ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	925 270 210
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	TSS NORWAY AS
Forretningsadresse:	Janaflaten 10 5179 GODVIK

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Andre Drønen
Dato for fastsettelse av årsregnskapet:	26.05.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 13.07.2025

Resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Revenue		679 234 192	295 674 744
Sum inntekter		**679 234 192**	**295 674 744**
Kostnader			
Raw materials and consumables used		578 868 592	250 538 251
Employee benefits expense		22 765 250	17 821 488
Depreciation and amortisation expenses		5 419 077	4 000 525
Other expenses		17 278 409	9 676 205
Sum kostnader		**624 331 328**	**282 036 469**
Driftsresultat		**54 902 864**	**13 638 275**
Finansinntekter og finanskostnader			
Other interest income		898 035	445 326
Other financial income		14 170 298	9 590 240
Sum finansinntekter		**15 068 333**	**10 035 566**
Interest expenses to group compan		0	142 926
Other interest expenses		7 003 872	3 200 424
Other financial expenses		9 340 622	12 750 959
Sum finanskostnader		**16 344 494**	**16 094 309**
Netto finans		**-1 276 161**	**-6 058 743**
Resultat før skattekostnad		**53 626 703**	**7 579 532**
Skattekostnad		11 833 907	389 152
Årsresultat		**41 792 796**	**7 190 380**
Overføringer og disponeringer			
Transferred to other equity		41 792 796	7 190 380
Sum overføringer og disponeringer		**41 792 796**	**7 190 380**

Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Development		6 834 108	3 527 250
Deferred tax assets		0	183 718
Goodwill		2 926 935	2 926 935
Sum immaterielle eiendeler		**9 761 043**	**6 637 903**
Varige driftsmidler			
Buildings and land		20 371	29 165
Right of use assets		5 702 217	7 560 989
Equipment and other movables		815 035	415 527
Sum varige driftsmidler		**6 537 623**	**8 005 681**
Finansielle anleggsmidler			
Investering i datterselskap		563 420	0
Sum finansielle anleggsmidler		**563 420**	**0**
Sum anleggsmidler		**16 862 086**	**14 643 584**
Omløpsmidler			
Varer			
Inventories		64 394 595	48 130 281
Sum varer		**64 394 595**	**48 130 281**
Fordringer			
Account receivables		44 832 151	58 803 244
Other short-term receivables		738 879	941 200
Receivables from group companies		53 924 446	2 428 412
Sum fordringer		**99 495 476**	**62 172 856**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents		97 353 789	22 733 725
Sum bankinnskudd, kontanter og lignende		**97 353 789**	**22 733 725**
Sum omløpsmidler		**261 243 860**	**133 036 862**

Balanse

Beløp i: NOK	Note	2024	2023
SUM EIENDELER		**278 105 946**	**147 680 446**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		200 000	200 000
Share premium reserve		16 692 245	16 703 795
Other paid-up equity		5 057 278	5 057 278
Selskapskapital			0
Sum innskutt egenkapital		**21 949 523**	**21 961 073**
Opptjent egenkapital			
Other Equity		41 792 795	0
Sum opptjent egenkapital		**41 792 795**	**0**
Sum egenkapital		**63 742 318**	**21 961 073**
Gjeld			
Langsiktig gjeld			
Deferred tax		81 434	0
Sum avsetninger for forpliktelser		**81 434**	**0**
Annen langsiktig gjeld			
Lease Liabilities		2 208 602	4 467 200
Sum annen langsiktig gjeld		**2 208 602**	**4 467 200**
Sum langsiktig gjeld		**2 290 036**	**4 467 200**
Kortsiktig gjeld			
Lease Liabilities		3 782 797	3 570 231
Liabilities to financial institutions		0	10 805 751
Trade payables		49 972 351	34 128 137
Accounts payable group		118 885 695	36 982 598
Public duties payable		21 945 231	13 816 619
Payable tax		11 568 755	0
Liabilities to group companies		0	7 598 433

Balanse

Beløp i: NOK	Note	2024	2023
Other current liabilities		5 918 763	14 350 404
Sum kortsiktig gjeld		**212 073 592**	**121 252 173**
Sum gjeld		**214 363 628**	**125 719 373**
SUM EGENKAPITAL OG GJELD		**278 105 946**	**147 680 446**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Journalnummer:	2025 536415

Enheten

Organisasjonsnummer:	925 270 210
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	TSS NORWAY AS
Forretningsadresse:	Janaflaten 10 5179 GODVIK

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Brønnøysundregistrene, 12.07.2025

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 925 270 210
TSS NORWAY AS

RESULTATREGNSKAP

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Organisasjonsnr: 925 270 210
TSS NORWAY AS

BALANSE

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Organisasjonsnr: 925 270 210
TSS NORWAY AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
3

Antall årsverk i regnskapsåret
19.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

KPMG AS
Forusparken 2
P.O. Box 57
N-4064 Stavanger

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of TSS Norway AS

Independent Auditor's Report

Opinion

We have audited the financial statements of TSS Norway AS (the Company), which comprise the balance sheet as at 31 December 2024, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

KPMG

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

KPMG

Stavanger, 03 June 2025

KPMG AS

Eirik Braut
State Authorised Public Accountant
(This document is signed electronically)

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Braut, Eirik
Partner
På vegne av: KPMG AS
Serienummer: no_bankid:9578-5994-4-2474705
IP: 80.232.xxx.xxx
2025-06-03 10:31:08 UTC

bankID

Braut, Eirik
Statsautorisert revisor
På vegne av: KPMG AS
Serienummer: no_bankid:9578-5994-4-2474705
IP: 80.232.xxx.xxx
2025-06-03 10:31:08 UTC

bankID

Penneo Dokumentnøkkel: 7N92O-V9UEE-J3666-SEQMN-9JI25-UMQGW

Annual report – 2024

TSS Norway VAT no 925 270 210

Nature and location of the business

TSS Norway's core business is to trade and supply pipes and pipe materials to energy related industry, both land based, offshore and subsea. The company's main address is in Bergen, with office and warehouse in Stavanger and an office in Bilbao Spain. TSS Tubacex UK was registered as a subsidiary of TSS Norway in Q4 2024.

