBITDA came to 75.1 million euros, compared to 107.0 million euros in 2024, implying a margin of 10.4% (2024: 13.9%). In addition to the underlying business performance, the EBITDA margin was affected by the recognition of certain extraordinary accounting adjustments, which are non-recurring and have no impact on cash, made to align the measurement of specific assets with the prevailing market situation. Specifically, the Group remeasured its inventories to reflect longer realisation periods, with an impact at the EBITDA level (and, by extension also at the net profit level) of 30.7 million euros. This is a non-monetary adjustment and did not imply any outflow of cash.

Depreciation, amortisation and impairment totalled 66.1 million euros (2024: 43.5 million euros). The increase is primarily attributable to the recognition of an impairment loss associated with the Durant facility in the US of 18.6 million euros, which was recognised under this heading and did not therefore impact EBITDA. As a result, EBIT amounted to 8.9 million euros (2024: 63.5 million euros), implying a margin of 1.2% (2024: 8.3%).

The net finance cost, including exchange differences, improved slightly, to 31.9 million euros (2024: 33.5 million euros). The Group therefore reported a loss before tax of 23.0 million euros (2024: profit before tax of 30.0 million euros) and a consolidated net loss of 23.7 million euros (2024: net profit of 25.3 million euros). The loss attributable to equity holders of the parent was 31.3 million euros (2024: profit of 22.9 million euros), implying a negative margin of 4.3% (2024: +3.0%).

Overall, the extraordinary adjustments recognised in 2025 impacted EBITDA by 30.7 million euros, EBIT by 49.3 million euros and the bottom line by 47.2 million euros, with no impact on cash.

1.2 Financial activity

In 2025, the Group focused on preserving the right levels of liquidity, reinforcing cash generation and tapering the working capital requirement, in a year shaped by the ramp-up of strategic projects, particularly the effect of the ADNOC contract on the manufacturing to order model.

Working capital

The Group manufactures to order and there is a direct correlation between the trend in working capital and net debt. In 2025, the ADNOC order translated into higher than initially forecast volumes, triggering a temporary increase in working capital, which peaked in the third quarter. Specifically, working capital increased from 310.2 million euros at the end of 2024 to a peak of 431.0 million euros in September 2025, then coming down to end the year at 323.9 million euros, following the start of normalisation of this requirement in the fourth quarter thanks to progress on billing and collections. The Group expects this gradual downtrend to gain traction over the course of 2026. The overall impact on working capital of the ADNOC contract manufacturing on all of the productive units involved was an estimated at 82.3 million euros at year-end 2025.

Net debt, leverage and liquidity

The trend in net debt was directly correlated to the above-listed working capital dynamics. Net debt ended 2024 at 255.0 million euros, peaked at 399.3 million euros in September and ended the year at 344.8 million euros, reflecting the start of operational deleveraging in the fourth quarter. In terms of leverage, adjusted ND/EBITDA went from 2.4x at the end of 2024, to 3.5x in September 2025, coming back down to 3.3x at the end of 2025, in line with the start of working capital normalisation during the fourth quarter. The Group kept healthy levels of liquidity, ending the year with 256.3 million euros of cash and undrawn credit, giving it ample margin to cover its operating and investing requirements while preserving financial flexibility.

Capital expenditure and capital allocation

The investments carried out during their year and rationale are outlined in section 1.4 Industrial activity. The Parent paid out a dividend of 25 million euros in 2025 with a charge against 2024 profits, framed by its shareholder remuneration policy.

Equity and solvency

At the end of 2025, the equity attributable to equity holders of the parent stood at 292.31 million euros, down from 378.0 million euros at the end of 2024. The year-on-year reduction is attributable to the loss for the year and also to exchange losses recognised in equity, derived mainly from the depreciation of the dollar during the year, as the Group consolidates companies whose equity is denominated in that currency. These impacts are broken out in detail in the annual financial statements.

