PERFORMANCE AND RESULTS 2024

2024

TUBOS
REUNIDOS
GROUP

Amurrio, 28 February 2025

The Tubos Reunidos Group has today published its results for 2024, with a turnover of EUR 324 million.

The Group's EBITDA amounted to EUR 8.8 million, with net consolidated profit for the year of EUR 28.6 million, the third consecutive year of net profit, allowing for a significant reinforcement of its equity. The debt reduction executed in January 2024 through a discount auction generated a net result of EUR 66.5 million and has had a decisive impact on the Group's profits.

Cost containment, production and consumption efficiencies as a result of actions previously implemented under the Strategic Plan as regards process transformation and the moderation of energy and commodity costs have helped to absorb part of the reduction in sales volumes and prices compared to the last two years. As of December 2024 the order backlog stands at EUR 144 million, 44% up on year-end 2023, thanks to commercial efforts and strategy focused on premium and low-emission products, such as the O-Next range®, together with greater market momentum, giving us confidence in the likelihood of turnover remaining strong in the future.

2025 will continue to be marked by the uncertainty of recent years, as well as the impact of the Trump administration's economic policy, especially the tariff measures. This policy seeks both to promote the production of native energy sources and to increase exports, mainly of natural gas, which should result in stronger demand for seamless steel tubes. Meanwhile, the impact of tariff measures adopted on the trade of seamless steel tubes around the world are difficult to predict, although they undoubtedly pose a challenge for which Tubos Reunidos has a strong portfolio position, with a factory in the market with the highest demand and prices (USA) and has its customers' trust.

Key figures[1]

Millions of euro unless otherwise stated	2024	2023	Change	Change (%)
Results				
Revenue	324.0	532.9	(208.9)	(39.2%)
EBITDA	8.8	106.8	(98.0)	(91.8%)
EBITDA/revenue margin	2.7%	20.0%	(17.3%)	-
Profit/(loss) attributed to the parent company	28.6	56.3	(27.7)	(49.2%)
Cash flow and debt				
Cash flow from operations	6.2	71.3	(65.1)	-
Net cash flow	(46.2)	(2.5)	(43.7)	-
Gross financial debt	286.0	378.2	(92.2)	(24.4%)
Net financial debt	234.3	282.4	(48.1)	(17.0%)
Cash and cash equivalents	51.7	92.6	(40.9)	(44.2%)
Others				
Order book	144	100	(44)	44%
CapEx	13.5	38.0	(24.5)	(64.5%)
Consolidated net equity	27.9	3.6	24.3	675%
Net equity for trading purposes[2]	190.6	136.5	54.1	39.6%

1. How these Alternative Performance Measures are calculated is explained in the Consolidated Man-agement Report for the year ended 31 December 2024.

2. Of the Group's parent company.

Business development

The change in demand for seamless steel tubes was affected in 2024 by: the continually high inventories of customers and distributors, customer caution considering the expected moderation of costs, erratic performance from major European economies, global geopolitical uncertainty, the impact that the new administration may have in the US and the competitive pressure on Chinese producers in light of weak domestic demand. This combination of factors has led, since mid-2023, to a drop in order volumes that has had a strong collateral impact on price and, consequently, on margins.

Even so, as the financial year has progressed, especially during the past four months, we have seen an increase in demand from certain markets and segments. As such, tubes for drilling and pipelines and tubes for energy supply plant manufacturing projects are performing well on the market, resulting in growth of the order portfolio in the final quarter of 2024. Furthermore, tubes for mechanical use and, in general, all products for European markets remain somewhat sluggish as a result of the mass entry into the European Union (EU) of imported products at lower cost, mainly from China and Ukraine, and the weakness of the German economy, which is cause for concern.

In terms of the geographical distribution of our seamless steel tubes, the US remained our main market, accounting for EUR 126 million, or 41% of the Group's total turnover. The performance of the OCTG market in the US, the biggest in the world, has been affected by a drop in the number of rigs, pressure from local producers to protect their market share against a backdrop of low demand and, in general, the conservative attitude of distributors, as they waited for the outcome of the US elections and, subsequently, the Trump administration's first steps. These initial measures appear to indicate that extraction activity will be boosted and confirm the trend towards an increase in protectionist measures.

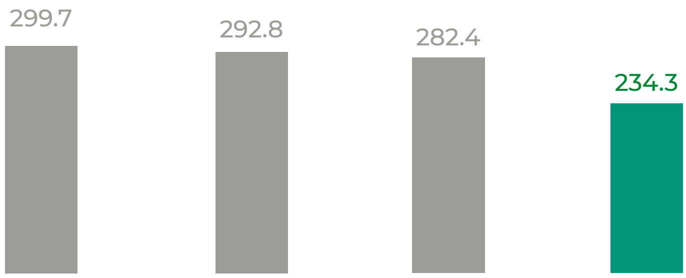
In Europe, Germany (the continent's main market) has performed erratically, affected by weak economic growth, political instability and the impact of energy costs following the reduction in Russian gas consumption. Italy and the Netherlands, (second and third in importance, respectively, particularly focused on large distributors), have been more consistent, remaining almost the same as in 2023. Overall, all European markets have been heavily affected by the major growth in imports of low-cost products, especially from China and Ukraine, which has since become a determining factor for the future of industry in EU countries. As far as the market for seamless steel tubes is concerned, the war in Ukraine has meant that imports from that country into the EU are more attractive, to the detriment of other European manufacturers. In this case, too, a potential end to the conflict in Ukraine could benefit the market, either on account of an increase in Ukraine's needs as part of its reconstruction efforts or by ending the competitive advantages towards Ukraine.