Strong financial performance

The board is pleased to announce a very strong financial performance, driven by our long-term strategic plan. Since the company was established, our revenue has increased at an enormous rate. From 2023 to 2024 the revenue was more than doubled, climbing from MNOK 295,674 in 2023 to MNOK 679,234 in 2024. Due to increased turnover, a well-established local stock, great support from Tubacex, access to TSS's worldwide stock of pipes and increased trust from both new and long-term customers, the company achieved an annual result for 2024 of MNOK 41,792 compared to MNOK 7,190 in 2023. This impressive growth once again underscores our ability to navigate the market fluctuations and seize opportunities, providing a robust financial platform for the future.

Financial highlights:

TSS Norway's operating result is MNOK 54,902, which is a major increase from the previous year. Net financial income consists mainly of currency items that will vary from year to year.

The company's annual result is proposed to be allocated to other equity. The company's equity ratio is 23% as of 31.12.2024, compared to 15% as of 31.12.2023.

The company's liquidity is MNOK 97,353 as of 31.12.2024, compared to MNOK 22,733 as of 31.12.2023. This is also evident from the company's cash flow statement, where net cash flow from operating activities is MNOK 102,230, investment activities show MNOK -6,220, and financial activities show MNOK 21,389.

The board believes that the annual accounts provide a true and fair view of the company's assets and liabilities, financial position and results.

Going concern

The assumption of continued operations is present, and the annual accounts for 2024 are prepared under this assumption. There have been no affecting events post balance sheet date that has significantly changed the result or balance in the annual accounts.

Financial risk

TSS Norway monitors and manages risks, including financial risk, market risk, credit risk, currency risk and liquidity risk. In relation to currency risk, TSS Norway is exposed on sales and purchases that are denominated in a currency other that the functional currencies, primarily EUR. Most of the purchases are in EUR, and to reduce the currency risk, the company is issuing its corresponding sales invoices in EUR.

Market risk is related to both the oil- and steel prices in the global market.

The company's main customers are primarily oil companies and their subcontractors. To minimize customer risks and losses associated with TSS Norway's deliveries, all customers are credit-rated prior to starting a business relationship and then continuously monitored.

The company seeks to receive payment for its deliveries prior to its payment to the suppliers. In addition, the company utilizes solid financial solutions with its banking connection.

Expansions

2024 was a successful year in Norway, but TSS Norway also managed to expand its customer base internationally. With the establishment of TSS Tubacex UK LTD, our market position as a group amplifies. The company expanded its stock and services towards an increasing market. TSS Norway's comprehensive work for finding optimal solutions for our customers have been welcomed and has solidified our status as one of the greatest package compilers in the industry.

Efforts in Market Diversification:

Recognizing the importance of diversification, TSS Norway actively seek new opportunities and markets, to broadening our customer base and product portfolio. With a strong foundation in the oil and gas sector, TSS Norway is committed to expanding into new industries and forming strategic partnerships to drive growth and mitigate the risks associated with market volatility.

Talent Development:

TSS Norway's most valuable asset is our committed workforce. The company's objective is to encourage and seek investment in employee growth, cultivating a culture of innovation, teamwork, and continuous improvement and learning. This strategic emphasis strengthens our ability to adapt to market shifts and prepares us for success across a range of industries.

Research and development

The company contributes to Tubacex's research and development activities through management fees.

Environment (External Environment)

The board believes that the company does not engage in activities that directly pollute the external environment.

The Transparency Act

To meet the requirement of the Norwegian Transparency act, TSS Norway has published a due diligence report where TSS's risk identification and its steps in preventing and limiting violations of human rights and decent working conditions are analyzed.

Work Environment

The board considers the working environment satisfactory and has not implemented further measures in this area in 2024. No work-related absenteeism or injuries were recorded in 2024. Sick leave accounts for approximately 3,8% of total hours.

Gender Equality

In 2024, the average number of full-time equivalents in the company is 19, of which 26% are women. The company aims to be a workplace with full equality between genders. TSS Norway seeks to reflect the diversity of society, and the company has incorporated operations with the aim of no discrimination based on gender, ethnicity, nationality, skin color, language, religion or worldview.

Looking forward, our main focus areas for the future include:

Market diversification:

TSS Norway is committed to exploring opportunities to diversify its customer base and venture into new industries. Utilizing its technical expertise, capabilities and strong reputation, the company aims to establish a foothold in sectors with sustainable growth potential that align with our core strengths.

Product and service innovation:

While continuing to deliver core products produced by Tubacex's mills, TSS Norway is dedicated to investing in and extending the product portfolio to drive innovation. By anticipating customer needs and leveraging group capabilities, the company aims to consistently deliver products and services that address the evolving demands of an expanding market.

Strategic partnerships:

Strategic collaborations and alliances will be crucial to TSS Norway's success. The company aim to establish partnerships with complementary businesses to leverage synergies, deliver comprehensive packages, share expertise and access new markets. These alliances will enhance our common competitiveness and create value for customers and stakeholders.

In closing, TSS Norway expresses its sincere thanks to shareholders, employees and partners for their unwavering support. With this collaboration and trust, TSS Norway is poised to seize new opportunities, diversify its business and achieve sustainable growth in the forthcoming years.

