RESULTS FOR THE 2021 FINANCIAL YEAR

EXECUTIVE SUMMARY

- The Management Board of the Support Fund for the Solvency of Strategic Companies (*Fondo de Apoyo a la Solvencia de Empresas Estratégicas*) and financial institutions have placed their trust in the Group, backing its Strategic Plan.

  In July, the Group was granted temporary public financial support from SEPI's (*Sociedad Estatal de Participaciones Industriales* — Spanish state-owned industrial holding company) Support Fund for the Solvency of Strategic Companies, recognising the Group as a strategic company. This has inspired the renewed confidence of the financial institutions, which has translated into an influx of funds totalling EUR 112.8 million and the novation of maturity conditions and financial debt costs.

  This financial support, together with the renewed confidence of the financial institutions, constitutes the support necessary to tackle the Tubos Reunidos Group's 2021–2026 Strategic Plan and to begin a new phase—focus on value—in which digitalisation and the focus on decarbonisation processes and energy transition towards clean energy and hydrogen are of particular importance.

- Tubos Reunidos has reported an improvement in its sales figures and business activity compared to previous six-month periods.

  The Group's net turnover for the 2021 financial year has increased by 1% compared to 2020, despite starting with a portfolio 39% lower than the initial one for the 2020 financial year. Compared to the first half of the 2021 financial year, the pipe sales figure for the second half of the financial year grew by 7% (12% in terms of tonnes sold), which, in turn, are 13% and 17% higher than sales in the second half of 2020. Due to a more-favourable-than-expected order intake, the number of tonnes in the Group's order book has been increasing throughout the year, closing December 2021 with 93.9 thousand tonnes and EUR 177.3 million, 2.5 times what the Group had a year earlier. Even though the Group has actively worked to offset the increases in the cost of materials and energy in the price of the final product, competition from countries with lower energy costs prevented the complete recovery of the latter cost, which, together with the fact that the mix of products sold has been geared more towards commodity products, has meant that the average price level in 2021 has been similar to that of the previous year.

- The increase in manufacturing costs throughout 2021 has been contained.

  The costs of raw materials—mainly scrap and ferroalloys, energy, electricity and gas, and transport costs—are posing a significant risk in this phase of restarting industrial activity, despite efforts to shift this impact to sales prices. In this regard, the Group has reached an agreement to maintain a fixed electricity price for 2022 and 2023.

Amurrio-Alava, 25 February 2022

The Tubos Reunidos Group has published its results for the second half of the year and for the 2021 financial year, confirming the trend of an increase in its activity compared to the previous half and to the second half of the 2020 financial year. Significant increases in the prices of raw materials, energy (electricity and natural gas) and freight transport costs have had a marked impact on the evolution of margins in the 2021 financial year.

The 2021 financial year saw the end of a period of financial uncertainty for Tubos Reunidos Group, following the signing in July of a temporary public financial support agreement, which involved the granting of a EUR 112.8 million equity loan to the Company and new pre-conditions with financial institutions regarding the term and costs of financial debt.

The Group's roots and the driving force in the regions in which we have operated for almost 130 years, our marked commitment to investment, the creation of quality employment and the boosting of the local economy have been decisive factors. Furthermore, the development and innovation focused on the energy transition, together with the unique products we manufacture, which allow us to supply critical components for the entire value chain of clean and conventional energies, are determining factors for which we have been recognised as a strategic company.

In this new phase, a series of major projects are being undertaken to transform the company, in line with the objectives of the ecological transition, reorienting its commercial focus, designing future investments to increase operational, energy and environmental efficiency, reinforcing ESG (environmental, social, and governance) objectives, improving the Group's management, services and image with our customers, including a change in our corporate identity to incorporate the name Tubos Reunidos Group.

The Group is committed to making this transition with the support of our most sustainable competitive advantage—the people who make up the Tubos Reunidos team—as well as with the main stakeholders with whom the company operates, for which the management has been in contact since September with the entire workforce and the main agents involved.