In terms of its financial strength, equity-to-total assets stood at 32% at the end of 2025, underpinned by a resilient capital structure and the ability to execute in a tough market environment.

Share price performance

Tubacex's share price performance was shaped by market volatility in 2025. It ended the year at 3.34 per share (31 December 2025), marking an annual gain of 2.5%. The high for the year was 4.39 euros (6 March 2025) and the low was 3.17 (17 December 2025). At year-end, the Parent had 126,549,251 shares, implying a market capitalisation of 422.0 million euros.

Trading liquidity improved considerably in 2025. Specifically, 83.96 million shares traded hands in 2025, compared to 57.43 million in 2024, and the cash value of those trades amounted to 141.1 million euros, compared to 98.3 million euros in 2024. This improvement evidences generally improved liquidity in Tubacex's shares and increased investor interest over the course of the year.

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

In a tough market environment throughout 2025, the Group continued to focus on high-value opportunities, maintaining a healthy orderbook and robust pipeline, albeit clouded by greater uncertainty around adjudication timeframes and the pace of conversion of opportunities into orders.

Sales by sector and market

Consolidated revenue from sales amounted to 719.26 million euros in 2025, down 6.3% from 2024. The key revenue drivers are outlined in paragraph 1.1 above.

The sales mix was balanced in 2025, marked by a significant share of premium and strategic products, with E&P standing out as the biggest revenue contributor (52.3%, between E&P Gas and E&P Oil). The Industrial segment accounted for 25.6% of revenue for the year, while PowerGen contributed 7.5% and Aerospace, 5.3%, depicting a diversified sector mix, which, coupled with geographic diversification, helps reduce the cyclicity of the Group's business.

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

	2025	2024	2025/2024
<i>Spain</i>	35.34	29.99	17.8%
<i>Rest of Europe</i>	260.78	366.69	-28.9%
<i>US</i>	144.89	134.78	7.5%
<i>RoW</i>	278.25	236.08	17.9%
Total sales revenue	719.26	767.54	-6.3%

In short, 41.2% of the Group's sales went to the European market in 2025, 20.1% to the US and 38.7% to other markets. In 2024, that split was 51.7%, 17.6% and 30.8%, 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. Elsewhere, the growth in sales in the US is related to the strong performance of the aerospace market. 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.

Orderbook and pipeline

At the end of 2025, the orderbook remained high, at 1.23 billion euros. The biggest share is accounted for by E&P Gas (79.6%) and continues to be concentrated in high value-added products.

Looking to the coming quarters, the pipeline remains robust, with the Subsea and Nuclear verticals looking particularly strong, albeit marked by ongoing uncertainty around adjudication schedules and the pace of conversion into orders.

1.4 Industrial activity

Capital expenditure totalled approximately 64 million euros in 2025, in line with 2024 levels.

In 2025, as was the case in 2024, the biggest investments went to construction of the new facility in Abu Dhabi, a project expected to reinforce the Group's competitive positioning in the Middle East, a key market, and support efficient execution of value-added products. In parallel, the Group continued to invest to upgrade and enhance its different manufacturing facilities with the goal of addressing market needs in different areas and applications, and unlocking productivity gains and industrial efficiency.

2. GROUP SITUATION

2025 was marked by macroeconomic uncertainty, weaker demand and greater volatility (in exchange rates and commodities), which clouded short-term visibility and translated into more prudent investment decision-making in certain markets. In this climate, the Group prioritised robust execution, operating discipline and profit margins, framed by active working capital and cash generation management.

From the strategic standpoint, 2025 was an important year in terms of consolidating the Group's positioning in value-added products and applications and progress on projects designed to reinforce its competitiveness in key markets. Specifically, the new facility in Abu Dhabi attained cruising speed, helping to shore up the Group's industrial and sales presence in the Middle East and lending support for the execution of strategic contracts. The acceleration in volumes associated with those projects had a temporary impact on working capital, which nevertheless began to normalise during the last quarter of the year.