As regards other regions, growth in the Middle East, Africa and the domestic market is notable, as a result of the company's strategic focus on diversifying its order backlog internationally and boosted by the reactivation of projects.

Financial situation

One of the financial year's highlights was the significant reduction in net financial debt, down by EUR 48.2 million to EUR 234.3 million (31/12/2023: EUR 282.4 million), due to the combined effect of the discounted debt buyback, adherence to the repayment schedule and the additional early repayment of debt using funds obtained from the sale of assets.

This debt buyback was as reflected in Notes 1.2. and 15 of the Consolidated Annual Financial Statements for the year ended 31 December 2024, as part of the Group's ac-quisition from its convertible debt creditors through a Dutch discount auction; this has seen the Group's debt reduced since 2021:

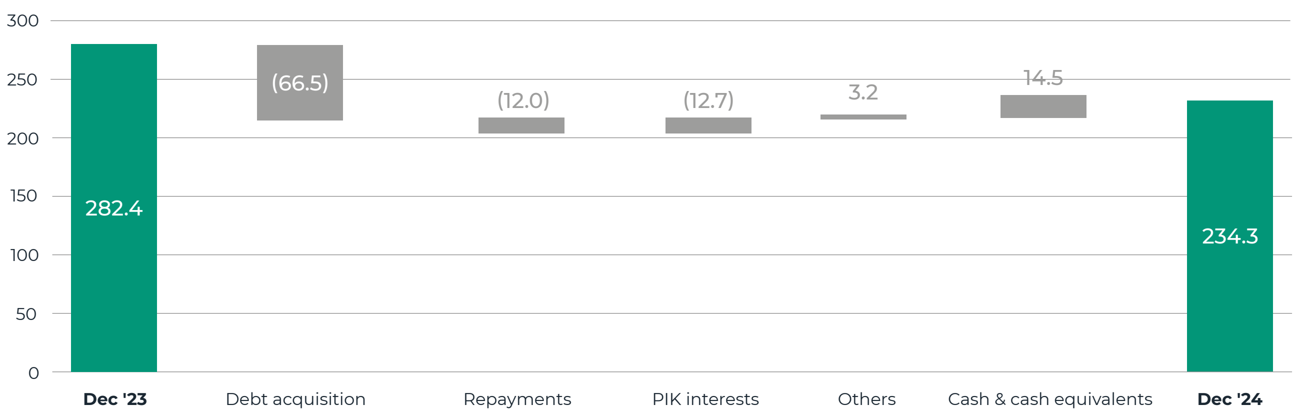


Millions of EUR	2021	2022	2023	**2024**
Gross Debt	377.5	390.3	378.2	286.0
Cash and equivalents and other current financial assets	77.8	97.5	95.8	51.7
Net financial debt	**299.7**	**292.8**	**282.4**	**234.3**

The Group has placed particular emphasis on the optimisation of its working capital cy-cle, generating an operating cash flow of EUR 6.2 million in the year. Investments, main-ly made as a result of unifying the steelworks and other investments with a view to op-timising plants, stood at EUR 20.1 million. The divestment of non-productive assets re-sulting from the unification processes as part of the Strategic Plan is also notable and generated a net cash inflow of EUR 20.9 million.

Furthermore, in the debt services chapter, EUR 12.0 million have been earmarked for the repayment of principal from the syndicated loan and the FASEE loan, including early repayment with funds obtained from the sale of a plant in Pamplona (formerly Aceros Calibrados, S.A.)

Net financial debt bridge (Millions of EUR)



Strategic Plan

As regards follow up on the Strategic Plan, two of the key milestones were completion of the steel mill unification process and the debt reduction. The former, a fundamental pillar of the Strategic Plan, has made it possible for all of the Group's steel manufacturing to be carried out at the Amurrio plant since 1 January 2024, resulting in cost and emissions efficiencies. Following this unification, the land and facilities of the former Sestao steel mill were sold, generating a financial impact and profit for the year.

The debt reduction performed in January 2024 in the form a discounted auction process has led, in turn, to the cancellation of EUR 107 million of convertible debt through the payment of 27.5 million. This operation generated net profit of EUR 66.5 million, which has had a significant impact on the Group's overall profits for the third consecutive year.