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KEY FIGURES FOR THE 2021 FINANCIAL YEAR

1. Income Statement

The key financial figures of the income statement for the 2021 and 2020 financial years are shown below:

Consolidated, Millions EUR	H2 2021	H2 2020	% change	2021	2020	% change
Net Sales	127,3	107,5	18%	243,0	241,7	1%
EBITDA *	(40,5)	(13,0)	(211%)	(51,4)	(15,2)	(238%)
% o. sales	*(31,8%)*	*(12,1%)*		*(21,2%)*	*(6,3%)*	
EBIT	30,9	(40,1)	177%	12,9	(137,5)	109%
EBIT adjusted (not including asset impairment and non recurrent expenses)	(15,3)	(23,5)	35%	(33,3)	(37,9)	12%
Net income for the period	(19,4)	(52,2)	63%	(64,7)	(97,9)	34%

* See calculation in Financial Statements

The Group's cumulative Operating Profit for the 2021 financial year was positive at EUR 12.9 million (2020: -EUR 137.5 million).

Both results include a number of specific one-off factors. In the 2021 financial year, specifically in the second half of the year and with no impact on the EBITDA calculation, fixed asset impairments in the amount of EUR 82.7 million were reversed and an extraordinary asset impairment was estimated as a result of planned production process integrations in the amount of -EUR 5.3 million. Similarly, but with an impact on EBITDA, EUR 15 million of expenses associated with the strategic initiatives launched in 2021, whose return is expected to be obtained within the horizon of the 2021–2026 Strategic Plan, have been accounted for on an exceptional basis and an exceptional expense of EUR 16.2 million has been incurred for significant increases in energy costs, which, as a result of the energy supply agreements signed in the long term and the evolution indicators of these markets, are not expected to recur. Excluding these four one-off and specific factors, the comparable result would be a negative result of EUR 33.3 million.

In the 2020 financial year, the Group's operating result includes an asset impairment (partially reversed in 2021 as explained above) amounting to EUR 99.6 million, resulting in a comparable result for the 2021 financial year of -EUR 37.9 million.

In other words, in comparative terms, despite the increase in costs, the operating result for 2021 compared to 2020 has improved by EUR 4.6 million, which is 3.5 times the increase in net sales (EUR 1.3 million, the difference between EUR 243.0 million in 2021 and EUR 241.7 million in 2020).

The cumulative financial result for the year totals a negative amount of EUR 77.7 million, which includes, on the one hand, financial expenses associated with financing in the amount of EUR 21.8 million (2020 = EUR 22.9 million), with a reduction in financial expenses despite the increase in debt following the signing in July 2021 of the novation and improvement of the terms of the refinancing agreement, as well as the impact of positive exchange rate differences in the amount of EUR 2.7 million (2020 = EUR -3.3 million), resulting from the positive performance of the US dollar in the year. On the other hand, a negative amount of EUR 58.6 million in fair value changes on financial instruments (2020 = +EUR 65.8 million) was recorded under financial results due to the impacts of, on the one hand, the cancellation of the derivative associated with the conversion option included in the refinancing contract, EUR 67 million, and, on the other hand, the accounting effect of the recognition of the new conditions of the refinancing agreement as new debt after its novation for a positive amount of EUR 8.5 million, net of associated expenses. As a result, the negative result attributable to the Group accumulated during the 2021 financial year amounted to EUR 64.7 million (2020 = -EUR 97.9 million).

2. Business trends and consolidated pipe[1] sales by geographical markets and business sectors

The Group's low order book at the end of 2020, EUR 69.8 million (39.3% lower than at the end of 2019) has affected sales in 2021. The Group closed the year with 139,307 tonnes of pipes sold and EUR 222,138—2% less than in 2020—with a better performance in the second half of the year, comparatively speaking.

By market, there was a significant drop in sales in the Middle East and Africa (a third of the value of the previous year, mainly due to the scarcity of projects for O&G), as well as in Spain (-6%, partly affected by not being able to ship Downstream projects in the portfolio pending reactivation); North America recorded -2%, still affected by the effects of the 232 trade restrictions, especially in the first part of the year. In contrast, the rest of Europe, with 11% growth in turnover, benefited from the recovery of inventories after the pandemic by distributors of piping and tubing for mechanical and industrial uses and in the Far East, sales rose 6% due to a better performance of shipments in the second half of the year.

