RESULTS FOR THE FIRST HALF OF FINANCIAL YEAR 2022

EXECUTIVE SUMMARY

- The Tubos Reunidos Group (hereinafter interchangeably referred to as the TR Group or the Group) achieved a positive result of 1.9 million euro in the first half of financial year 2022, an improvement of 47.3 million euro compared to 45.3 million euro in losses the previous year.

  Despite an uncertain and volatile environment, the Group posted a positive half-year result for the first time since 2014, thanks to the strong increase in activity in financial year 2022 and the transfer of cost increases to the sales price. The Group's EBITDA amounted to positive 14.5 million euro, which represents an improvement of 25.4 million euro compared to the negative 10.9 million euro obtained in the same period of 2021.

- The TR Group doubles sales in financial year 2022.

  The net turnover of the Group during the first half of financial year 2022 increased by 111% as compared to the same period in financial year 2021 and by 91% as compared to the second half of financial year 2021. This growth has been based on the strong demand for drill and OCTG piping in the United States, coupled with favourable dollar exchange rates.

- The Group closed the first half of financial year 2022 with 111 thousand tonnes in its order book, worth 277 million euro.

  Order intake continues to gain momentum month after month, with the order book worth 277 million euro at the close of this first half year, 56% higher than at the beginning of the year and 141% higher than in December 2019, the last reference figure prior to the outbreak of the pandemic. The current order book is heavily centred around oil and gas piping, in the small pipe range, especially OCTG, and pipes for mechanical and industrial applications in the large pipe range.

- The increase in manufacturing costs that started in the financial year 2021 has continued into 2022.

  Raw material costs—mainly scrap and ferroalloys, energy (electricity and gas) and transport costs—continue to pose a significant risk in 2022, despite efforts to pass this impact on to sales prices. In this regard, the Group has reached an agreement to maintain a fixed electricity price for 2022 and 2023, and for part of its gas consumption.

Amurrio (Álava), 22 July 2022

The Tubos Reunidos Group has published its results for the first half of financial year 2022, confirming the upwards trend in its activity compared to the previous half, the second half of financial year 2021. Significant increases in the prices of raw materials, energy (electricity and natural gas) and freight transport costs had a marked impact on activities in financial year 2021.

The receipt in 2021 of SEPI's FASEE (*Fondo de Apoyo a la Solvencia de Empresas Estratégicas* — Strategic Enterprise Solvency Support Fund) enabled the Company to implement the initiatives envisaged in its 2021–2026 Strategic Plan, including the processes of concentrating steel mills and cold-drawing units into a single location in the Amurrio plant and the implementation of the non-traumatic exit plan. These measures will make the Group more efficient and more competitive.

In the area of responsibility for the environment, sustainability and governance (ESG), the actions taken in the first half of the year to strengthen the Group's corporate governance through amendments to the Rules and Regulations of the Board and the Articles of Association are noteworthy. Similarly, on 20 June 2022, Tubos Reunidos was incorporated into the IBEX® GENDER EQUALITY index, which is in line with its commitment to ensuring the presence of women on the board of directors and will further this strategy. These measures are part of the Group's long-term strategic vision, which includes respect for the environment, leading the energy transition and a firm commitment to sustainable development, contributing to the transformation to a carbon-neutral world.

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.

KEY FIGURES FOR THE FIRST HALF OF FINANCIAL YEAR 2022

1. Income statement

The main financial figures of the income statement for the first half of financial year 2022 and 2021, compared to the results for the second half of 2021, are shown below:

Consolidated, Millions EUR	H1 2022	H1 2021	% change	H2 2021	% change
Net Sales	243,8	115,7	111%	127,3	91%
EBITDA *	14,5	(10,9)	n.a.	(40,5)	n.a.
% o. sales	*6,0%*	*(9,4%)*		*(31,8%)*	
EBIT	5,9	(18,0)	n.a.	30,9	n.a.
EBIT adjusted (not including asset impairment and non recurrent expenses)	5,9	(18,0)	n.a.	(46,5)	n.a.
Net income for the period	1,9	(45,3)	n.a.	(19,4)	n.a.