Board composition

The current board of TSS Norway consists of Mr. Miguel Gomez as Chaiman of the Board, Miss Ana Lopez as Board Member and Managing Director Andre Drønen as Deputy Member.

Insurance for the Board and Managing Director:

The company holds insurance covering the Board and Managing Director.

Sincerely,

The Board of TSS Norway, 26.5.25

* * *

Miguel Gomez
Chairman of the Board

Ana Lopez
Member of the Board

André Drønen
Board Deputy / Managing Director

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
30.11.2022	24.11.2022	Lars Waaltorp
800 80 000	Din/Deres referanse	Telefon
Skatteetaten.no	AR516783339	90833418
Org.nr	Vår referanse	Postadresse
974761076	2022/6045789	Postboks 9200 Grønland 0134 OSLO

TSS NORWAY AS
Janaflaten 10
5179 GODVIK

Att. Bjarte Oftedal, KPMG AS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for TSS Norway AS, org.nr. 925 270 210

Vi viser til deres brev av 24. november 2022 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for TSS Norway AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering TSS Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn
TSS Norway AS er eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Selskapet har som formål:

> «Salg av rør, rørdeler og utstyr til landbasert industri, skipsindustri og olje & gass markedet, nasjonalt og internasjonalt samt deltagelse i andre selskaper med beslektet virksomhet.»

Styrelederen og et av styremedlemmene i selskapet er utenlandske.

Skattekontorets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> "Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,

f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waaltorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Annual Report 2024
Tss Norway AS

Income statement
Balance sheet
Statement of cash flow
Notes to the Accounts

Org.no.: 925 270 210

INCOME STATEMENT

TSS NORWAY AS

OPERATING INCOME AND OPERATING EXPENSES	**Note**	**2024**	**2023**
Revenue	2	679 234 192	295 674 744
Total income		**679 234 192**	**295 674 744**
Raw materials and consumables used		578 868 592	250 538 251
Employee benefits expense	3	22 765 250	17 821 488
Depreciation and amortisation expenses	4	5 419 077	4 000 525
Other expenses	3	17 278 409	9 676 205
Total expenses		**624 331 327**	**282 036 470**
Operating profit		**54 902 864**	**13 638 274**
FINANCIAL INCOME AND EXPENSES			
Other interest income		898 035	445 326
Other financial income	5	14 170 298	9 590 240
Interest expense to group companies	5	0	142 926
Other interest expenses	5	7 003 872	3 200 424
Other financial expenses	5	9 340 622	12 750 958
Net financial items		**-1 276 162**	**-6 058 743**
Net profit before tax		53 626 703	7 579 532
Income tax expense	6	11 833 907	389 152
Net profit after tax		**41 792 796**	**7 190 380**
Net profit or loss		**41 792 796**	**7 190 380**
Other comprehensive income		0	0
Total comprehensive income		**41 792 796**	**7 190 380**
ATTRIBUTABLE TO			
Transferred to other equity	7	41 792 796	7 190 380
Total		**41 792 796**	**7 190 380**

BALANCE SHEET

TSS NORWAY AS

ASSETS	Note	2024	2023
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Development	4	6 834 108	3 527 250
Deferred tax assets	6	0	183 718
Goodwill	4	2 926 935	2 926 935
Total intangible assets		**9 761 043**	**6 637 903**
PROPERTY, PLANT AND EQUIPMENT			
Buildings and land	4	20 371	29 165
Right of Use Assets	4	5 702 217	7 560 989
Equipment and other movables	4	815 035	415 527
Total property, plant and equipment		**6 537 623**	**8 005 681**
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	8	563 420	0
Total non-current financial assets		**563 420**	**0**
Total non-current assets		**16 862 086**	**14 643 584**
CURRENT ASSETS			
Inventories	9	64 394 595	48 130 281
DEBTORS			
Accounts receivables	10	44 832 151	58 803 244
Other short-term receivables	10	738 879	941 200
Receivables from group companies	11	53 924 447	2 428 413
Total receivables		**99 495 476**	**62 172 856**
INVESTMENTS			
Cash and cash equivalents	12	97 353 789	22 733 725
Total current assets		**261 243 860**	**133 036 862**
Total assets		**278 105 946**	**147 680 446**

BALANCE SHEET

TSS NORWAY AS

EQUITY AND LIABILITIES	Note	2024	2023
EQUITY			
PAID-IN CAPITAL			
Share capital	7, 13	200 000	200 000
Share premium reserve	7	16 692 245	16 703 795
Other paid-up equity	7	5 057 278	5 057 278
Total paid-up equity		**21 949 523**	**21 961 073**
RETAINED EARNINGS			
Other equity	7	41 792 796	0
Total retained earnings		**41 792 796**	**0**
Total equity		**63 742 318**	**21 961 073**
LIABILITIES			
PROVISIONS			
Deferred tax	6	81 434	0
OTHER NON-CURRENT LIABILITIES			
Lease Liabilities	4	2 208 602	4 467 200
Total non-current liabilities		**2 208 602**	**4 467 200**
CURRENT LIABILITIES			
Lease Liabilities	4	3 782 797	3 570 231
Liabilities to financial institutions	12	0	10 805 751
Trade payables		49 972 351	34 128 137
Accounts payable group	11	118 885 695	36 982 598
Public duties payable		21 945 231	13 816 619
Payable tax		11 568 755	0
Liabilities to group companies	11	0	7 598 433
Other current liabilities		5 918 764	14 350 405
Total current liabilities		**212 073 592**	**121 252 174**
Total liabilities		**214 363 627**	**125 719 374**
Total equity and liabilities		**278 105 946**	**147 680 446**