[1] Net turnover excluding sales of by-products, passing on of costs to customers and other items

By sector, except for the Mechanical and Industry sectors—whose turnover rose by almost 90% due to the aforementioned restocking factor, which mainly affects Europe—all the other segments performed worse than in 2020, mainly weighed down by the low turnover in the first half of the year, given that we were starting with a very low order book at the end of 2020, as we have already mentioned. In this regard, it is worth highlighting the fall in O&G (-31% Upstream and -9% Midstream respectively). Downstream declined by 14% year-on-year; it should be noted that in 2020 the company had benefited from a significant pre-pandemic project backlog, while new order intake for the power generation, refining and petrochemicals sectors was seriously affected in 2020 and 2021 by the suspension of large projects, which we expect to be progressively reactivated from the second quarter of 2022.

Sales, in Thousands of euros	H1 2021	H1 2020	H1 2021 vs. H1 2020	H2 2020	H1 2021 vs. H2 2020	H1 2021	H1 2020	H1 2021 vs. H1 2020
Sales by geography	**114.809**	**101.613**	**13%**	**107.329**	**7%**	**222.139**	**226.488**	**(2%)**
Domestic	11.313	13.965	(19%)	15.941	(29%)	27.254	29.023	(6%)
Rest of Europe	47.073	38.971	21%	39.161	20%	86.234	77.472	11%
North America	33.364	24.010	39%	23.139	44%	56.503	57.932	(2%)
East Asia	17.327	14.052	23%	23.870	(27%)	41.197	38.900	6%
MENA	2.972	7.596	(61%)	2.815	6%	5.787	18.006	(68%)
Others	2.760	3.019	(9%)	2.403	15%	5.164	5.155	0%
Sales by sector	**114.809**	**101.613**	**13%**	**107.329**	**7%**	**222.139**	**226.488**	**(2%)**
Refinning&petrochemical and Power generation (Downstream)	41.755	47.318	(12%)	49.419	(16%)	91.174	106.165	(14%)
Oil&Gas - OCTG (Upstream)	14.863	18.010	(17%)	16.631	(11%)	31.494	45.402	(31%)
Oil&Gas - Linepipes (Midstream)	21.218	20.726	2%	17.809	19%	39.027	42.866	(9%)
Construction, mechanical, industrial	36.973	15.559	138%	23.470	58%	60.444	32.055	89%
Sales volume (tons)	**73.703**	**63.220**	**17%**	**65.604**	**12%**	**139.308**	**141.844**	**(2%)**

Pipe sales by geographical source of orders and not by destination.

3. Financial situation

The Group's financial management in 2021 can be divided into two distinct phases. A first phase, following the signing of bridge financing with certain financial institutions during the first half of the year, while the administrative procedure for the granting of temporary financial support was being resolved in order to meet cash and investment needs for an amount of EUR 7 million—financing that was partially guaranteed by the ICO (*Instituto de Crédito Oficial* — Official Credit Institute)—management to reduce working capital investment needs, controlling inventory levels, despite the increase in activity in the first six months, as well as optimising the use of available working capital lines.

A second phase followed the signing on 22 July 2021 of a participative loan for EUR 112.8 million under the Support Fund for the Solvency of Strategic Companies affected by the pandemic, and the novation of the financing conditions signed in May 2020, with more favourable conditions adapted to its 2021–2026 Strategic Plan. At the same time, the bridge financing of EUR 7 million was cancelled as planned.

Thus, as of September, the Group has had sufficient financial resources to start the implementation of the Plan, based on energy transition and decarbonisation, which will allow the Group to address new markets and business sectors, especially those related to clean energy and hydrogen. This Plan includes an investment plan of EUR 60 million over five years to improve the Group's efficiency, digitalisation and CO2 reduction, while reducing working capital investment needs, despite the increase in activity in the second half of the year.

Thanks to this effort in working capital management, the Group will close 2021 with a negative investment of EUR 18.7 million (2020 = -EUR 9.3 million), which represents an improvement of EUR 9.5 million for the year, despite the increase in activity.