The Group also continued to drive technology differentiation and premium positioning projects. It is worth singling out Sentinel Prime®, where the licensing agreement with ADNOC for its use in non-CRA applications reinforces its premium positioning and creates opportunities for growth in new applications.

In parallel, framed by a prudent accounting approach, the Group decided to recognise a series of extraordinary and non-recurring accounting adjustments in order to align the measurement of specific assets with the prevailing market situation, none of which has undermined its ability to generate cash or its current or forecast operating performance.

As for shareholder remuneration, the Group continues to offer a stable dividend policy, aligned with its goal of delivering profitable growth and commitment to financial discipline.

3. OUTLOOK FOR THE GROUP'S BUSINESSES AND PERFORMANCE

Turning to 2026, the Group expects the market environment to remain volatile, marked by macroeconomic uncertainty and uneven demand. Investment decision-making and adjudication schedules are expected to remain hard to predict, potentially affecting the pace of conversion of opportunities into orders in the near term.

Nevertheless, the Group continues to boast a strong pipeline in its main business lines, particularly the Subsea and Nuclear segments, underpinned by its positioning in value-added products, industrial base and presence in key markets.

The Group is therefore cautious about 2026 and plans to continue to lift its performance and create value for its shareholders. The priorities for 2026 will remain operating discipline, cash generation and ongoing working capital normalisation, complemented by prudent and selective allocation of capital.

4. ACQUISITION AND DISPOSAL OF OWN SHARES

The Parent held 3,843,373 own shares at year-end 2025.

5. PROPOSED APPROPRIATION OF LOSS

The Board of Directors intends to keep the Parent's payout at between 30% and 40%, specifically proposing the distribution of 6,435 thousand euros of dividends, equivalent to 40% of net profit before the voluntary adjustments announced in January 2026. 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:

	Thousands of euros
To: Dividends	6,435
To: Retained earnings (prior-year losses)	50,401
Total	56,836

The dividend payment will be made in conjunction with a bonus issue (capital increase with a charge against reserves) which the Board of Directors is going to submit as a motion at the Annual General Meeting in order to offer the Parent's shareholders the choice of receiving their remuneration in cash (collecting the dividend) or new-issue shares (by means of the aforementioned bonus issue).

Collecting the dividend will be one of the alternatives available to shareholders when electing how to receive their remuneration under the scope of the first round of the optional dividend scheme (Flexible Remuneration) for 2025, which will take the form of the above-mentioned bonus issue.

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 2025.

7. AVERAGE PAYMENT PERIOD

The Tubacex Group's average supplier payment term was 83 days in 2024 (93 days in 2024). 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

In 2025, the Group's R&D efforts focused on reinforcing its technological positioning and accelerating its contribution to the energy transition, leveraging its deep knowledge of materials and in-house design and simulation capabilities.

To that end, it continued to drive the development of the Sentinel connections product family, adding to its scope by certifying new steel grades and dimensions in keeping with the most stringent market specifications. In parallel, it developed new testing protocols for certifying the Sentinel connection in low carbon applications, particularly in areas related with the energy transition, such as underground carbon capture and storage and underground hydrogen storage.

Elsewhere, it researched solutions aimed at decarbonising its operations, analysing hybrid heating alternatives to allow it to rationalise electricity, gas and hydrogen consumption and minimise GHG emissions without jeopardising operating efficiency. It also worked on circularity initiatives with the goal of optimising the use of raw materials and recovering waste, framed by a strategic effort to use resources efficiently in all industrial processes.

Lastly, in 2025, the Group rolled out projects based on artificial intelligence designed to streamline and automate processes, ultimately improving its operating performance and product quality, and also speeding up decision-making. Combined, these activities evidence the Group's ability to innovate and its strategic focus on value-adding solutions aligned with the sustainability and industrial competitiveness challenges.

9. EVENTS AFTER THE REPORTING PERIOD

There have been no developments since 31 December 2025 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. EBITDA = EBIT + D&A + Provisions 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.