* See calculation in Financial Statements

The significant increase in sales as a result of the strong demand and the passing on of the cost increase to the sales price, together with the start of efficiency actions earmarked in the Strategic Plan, have led to a significant improvement in EBITDA and the consolidated operating result. Coupled with the improvement in the financial result, this has enabled the TR Group to obtain a positive net result of 1.9 million euro in the six-month period for the first time since 2014. This represents an improvement of 47.3 million euro compared to 45.3 million euro in losses the previous year. This confirms the trend towards recovery and the fulfilment of the Strategic Plan.

The Group achieved a positive EBITDA of 14.5 million euro in the first half of 2022, an improvement of 25.4 million euro compared to a EBITDA of negative 10.9 million in the first half of 2021. In turn, the Group's consolidated positive operating result for the first half of 2022 amounted to 5.9 million euro, compared to the negative 18.0 million euro in the same period of the previous financial year.

The net consolidated financial result for the half year amounts to negative 4.2 million euro (2021: 27.3). The cost of interest on financing contracts, 9.5 million euro (2021: 12.1 million euro), was partially offset by the positive impact of exchange rate differences of 3.0 million euro (2021: 1.4 million euro), and the long-term contract for the supply of renewable electricity for 2.3 million euro (2021: negative 16.6 million euro for the valuation of the debt conversion derivative).

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

Pipeline sales during the first six months of financial year 2022 amounted to 228.8 million euro, 113% higher than the same period of the previous year. Sales have been heavily focused on carbon steel pipe, given that the starting portfolio was more oriented towards commodity products, as a result of the replenishment of inventories by customers and the distribution chain over the course of 2021.

By area, shipments to the US are notable at 104.9 million euro, or 46% of turnover, which is almost 4 times the figure for the same period of the previous year. The second largest market was Europe, with 95.4 million euro and 42% of turnover.

Sales growth is across all business segments: upstream (OCTG) accounts for 28% of total turnover, up 281% on the first half of 2021; pipes for mechanical-industrial applications account for 29%, up 184%; downstream stands at 25%, up only 18%; and midstream 18% of the total, up 127%. Sales reached 120,663 tonnes, almost double (+84%) those of the same period of the previous year.

In relation to projects related to electric power generation, refining and petrochemicals (downstream) that provide a mix of alloyed and stainless steels, although there has been some reactivation of projects paralysed by the pandemic, the impetus we expected in the major markets in Asia and the Middle East has not yet been recovered.

Average prices at the end of the half year amounted to 1,896 euro per tonne (17% higher than in the same period of 2021), a historical record for this product mix, although they do reflect cost levels that have never been seen before. The reality is that it has taken a lot of effort to pass on these constant cost increases to procurement, particularly for electricity and natural gas.

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

Sales, in Thousands of euros	H1 2022	H1 2021	H1 2022 vs. H1 2021	H2 2021	H1 2022 vs. H2 2021
Sales by geography	**228.789**	**107.329**	**113%**	**114.809**	**99%**
Domestic	17.270	15.941	8%	11.313	53%
Rest of Europe	78.179	39.161	100%	47.073	66%
North America	104.949	23.139	354%	33.364	215%
East Asia	19.124	23.870	(20%)	17.327	10%
MENA	3.074	2.815	9%	2.972	3%
Others	6.193	2.403	158%	2.760	124%
Sales by sector	**228.789**	**107.329**	**113%**	**114.809**	**99%**
Refinning&petrochemical and Power generation (Downstream)	58.418	49.419	18%	41.755	40%
Oil&Gas - OCTG (Upstream)	63.292	16.631	281%	14.863	326%
Oil&Gas - Linepipes (Midstream)	40.446	17.809	127%	21.218	91%
Construction, mechanical, industrial	66.633	23.470	184%	36.973	80%
Sales volume (tons)	**120.663**	**65.604**	**84%**	**73.703**	**64%**

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

3. Financial situation

The financing and novation agreements signed in 2021 have provided the Group with a framework of stability in its debt structure and have afforded it, as of the final months of 2021, the financial resources to begin the implementation of the Plan, based on energy transition and carbon neutrality. This has opened up the possibility for Tubos Reunidos to address new markets and sectors of activity, especially those more related to clean energy and hydrogen.