BALANCE SHEET

TSS NORWAY AS

The board of Tss Norway AS

26.05.25

Miguel Gomez Lacabex	Andre Drønen	Ana Lopez De Mendoza
chairman of the board	general Manager	member of the board

Statement of cashflow

Currency NOK	2024	2023
Cash flow from opertational activities		
Result before tax expense	53 626 703	7 579 532
Taxes paid in the period	-	-
Gain/Loss on disposal of assets	- 67 790	
Depreciation	5 419 077	4 000 525
Change in inventories	- 16 264 314	- 10 786 204
Change in trade receivables	- 36 504 460	- 15 468 399
Change in trade payables	97 747 311	40 217 298
Interest payment on lease liability	306 687	447 968
Change in other accruals, incl net agio and other	- 2 032 999	2 793 985
Net cash flows from operational activities	**102 230 215**	**28 784 705**
Cash flows from investing activities		
Purchase/manufacturing of property, plant and equipment/intangible assets	- 4 996 830	- 3 829 500
Purchase of shares and other financial assets	- 563 420	-
Purchase of property, plant and equipment	- 660 080	- 333 308
Net cash flows from investning activities	**- 6 220 330**	**- 4 162 808**
Cash flow from financing activities		
Lease payments	- 3 579 209	- 3 533 610
Payments of interest on lease liabilities	- 306 687	- 477 968
Change in credit facility to financial institutions	- 17 503 926	- 3 646 667
Net cash flows from financing activities	**- 21 389 822**	**- 7 658 245**
Net change in cash and cash equivalents	74 620 063	16 963 652
Cash and cash equivalents at the beginning of the period	22 703 724	5 740 072
Cash and cash equivalents at the end of the period	**97 323 787**	**22 703 724**

Note 1 Accounting principles

Company information
TSS Norway AS ("the Company") is a private company limited by shares and is registered and incoporated in Norway. The principal place of business is Gamle Forusveien 11, 4031 Stavanger, Norway.

The principal activity of the Company is to trade and sell pipes, fittings, and pipe materials for the oil-related industry.

Basis of preparation
The financial statements of TSS Norway AS are prepared in accordance with simplified International Financial Reporting Standards ("Simplidied IFRS") pursuant to the Norwegian Accounting Act §3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 3 November 2014. The presentation currency of TSS Norway AS is Norske kroner (NOK), consistent with the presentation currency and with the company's functional currency.

Operating revenue
Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of goods and services in each such contract. The revenue amounts that are recognised reflect the consideration to which TSS Norway AS expects to be entitled in exchange for those goods and services.

Balance sheet classification
Assets and liabilities in the statement of financial position are presented based on a current/noncurrent classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities as non-current.

Fixed assets are valued by the cost of acquisition. Fixed assets with limited economic life are depreciated by a reasonable depreciation schedule. In the case of impairment the asset will be written down to the fair value amount. The impairment shall be reversed if there reason for the original impairment is no longer present.

Current assets are generally valued at lower of acquisition cost and fair value. In some instances, like inventory, at lower of cost and net realizable value.

Property, plant and equipment
Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful economic lives. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset.

If carrying value of a noncurrent asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the fair value less cost to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Leases
At the inception of the contract, the Company assesses whether a contract is, or contains a lease. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date if the lease is for a period of more than 12 months and the contract conveys the right of the Company to control the use of an identifiable asset in exchange for consideration. TSS Norway AS recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities
The lease liability is initially measured at the net present value of the lease payments payable at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

Right-of-use assets
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement of the lease and any initial direct cots. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". The costs are included in the related right of use asset

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Inventories
Inventories are valued at the lower of cost after FIFO-method and market value (fair value less cost to sell).

Trade receivables
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.
A receivable is recognised if an amount of consideration that is unconditional is due from the customer.
The company uses a provision matrix to calculate expected losses for trade receivables and contract assets. The provision rates are based on days past due.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Foreign currency

Monetary items in foreign currency are valued at the exchange rate at the end of the financial year. Transactions in foreign currency are translated at the rate applicable on the transaction date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Pensions

The net pension cost consists of the year's premium payments

Purchase price allocation

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.
Aquisition cost is assigned to all identified financial, tangible and intangible assets. Intangible assets include order backlog and customer relation. Any excess value is presented as goodwill. Deferred tax is calculated on the basis of this excess value, where value comes from fair values in the purchase price allocation.

Ingantigble assets

Intangible assets aquired are booked at fair value at aquisition date. The value is amortized over its economic life.

Goodwill

Aquired goodwill is presented as the difference between the purchase price and net identifiable assets. Goodwill is not depreciated but is tested for impairment yealy or when impairment triggers are present.

Cash flow

Cash flow are presented under the indirect method

Note 2 Operating Revenues

	2024	2023
By business area		
Brownfield	256 635 597	150 947 935
Greenfield	419 950 876	135 164 090
Special items	2 647 718	9 479 626
Store	0	27 755
Other	544 850	55 338
Total	**679 779 042**	**295 674 744**

Geographic breakdown		
Norway	435 862 446	266 203 159
Spain	191 411 355	0
Italia	9 737 525	0
UK	34 423 196	19 320 350
Angola	0	1 242 260
Other	8 344 520	8 908 975
Total	**679 779 042**	**295 674 744**

Note 3 Payroll expenses

Payroll expense:	**2024**	**2023**
Salaries	17 300 633	13 441 056
Payroll tax	3 278 174	2 682 343
Pension costs	853 036	996 501
Other benefits	1 333 407	701 587
Sum	**22 765 250**	**17 821 488**

Number of employees	**19**

The company is obligated by law to follow the Act on mandatory occupational pensions. The company's pension scheme meets the requirements of this law.