4. Business outlook

Against a backdrop of uncertainty and volatility, we are entering 2022 with moderate optimism, since we have a large portfolio and the market looks favourable in terms of demand. We are confident that this demand will remain strong throughout the year, supported by several factors:

On the one hand, economies are being stimulated by the very powerful public support programmes implemented by the different States to fight the pandemic and, despite the uneven recovery by different regions, this has boosted infrastructures and therefore the demand for pipes mainly for mechanical and industrial uses. In parallel, the latest Omicron variant has had a smaller impact on mobility and activity restrictions than previous variants.

In its February Oil Market Report, the IEA (International Energy Agency) estimates that world oil demand will expand by 3.2 mb/d in 2022, to reach 100.6mb/d, as global restrictions to curb COVID-19 are relaxed. On the supply side, they foresee a potential increase of 6.3 mb/d this year if OPEC+ cuts are fully relaxed and, in particular, they estimate a 1.2 mb/d increase in the US alone as shale revival responds to higher barrel prices. This coincides with positive predictions for the sector from analysts such as Goldman Sachs, which, in its report of 17 January, insofar as demand for aviation oil recovers, forecasts record levels in 2022 and 2023, with the physical oil market gaining strength after the slump caused by the emergence of the Omicron variant. This increased demand, coupled with high oil prices and certain geopolitical conflict bottlenecks that have persisted since last year, are encouraging drilling activity, which, together with cost pressures, are helping to boost pipeline prices for OCTG (oil country tubular goods) in particular, albeit largely only in the United States.

On the other hand, the recent US agreement with the EU—which came into force on 1 January and replaces the tariffs on steel imports derived from the 232 trade restrictions with a mixed system of free quotas and exemptions—has opened up a positive scenario that allows us to send pipes to the United States without tariffs to supply our usual American customers and our operations in RDT, the normal flow of which had been interrupted by the 232 trade restrictions to the point of having to halt production activity in the USA, which we will reopen in the second half of 2021.

In addition, the US Administration is studying an anti-dumping case against a series of countries that are major exporters of OCTG steel pipe such as Mexico, Argentina, Russia and South Korea and, if successful, it would apply retroactive measures, resulting in it having already been discounted by the market, diverting orders to other suppliers.

In this scenario, the group's portfolio is mainly based on commodity products in carbon steels such as OCTG green pipe and pipes for mechanical uses, although with prices significantly higher than usual for these products due to the current high costs as well as the aforementioned strength of demand. On this basis, we expect the first half of the year to be centred mainly on these products, with a gradual shift towards alloy and higher value-added pipes in the second half of the year, as the entry of Midstream and, above all, Downstream orders recovers once large power generation, refining and petrochemical projects are reactivated from the second quarter of the year, if there are no further interruptions due to new variants of the virus or other phenomena that hinder the global recovery. In the very short term, however, we still do not expect a strong Downstream order recovery

The Omicron variant has certainly impacted the Group's production capacity due to the high number of casualties from Christmas onwards, as well as the difficulties it has generated for logistics and land and sea transport operators, which has hampered the shipment and invoicing of orders already produced in the first weeks of the year.

Likewise, the pressure of material, energy and freight costs and, in general, of all factors driven by high inflation, do not seem to be abating, and it is likely that these costs—some of which, such as scrap and energy, have reached all-time highs—will remain high throughout the year. At this juncture, the recent agreements signed at the end of 2021 and beginning of 2022 for the supply of electricity will mean an improvement on market prices for the Group. In addition, this pressure on costs forces us to continue to manage them with the greatest internal efficiency, to transfer them to sales prices with maximum agility, weighing the most suitable portfolios well, as well as to establish very short validity periods for bids.

On the other hand, the aforementioned increases in activity and costs imply significant working capital requirements, making it particularly critical to closely monitor the optimal planning of the order book in order to maximise productivity, expediting dispatch and invoicing to customers to the highest possible degree.