In terms of investments, in the first half of 2022, work has begun at the Amurrio plant to unify the two current steel mills into a single mill. The new steel mill is expected to be operational by the end of the year.

Similarly, the increase in activity following a period of very low demand combined with increases in both sales and main input prices has put considerable pressure on the working capital. As a result, the Group consumed EUR 19.5 million of working capital in the first half of the year.

Debt service in the first half of the year amounted to 5.6 million euro, corresponding mainly to the repayment of ICO-guaranteed financing and the A1 tranche of the syndicated financing, which means compliance with the repayment schedule agreed with the institutions in 2021.

As of 30 June 2022, the Group's gross financial debt (bank debt) amounted to 388.3 million euro, of which 166.9 million euro correspond to convertible debts (115.5 million euro corresponding to the SEPI participatory loan), including 2.7 million euro of interest earned on temporary public financial support, which will be capitalised, increasing the amount of the loan, in July 2022. The remaining 105.9 million euro corresponds to syndicated financing. The Group's cash and cash equivalent position amounts to 64.0 million euro, the net financial debt being 324.3 million euro. The July 2021 novation agreements with financial institutions established the deferral of the measurement and compliance with the covenants until December 2022.

4. Business outlook

The developments in the first half of 2022 mean that we can look to the rest of the year with moderate optimism — we have a large order book and the market is showing positive signs in terms of demand, but weathering the uncertainty and the challenges that it brings will undoubtedly remain the key focus.

In its June Oil Market Report, the IEA (International Energy Agency) estimates that world oil demand will expand by 1.8 mb/d in 2022, followed by 2.2 mbd/d in 2023 to reach 101.6mb/d in that year. After seven consecutive quarters of significant reductions in inventory, the current slowdown in oil demand growth coupled with an increase in supply capacity by the end of the year is expected to help rebalance markets. However, it may not be possible to achieve this balance if sanctions on Russia continue to ramp up, if demand for oil in China recovers once the current lockdowns are over, and if the apparent difficulty on the part of the OPEC+ countries to increase production is confirmed.

Meanwhile, 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 favourable scenario that enables 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 to the point of having to halt production activity in the USA, facilities that we reopened in the second half of 2021.

In addition, the preliminary anti-dumping measures announced by the US Administration against a number of countries that are major exporters of OCTG steel pipe to the upstream sector such as Mexico, Argentina, Russia and South Korea, have led to price rises and supply-side pressures to meet existing demand. This concern about potential difficulty in obtaining OCTG steel pipe in this market is benefiting the sales of the Tubos Reunidos Group.

In this scenario, the Group's portfolio is mainly based on commodity products, on carbon steels such as OCTG Green pipe for the Upstream sector and pipe for the Midstream and Mechanical sectors, albeit at prices significantly higher than usual for these products due to the current high costs as well as the upbeat signs from the demand point of view. On this basis, the first half of the year has focused mainly on these products, which is likely to be extended until the end of the year to progressively pivot toward higher value-added and alloyed pipe in the coming financial year, as downstream order intake recovers once large power generation, refining and petrochemicals projects are reactivated. Any disruptions caused by new lockdowns due to the pandemic, such as the recent ones in China, or other phenomena that impact global recovery, would undoubtedly affect the expected recovery in demand.

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 metal and energy, have reached all-time highs—will remain high throughout the year. At this juncture, the agreements reached over the last few months concerning the supply prices of both electricity and natural gas for the Group represent an improvement on market prices. In addition, this pressure on costs forces us to continue to manage them as efficiently as possible internally, to pass them on to sales prices as quickly as possible in order to give the most appropriate weighting to our portfolios and product mix, and to establish very short validity periods on our offers.