Payroll expense:	**CEO**	**Board**
Salaries	1 775 025	0
Other benefits	637 817	0

Auditors fee:	**2024**
Statutory audit	263 000
Other assistance	132 000
Total (ex. VAT)	**395 000**

Note 4 Fixed assets

	Intangible assets	Tangible assets	RoU Asset	Total
Opening Balance 01.01.	3 829 500	742 138	14 688 226	19 259 864
Additions	4 996 830	660 080	2 639 435	8 296 345
Disposals		0	-1 038 469	-1 038 469
Accumulated cost as of 31.12	**8 826 330**	**1 402 218**	**16 289 192**	**26 517 740**
Accumulated depreciations as of 31.12	1 992 222	566 813	10 586 975	13 146 010
Carrying amount as of 31.12	**6 834 108**	**835 405**	**5 702 217**	**13 371 730**
Annual depreciation	1 689 972	269 367	3 459 738	5 419 077
Economic life	3 years	5 years	5 years	
Depreciation plan	Straight line	Straight line	Straight line	

Lease obligations	**2024**	**2023**
Within 1 year	3 782 797	3 570 231
2-3 years	888 124	4 100 715
After 3 years	1 320 478	366 486
Total	**5 991 399**	**8 037 432**

Goodwill	**2024**	**2023**
Opening Balance	2 926 935	2 926 935
Additions	0	0
Disposals	0	0
Accumulated cost as of 31.12	**2 926 935**	**2 926 935**

The Company assesses at each reporting date whether there is an indication that the intangible assets may be impaired. If any indication exists, or when annual impairments testing for an asset is required, the company estimates the assets recoverable amount. An assets recoverable amount is the higher of an asset or cash generating units fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies of assets. Where the carrying amount of an assets of CGU exceeds its recoverable amount, the asset is consider impaired and is written down to its recoverable amount.

Note 5 Foregin Currency and other financial income and expenses

	2024	**2023**
FX gains booked	14 170 298	9 590 240
FX loss booked	-9 340 417	-12 602 828
Net FX gain (+) / loss (-)	**4 829 881**	**-3 012 588**

In addition to FX loss, the company has interest expenses in relation to leasing of 306 687 NOK and interest expense to financial institutions of 1 838 612 NOK.

Note 6 Tax

This year's tax expense	2024	2023
Entered tax on ordinary profit/loss:		
Payable tax	11 568 755	0
Changes in deferred tax	265 152	389 152
Tax expense on ordinary profit/loss	**11 833 907**	**389 152**
Taxable income:		
Ordinary result before tax	53 626 703	7 579 532
Permanent differences	163 786	5 212 481
Changes in temporary differences	1 033 806	-386 188
Allocation of loss carried forward	-2 239 041	-12 405 825
Taxable income	**52 585 252**	**0**
Payable tax in the balance:		
Payable tax on this year's result	11 568 755	0
Total payable tax in the balance	**11 568 755**	**0**
Calculation of effective tax rate		
Profit before tax	53 626 703	7 579 532
Calculated tax on profit before tax	11 797 875	1 667 497
Tax effect of permanent differences	36 033	1 146 746
Tax effect of not recorded deferred tax assets	0	-2 425 090
Total	**11 833 907**	**389 153**
Effective tax rate	22,1 %	5,1 %

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2024	2023	Difference
Tangible assets	2 213 679	1 792 314	-421 365
Stock	-4 200 000	0	4 200 000
Accounts receivable	2 645 658	88 089	-2 557 569
Lease agreements brought to the balance	-289 181	-476 442	-187 261
Total	**370 155**	**1 403 960**	**1 033 806**
Accumulated loss to be brought forward	0	-2 239 041	-2 239 041
Basis for deferred tax	**370 155**	**-835 081**	**-1 205 236**
Deferred tax (22 %)	**81 434**	**-183 718**	**-265 152**

Note 7 Equity

	Share capital	Share Premium	Other Paid-in Equity	Other Equity	Total
Equity 01/01/2024	200 000	16 703 795	5 057 278	0	21 961 073
(+/-) Periods profits	0	0		41 792 796	41 792 796
Correction of prior year errors		-11 550			-11 550
Equity 31/12/2024	**200 000**	**16 692 245**	**5 057 278**	**41 792 796**	**63 742 318**

Note 8 Investments in Subsidiary

TSS Norway AS has invested in TSS Tubacex UK Ltd. in 2024. TSS Tubacex UK Ltd. is established in 2024.

Company	Year	Business Office	Owners share	Voting share	Result (in GBP)	Equity pr 31.12. (in GBP)	Book Value pr 31.12.
TSS Tubacex UK Ltd.	2024	United Kingdom	100%	100%	-44 897	-4 897	563 420

TSS Norway AS is not required to prepare consolidated financial statements according to the Norwegian Accounting Act §3-7. Exception for the preparation of consolidated financial statements for parent companies in subsidary group. Tubacex SA prepares consolidated financial statements.

Note 9 Inventory

	2024	2023
Stock of purchased goods	68 594 595	48 130 281
Provision for obsolescence	-4 200 000	0
Total	**64 394 595**	**48 130 281**

Note 10 Receivables and debt

The company has no receivables due later than 1 year nor any debt due later than 5 years.

Accounts receivable	**2024**	**2023**
Accounts receivable	44 832 151	58 803 244
Provision bad debt	0	0
Total	**44 832 151**	**58 803 244**

Other short term receivables mainly consist of accrued not invoiced.