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ANNEXES: SUMMARY OF FINANCIAL STATEMENTS

INCOME STATEMENT, Thousands of Euros	H2 2021	H2 2020	H2 2021 vs. H2 2020	2021	2020	2021 vs. 2020
Net sales	**127.332**	**107.529**	**18,4%**	**242.994**	**241.661**	**0,6%**
Supplies	(57.103)	(59.305)	3,7%	(105.005)	(120.385)	12,8%
Labor costs	(59.015)	(37.489)	(57,4%)	(102.886)	(80.331)	(28,1%)
Other operating expenses	(58.480)	(28.549)	(104,8%)	(94.719)	(62.008)	(52,8%)
Other operating income and net gains/(losses)	6.731	4.784	40,7%	8.173	5.823	40,4%
EBITDA	**(40.535)**	**(13.030)**	**(211,1%)**	**(51.443)**	**(15.240)**	**(237,6%)**
Amortisation charge	(5.925)	(10.475)	43,4%	(13.066)	(22.624)	42,2%
Depreciation	77.360	(16.598)	n/a	77.360	(99.598)	n/a
EBIT	**30.900**	**(40.103)**	**177,1%**	**12.851**	**(137.462)**	**109,3%**
EBIT adjusted (not including asset impairment and non recurrent expenses)	**(15.260)**	**(23.505)**	**35,1%**	**(33.309)**	**(37.864)**	**12,0%**
Financial income/(expense)	(50.303)	(12.173)	n/a	(77.638)	39.550	n/a
Profit before income tax	**(19.403)**	**(52.276)**	**62,9%**	**(64.787)**	**(97.912)**	**33,8%**
Income tax	14	24	n/a	62	(110)	n/a
Consolidated profit for the period	**(19.389)**	**(52.252)**	**62,9%**	**(64.725)**	**(98.022)**	**34,0%**
Profit from minority interests	26	27	n/a	48	117	n/a
Profit for the period	**(19.363)**	**(52.225)**	**62,9%**	**(64.677)**	**(97.905)**	**33,9%**

BALANCE SHEET, Thousands of Euros	FY 2021	FY 2020
NON-CURRENT ASSETS	**272.104**	**262.440**
CURRENT ASSETS	**196.169**	**88.695**
Inventories and customers	112.320	67.355
Cash and other cash equivalents	83.849	21.340
TOTAL ASSETS	**468.273**	**351.135**
NET EQUITY	**(94.886)**	**(28.584)**
Equity Loan	**112.800**	**-**
NET EQUITY FOR MERCANTIL PURPOSES	**17.914**	**(28.584)**
DEFERRED REVENUES	**319**	**580**
NON-CURRENT LIABILITIES	**279.210**	**288.351**
Non-current provisions	1.898	1.053
Bank borrowings and other financial liabilities	230.957	242.809
Fixed income securities	16.920	17.387
Other non-current liabilities	29.435	27.102
CURRENT LIABILITIES	**170.830**	**90.788**
Short-term provisions	13.822	2.496
Bank borrowings and other financial liabilities	16.843	5.283
Other current liabilities	140.165	83.009
TOTAL LIABILITIES	**468.273**	**351.135**

Cash Flow, Millions of Euros	2021	2020
Result before Taxes	**(64,8)**	**(97,9)**
Amortisation	(64,3)	122,2
Other Adjustments	89,2	(32,5)
Other Payments	(7,4)	(4,8)
CASH FLOW FROM OPERATING ACTIVITIES	**(47,2)**	**(13,0)**
Change in Working Capital	9,4	31,7
(increase)/decrease of inventories	(47,8)	35,8
(increase)/decrease of account receivables	1,0	2,9
(increase)/decrease of account payables	56,2	(7,0)
Investments Activities	(6,5)	(3,9)
Investments	(6,5)	(3,9)
Withdrawals	-	-
FREE CASH FLOW	**(44,3)**	**14,7**

Information and forward-looking statements

The financial and operational information included in this 2021 financial year report is based on consolidated financial statements. This document has been prepared by TUBOS REUNIDOS, S.A. and is distributed for information purposes only. This document contains forward-looking statements and includes information regarding our current intentions, beliefs or expectations about future trends and events that could affect our financial condition, the results of operations or our share price. These forward-looking statements are not guarantees of future performance, and entail risks and uncertainties. Therefore, actual results may differ significantly from the forward-looking statements due to various factors, risks and uncertainties, such as economic, competitive, regulatory or commercial factors.

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