On the other hand, the aforementioned increases in activity and costs imply significant working capital requirements, making it 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.

ANNEXES: SUMMARY OF FINANCIAL STATEMENTS

INCOME STATEMENT, Thousands of Euros	H1 2022	H1 2021	H1 2022 vs. H1 2021	H2 2021	H1 2022 vs. H2 2021
Net sales	**243.834**	**115.662**	**110,8%**	**127.332**	**91,5%**
Supplies	(96.610)	(47.902)	(101,7%)	(57.103)	(69,2%)
Labor costs	(53.939)	(43.871)	(22,9%)	(59.015)	8,6%
Other operating expenses	(84.522)	(36.239)	(133,2%)	(58.480)	(44,5%)
Other operating income and net gains/(losses)	5.748	1.442	298,6%	6.731	(14,6%)
EBITDA	**14.511**	**(10.908)**	**n/a**	**(40.535)**	**n/a**
Amortisation charge	(8.619)	(7.141)	(20,7%)	(5.925)	(45,5%)
Depreciation	-	-	n/a	77.360	n/a
EBIT	**5.892**	**(18.049)**	**n/a**	**30.900**	**(80,9%)**
EBIT adjusted (not including asset impairment and non recurrent expenses)	**37.092**	**(18.049)**	**n/a**	**(46.460)**	**n/a**
Financial income/(expense)	(4.176)	(27.335)	84,7%	(50.303)	91,7%
Profit before income tax	**1.716**	**(45.384)**	**n/a**	**(19.403)**	**n/a**
Income tax	158	48	n/a	14	n/a
Consolidated profit for the period	**1.874**	**(45.336)**	**n/a**	**(19.389)**	**n/a**
Profit from minority interests	21	22	n/a	26	n/a
Profit for the period	**1.895**	**(45.314)**	**n/a**	**(19.363)**	**n/a**

BALANCE SHEET, Thousands of Euros	H1 2022	FY 2021
NON-CURRENT ASSETS	**268.432**	**272.104**
CURRENT ASSETS	**238.477**	**196.169**
Inventories and customers	159.537	112.320
Other current assets	14.947	6.018
Cash and other cash equivalents	63.993	77.831
TOTAL ASSETS	**506.909**	**468.273**
NET EQUITY	**(96.248)**	**(94.886)**
Equity Loan	**112.800**	**112.800**
NET EQUITY FOR MERCANTIL PURPOSES	**16.552**	**17.914**
DEFERRED REVENUES	**1.590**	**319**
NON-CURRENT LIABILITIES	**280.169**	**279.210**
Non-current provisions	855	1.898
Bank borrowings and other financial liabilities	232.809	230.957
Fixed income securities	16.960	16.920
Other non-current liabilities	29.545	29.435
CURRENT LIABILITIES	**208.598**	**170.830**
Short-term provisions	13.892	13.822
Bank borrowings and other financial liabilities	25.690	16.843
Other current liabilities	169.016	140.165
TOTAL LIABILITIES	**506.909**	**468.273**

Cash Flow, Millions of Euros	H1 2022	H1 2021
Result before Taxes	**1,7**	**(45,4)**
Amortisation	8,6	7,1
Other Adjustments	6,2	28,8
Other Payments	(8,4)	(4,5)
CASH FLOW FROM OPERATING ACTIVITIES	**8,1**	**(13,9)**
Change in Working Capital	(21,5)	12,8
(increase)/decrease of inventories	(23,0)	(18,7)
(increase)/decrease of account receivables	(25,1)	2,1
(increase)/decrease of account payables	26,6	29,4
Investments Activities	(3,9)	(2,2)
Investments	(4,0)	(2,2)
Withdrawals	0,1	-
FREE CASH FLOW	**(17,3)**	**(3,3)**

Information and forward-looking statements

The financial and operational information regarding the first half of financial year 2022 included in this notice is based on the 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.

Both the information and conclusions contained herein are subject to change without prior notice. TUBOS REUNIDOS, S.A. is under no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. Actual results and developments indicated could differ significantly from those indicated in this document.