Note 11 Intercompany

	2024	2023
Receivables		
Trade receivables within the group	52 903 965	2 428 413
Other short-term receivables within the group	1 020 481	0
Total	**53 924 447**	**2 428 413**
Liabilities		
Trade payables suppliers within the group	118 885 695	36 982 598
Other short-term liabilities within the group	0	7 598 433
Total	**118 885 695**	**44 581 031**

Note 12 Cash and Cash equivalants

The company has restricted cash exclusively for payment of advance employees tax payments on 1 117 420 NOK as of 31.12.2024
Balance on overdraft credit facilities are as of 31.12.2024 6 698 175 NOK. The company`s total credit facilities is 45 000 000 NOK.

Note 13 Share capital and shareholders information

The share capital in Tss Norway AS as of 31/12/2024 consists of:

Share capital consist of 100 000 shares at NOK 2 per share. Voting rights are the same for all shares.

Shareholders as of 31.12:	Ordinary	Share
Tubacex Advanced Solutions SL	100 000	100 %
Total	100 000	100 %

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

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

Building a better working world

Building a better working world

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of TUBACEX, S.A.:

Audit report on the consolidated financial statements

Opinion

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

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

Basis for opinion

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

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

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

Key audit matters

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

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

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Building a better working world

Valoración del inmovilizado intangible y material

Description

As indicated in notes 7 and 8 of the accompanying consolidated financial statements, the Group carries its "Intangible Assets" and its "Property plant and equipment" at 117,725 and 343,797 thousand euros, respectively, at 31 December 2024.

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.

Calculation of the recoverable amount involves making complex estimates, including the use of judgements by Group management to determine the key underlying assumptions.

We considered this to be a key audit matter due to the materiality of the amounts involved and the complexity of the process of estimating the recoverable amounts
of the assets in question. The disclosures regarding the measurement rules and key assumptions used to test the Group's non-current, non-financial assets for impairment are provided in notes 3.1, 3.2 ,3.3, 7 and 8 of the accompanying consolidated financial statements.

Our response

In relation to this matter, our audit procedures included the following:

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.

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

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

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

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

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

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

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

Recording and valuation of provisions and contingencies

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

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

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

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

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

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

Other information: Consolidated Management Report

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

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

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

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

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

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

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

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

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

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

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

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

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

> We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and implement audit procedures to respond to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally misleading representations, or the evasion of internal control.
>
> We obtain an understanding of the relevant internal control for the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
>
> We evaluate whether the accounting policies applied are appropriate and the reasonableness of the accounting estimates and the corresponding information disclosed by the administrators of the parent company.
>
> We conclude on the appropriateness of the use of the going concern accounting principle by the administrators of the parent company and, based on the audit evidence obtained, we conclude whether there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the consolidated financial statements or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.
>
> We evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
>
> We obtain sufficient and appropriate evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We are only responsable for our audit opinion.

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

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

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

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

Report on other legal and regulatory requirements

Single European electronic format

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

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

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

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

Additional report to the Parent´s audit committee

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

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Recruitment period

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

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

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

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

February 27, 2025

Tubacex, S.A. and subsidiaries

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

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

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

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

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2024 AND 2023
(€ 000)

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

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

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

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

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

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

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

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

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

1. <u>Parent company information</u>

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

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

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

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

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

Financial statement authorisation

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

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

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

• Domicile of entity: Llodio (Álava).

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

• Country of incorporation: Spain

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

• Principal place of business: Several.

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

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

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

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

2. <u>Basis of presentation of the annual consolidated financial statements</u>

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

2.1 Basis of preparation

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

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

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

2.2 Application of International Financial Reporting Standards (IFRS)

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

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

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

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

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

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

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

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

2.3 Functional currency

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

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

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

2.4 Responsibility for the information presented and significant estimates made

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

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

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

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

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

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

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

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

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

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

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

2.5 Comparative information

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

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

2.6 Basis of consolidation

Consolidation scope

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

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

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

Changes in the consolidation scope in 2024

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

Mergers & acquisitions

Transaction with Mubadala Investment Company

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

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

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

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

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

Promet transaction

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

TSS Northeast Asia CO., LTD

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

Tubacex Asia LLP

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

Tubacex Fertilizers and Chemicals SRL

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

Tubacex Premium Connections, S.L.

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

Changes in the consolidation scope in 2023

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

NTS Saudi

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

Tubacex Awaji Thailand, Ltd

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

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

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

Tubacex Upstream Seamless Pipes

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

Steinvsik Production AS

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

Tubacex Service Solutions Asia PTE LTD

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

Tbx Newco Spain, Sociedad Limitada

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

Tubacex Spain Assets, Sociedad Limitada

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

Consolidation methods

a) Subsidiaries

Subsidiaries are all entities over which the Group has control.

The Group has control when it has:

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

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

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

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

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

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

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

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

b) Associates and joint ventures

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

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

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

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

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

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

c) Joint operations and consortia

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

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

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

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

Business combinations

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

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

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

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

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

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

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

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

Translation of the financial statements of foreign operations

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

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

3. Accounting policies and measurement standards

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

3.1 Intangible assets

Goodwill

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

Goodwill impairment losses cannot be reversed in subsequent reporting periods.

Greenhouse gas emission allowances

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

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

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

Other intangible assets

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

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

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

Research and development expenses

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

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

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

Useful lives and amortisation

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

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

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

3.2 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

Works of art

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

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

3.3 Impairment of assets

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

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

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

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

3.4 Leases

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

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

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

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

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

3.5 Financial instruments

Financial assets

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

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

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

Trade and other payables

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

Bank borrowings and other financial liabilities

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

Derivative financial instruments

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

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

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

The Group arranges cash flow hedges.

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

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

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

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

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

3.6 Own shares

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

3.7 Inventories

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

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

1. Goods for resale: At cost of purchase, determined using the weighted average cost method.
2. Raw materials and goods held for conversion: At weighted average cost.