Also worth noting, as a distinguishing factor compared to other manufacturers, is the launch of O-Next, a product with zero scope 1 and 2 certified emissions, allowing us to boost our customers' decarbonisation processes.

Since it was presented in April 2024, there has been evidence of growing interest in this product, reflected in the signing of agreements with several important customers and manufacture of the first tonnes to be delivered in the first quarter of 2025.

Outlook for 2025

2025 is expected to be marked by uncertainty in global markets.

Worth particular note in relation to these uncertainties are the unknowns surrounding the Trump administration's economic policy and, especially, tariffs. Despite concerns about the inflationary effect that these measures could have on the domestic market, eliminating the current scheme of quotas and exemptions on imports of steel products from 12 March will have a very significant impact on our sector, the consequences of which could be extended to other geographical areas, which could potentially be affected by the "de facto" closure of the US market and the transfer of price competition to these other locations. Meanwhile, expectations of a strong dollar and the expected adoption of measures to stimulate investment in the OCTG segment open the possibility of recovery in demand after many months bogged down by stagnation and surplus stock.

In the EU, the debate is focused on industry, especially in Germany, which is being affected by the end of access to cheap energy and political instability in recent months, which seems due to come to an end with a possible broad coalition government. However, the International Monetary Fund forecasts limited growth of 1.0% in 2025, although the main economy, Germany, is only forecast to grow by 0.3% after two financial years of recession; however, the effect that a change of government after the 23 February elections could have on the German economy's performance remains to be seen. At the same time, the pressure of Chinese imports and the ineffectiveness of EU protection measures are a cause for concern for the sector's future. On a positive note, the wakeup call provided by the Draghi report and numerous sectoral associations have placed this topic at centre stage of the debate, a first essential step when it comes to adopting measures that will make the industry globally competitive again. The conflict in Ukraine, especially should it draw to a close, may, however, trigger a positive reaction in the market for energy generation projects and, as a result, the seamless steel tube market.

Appendix: Summary of financial statements

Statement of income (Thousands of Euros)	2024	2023	2024 vs. 2023
Net turnover	**323.961**	**532.856**	**(39.2%)**
Supplies	(116.707)	(176.219)	(33.8%)
Staff expenses	(98.511)	(111.442)	(11.6%)
Other operating expenses	(108.824)	(147.524)	(26.2%)
Other operating income and net gains/(losses)	8.847	9.086	(2.6%)
EBITDA	**8.766**	**106.757**	**(91.8%)**
Depreciation of property, plant and equipment	(18.319)	(16.979)	7.9%
Impairment and results for fixed assets disposal	4.910	(5.459)	n/a
EBIT	**(4.643)**	**84.319**	**(105.5%)**
Financial result	42.539	(36.572)	n/a
Profit before income tax	**37.896**	**47.747**	**(20.6%)**
Tax on profits	(10.145)	8.799	n/a
Consolidated profit for the period	**27.751**	**56.546**	**(50.9%)**
Result attributed to external partners	880	(234)	n/a
Result attributed to the parent company	**28.631**	**56.312**	**(49.2%)**

Balance sheet (Thousands of euros)	31/12/24	31/12/23
Non-current assets	**273,721**	**304,369**
Current assets	**187,842**	**225,595**
Inventories	115,447	107,818
Customers	13,783	15,989
Other current assets	6,895	5,989
Cash and other cash equivalents	51,717	95,799
TOTAL ASSETS	**461,563**	**529,964**
Net equity	**28,085**	**4,350**
Equity loan	**126,756**	**119,779**
Net equity including equity loan	**154,841**	**124,129**
Deferred revenues	**907**	**107**
Non-current liabilities	**149,254**	**274,549**
Non-current provisions	650	5,501
Bank borrowings and other financial liabilities	109,280	227,461
Fixed income securities	14,235	15,008
Other non-current liabilities	25,089	26,579
Current liabilities	**156,561**	**131,179**
Short-term provisions	6,332	8,300
Bank borrowings and other financial liabilities	35,726	15,995
Other current liabilities	114,503	106,884
TOTAL LIABILITIES	**461,563**	**529,964**

Cash Flow (Thousands of Euros)	2024	2023
Result before Taxes	**37,896**	**47,747**
Depreciation and Impairment	13,409	22,435
Other Adjustments	(55,959)	58,319
Change in Working Capital	20,233	(43,069)
(increase)/decrease of inventories	2,091	15,131
(increase)/decrease of account receivables	6,212	3,632
(increase)/decrease of account payables	11,930	(61,832)
Other Payments	(9,359)	(14,172)
Cash flow from operating activities	**6,220**	**71,260**
Investment	(21,739)	(32,436)
Withdrawal	20,855	33
Withdrawals/(Investment) of financial assets	(2,116)	(782)
Cash flow from investment activities	**(3,000)**	**(33,185)**
Cash flow from financing activities	**(49,427)**	**(40,607)**
Net cash flow	**(46,207)**	**(2,532)**

Information and forward-looking statements

The financial and operational information included in this report for FY 2024 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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