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

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

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

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

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

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

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

3.8 Foreign currency transactions and other commitments

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

3.9 Distinction between current and non-current liabilities

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

3.10 Government grants

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

1) <u>Non-repayable grants, donations and bequests received</u>: 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) <u>Repayable grants</u>: These grants are accounted for as liabilities as long as they qualify for repayment.

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

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

3.11 Employee commitments

Pension obligations

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

Other long-term employee benefits

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

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

3.12 Share-based payments

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

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

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

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

3.13 Termination benefits

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

3.14 Income tax

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

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

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

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

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

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

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

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

3.15 Provisions and contingencies

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

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

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

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

Provision for GHG emission allowances

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

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

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

3.16 Revenue recognition

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

Sale of goods

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

The transaction price

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

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

Variable consideration

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

Warranties

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

Collection period

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

3.17 Environmental disclosures

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

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

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

3.18 Consolidated statement of cash flows

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

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

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

3.19 Earnings per share

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

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

3.20 Related party transactions

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

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

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

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

5. Financial risk management policy

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

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

a) Business risks

b) Market risks

c) Operational, technological, environmental, social and legal risks

d) Corporate governance, ethics and compliance risks

e) Credit risk

f) Strategy and innovation risks

g) Regulatory and political risks

h) Reputation risks

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

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

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

Below is an account of the most significant financial risks:

a. Commodity and energy price risk

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

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

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

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

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

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

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

b. Credit risk

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

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

c. Liquidity risk

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

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

d. Currency risk

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

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

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

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

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

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

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

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

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

Fair value hierarchy disclosures

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

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

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

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

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

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

Climate risk factors

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

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

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

Geopolitical factors

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

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

6. Segment reporting

6.1 Segment reporting criteria

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

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

6.2 Segment reporting – Basis and methodology

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

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

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

- Seamless stainless steel tubing

- Specialty steels, components and other

The attendant operating segment disclosures are provided below:

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

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

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

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

The geographical segment disclosures are provided below:

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

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

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

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

7. Intangible assets

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

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

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

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

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

7.1 Goodwill

Goodwill breaks down as follows:

2024:

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

2023:

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

Goodwill allocated to Tubacex Tubes and Pipes Pvt Ltd

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

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

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

7.2 Other intangible assets

Intangible assets related with IBF

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

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

The main assumptions used to test the trademark for impairment:

- Sales projections based on financial budgets approved by management covering a four-year period.
- The directors projected sales for 2025 - 2028 based on their outlook for the market's development.
- They believe that in the long term the assumptions used when purchasing IBF, S.p.A. regarding the company's market potential have not changed.
- The royalty rate modelled was 0.89%, which is the same as that used by the independent expert when it conducted the purchase price allocation procedure (2023: 0.89%).
- The cash flows were discounted at 8% (2023: 9.7%).

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

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

NTS trademarks and customer relationships

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

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

- Sales projections for the next four years.
- The royalty rate modelled was 5% in both 2024 and 2023.
- The cash flows were discounted at rates of between 11.72% and 14.5% in 2024 (2023: between 14.15% and 15.4%).

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

Amega West trademarks and customer relationships

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

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

- Sales projections for the next five years.
- The royalty rate modelled in 2023 was 3% in 2024 and 2023.
- The cash flows were discounted at 17.2% in 2024 and 2023.

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

Norwegian Piping (TSS Norway) trademark

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

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

- Sales projections for the next five years.
- The royalty rate modelled was 3% in both 2024 and 2023.
- The cash flows were discounted at 11.7% in 2024 (2023: 17.3%).

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

8. Property, plant and equipment

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

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

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

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

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

2024

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

2023

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

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

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

Works of art

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

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

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

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

Asset impairment

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

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

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

Other disclosures

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

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

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

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

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

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

9. Financial assets

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

2024:

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

2023:

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

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

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

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

10. Derivative financial instruments

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

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

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

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

10.1 Foreign currency forward contracts

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

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

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

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

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

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

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

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

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

10.2 Futures contracts written over commodities

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

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

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

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

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

10.3 Interest rate swaps

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

2024:

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

2023:

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

10.4 Cash flow hedges

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

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

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

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

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

11. <u>Inventories</u>

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

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

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

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

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

2024:

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

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2023:

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

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

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

12. <u>Trade and other receivables</u>

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

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

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

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

13. <u>Cash and cash equivalents</u>

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

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

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

14. Equity

14.1 Share

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

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

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

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

There are no restrictions on the transfer of the shares.

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

14.2 Share premium

This reserve is freely distributable.

14.3 Revaluation reserves

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

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

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

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

14.4 Other reserves

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

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

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

Legal reserve:

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

That reserve was fully endowed at both year-ends.

Other parent company reserves:

These are voluntary, unrestricted reserves.

Dividends:

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

14.5 Own shares

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

2024:

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

2023:

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

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

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

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

2024:

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

2023:

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

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

14.6 Other equity instruments

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

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

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

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

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

14.7 Valuation adjustments

Breakdown and reconciliation

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

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

Translation differences:

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

14.8 Capital management policies

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

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

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

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

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

14.9 Non-controlling interests

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

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

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

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

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

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

Information about these investees is provided in Appendix I.

15. Provisions and contingent liabilities

Non-current provisions:

Other liabilities

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

Provision for environmental damages

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

Current provisions:

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

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

Guarantees extended

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

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

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

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

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

16. Deferred income

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

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

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

17. Current and non-current bank borrowings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. Other financial liabilities

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

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

The loan extended by IVF matures in 2028.

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

19. Trade and other payables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. Employee benefits

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

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

Long-term defined benefit remuneration

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

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

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

Other long-term employee benefits

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

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

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

21. Taxes receivable and payable and tax matters

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

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

21.1 Current taxes receivable and payable

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

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

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

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

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

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

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

21.3 Deferred tax assets and liabilities

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

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

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

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

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

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

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

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

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

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

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

Unused tax losses

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

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

Unused tax credits

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

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

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

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

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

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

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

21.5 Years open to inspection and tax inspections

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

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

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

21.6 Pillar Two

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

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

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

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

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

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

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

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

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

22. Earnings per share

22.1 Basic

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

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

The average number of ordinary shares was calculated as follows:

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

22.2 Diluted

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

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

The average number of ordinary shares was calculated as follows:

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

23. Other operating income and other operating expenses

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

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

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

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

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

24. <u>Employee benefits expense</u>

The breakdown for 2024 and 2023:

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

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

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

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

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

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

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

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

25. Related party transactions and balances

Related party transactions

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

2024:

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

2023:

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

Related party balances

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

2024:

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

2023:

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

Related party transactions

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

26. Key management personnel remuneration

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

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

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

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

27. <u>Disclosures relating to the Parent's directors</u>

27.1 Parent directors - Remuneration and year-end balances

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

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

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

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

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

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

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

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

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

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

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

28. <u>Environmental disclosures</u>

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

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

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

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

29. Audit fees

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

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

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

30. Events after the reporting date

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

31. Translation

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

TUBACEX, S.A. AND SUBSIDIARIES

INFORMATION REGARDING GROUP SUBSIDIARIES DURING THE YEAR ENDED 31 DECEMBER 2024

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

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

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

APPENDIX Page 2

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	30,908	2,328	-	3,750	51,324
Tubacex America Inc	Houston (USA)	Sale of tubing	Grossman Yanak & Ford	-	100	100	1	16,860	2,103	-	2,124	18,964
Tubacex Durant, Inc	Delaware (US)	Tube manufacturing	Grossman Yanak & Ford	-	100	100	-	7,646	(2,687)	-	(2,455)	4,959
Hyvalue Tubacex IET, S.L.	Vizcaya (Spain)	Project development and sale	N/A	-	50	50	4	(55)	(4)	-	(12)	(55)
Hyvalue Gasteiz, S.L.U. (formerly, Hyvalue Gasteiz IET S.L.)	Alava (Spain)	Waste recovery and resale	N/A	-	100	100	4	(19)	(19)	-	(11)	(34)
Tubacex Desarrollos, S.L.U.	Vizcaya (Spain)	R&D	N/A	100	-	100	3	2,322	(9)	-	-	2,316
Tubacex IBF Kazajistan, S.R.L.	Atyrau (Kazakhstan)	Manufacture and distribution of tubing	N/A	100	-	100	10	929	303	-	588	1,242
Tbx Upstream Seamless Pipes	Abu Dhabi (United Arab Emirates)	Manufacture and sale of special size steel tubing	EY	-	51	51	12,357	70,068	(371)	-	(1,623)	82,054
Tbx Upstream Oil and Natural Gas Well Equipment Trading	Abu Dhabi (United Arab Emirates)	Sale of special size steel tubing	EY	-	100	100	13	14,786	(1,560)	-	(595)	13,239
Tubacex North Asia	Shanghai (China)	Consulting	N/A	100	-	100	147	225	119	-	127	491
Tubacex Spain Assets, S.L.	Alava (Spain)	Manufacture and sale of special size steel tubing	EY	-	51	51	3	184,820	766	-	1,010	185,589
Tubacex Service Solutions Asia PTE LTD	Singapore (Singapore)	Distribution and sale of special size steel tubing	N/A	-	100	100	18	-	-	-	-	18
Tbx Newco Spain, S.L.	Vizcaya (Spain)	Holding company activities	EY	51	-	51	7,621	198,084	(79)	-	(102)	205,626
TBX Premium Connections, S.L.	Vizcaya (Spain)	Holding company activities	EY	100	-	100	17,003	2,140	68	-	886	19,211
TSS North East Asia	Vizcaya (Spain)	Holding company activities	N/A	-	100	100	-	200	31	-	39	231
Tubacex Fertilizers and Chemicals, S.R.L.	Vizcaya (Spain)	Holding company activities	N/A	100	-	100	10	-	-	-	-	10

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 2023

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

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

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

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

Consolidated management report for the year ended 31 December 2024

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

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

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

1. GROUP BUSINESS PERFORMANCE IN 2024

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

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

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

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

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

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

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

- Cost of goods sold represented 40.2% of revenue (revenue + change in inventories), down from 43.8% in 2023.

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

1.2 Financial activity

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

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

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

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

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

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

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

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

1.3 Commercial activity

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

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

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

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

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

1.4 Industrial activity

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

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

2. GROUP SITUATION

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

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

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

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

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

3. OUTLOOK FOR THE GROUP'S BUSINESSES AND PERFORMANCE

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

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

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

4. ACQUISITION AND DISPOSAL OF OWN SHARES

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

5. PROPOSED APPROPRIATION OF PROFIT

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

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

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6. FINANCIAL INSTRUMENT DISCLOSURES

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

7. AVERAGE PAYMENT PERIOD

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

8. R&D

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

9. EVENTS AFTER THE REPORTING PERIOD

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

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

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

11. ALTERNATIVE PERFORMANCE MEASURES

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

APPENDIX I: ALTERNATIVE PERFORMANCE MEASURES

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

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

Measure	Definition | Rationale
Earnings before interest and tax (EBIT)	Tubacex reports EBIT in its statement of profit or loss as operating profit before deducting interest or tax.
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Tubacex reports EBITDA in its statement of profit or loss as the difference between revenue and operating expenses excluding asset amortisation and depreciation charges, impairment losses on non-current assets or gains/losses on the disposal of non-current assets. 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.