Results

Business year 2021

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Presentation of the Fourth Quarter and 2021 results via webcast and conference call

Acerinox will hold the presentation for its Fourth Quarter and 2021 results tomorrow, 28 February, at 10.00 AM (CET) directed by the Chairman, Mr Rafael Miranda, the CEO, Bernardo Velázquez, the COO, Hans Helmrich, and the CFO, Miguel Ferrandis, accompanied by the IR team.

To access the presentation via telephone conference, you can join 5-10 minutes before the event, on the following numbers:

- From Spain: 919 01 16 44. Pin: 731875
- From UK (local): 020 3936 2999. Pin: 731875
- From United States: 1 646 664 1960. Pin: 731875
- Rest of countries: +44 20 3936 2999. Pin: 731875

You can follow the presentation through the Shareholders and Investors section of the Acerinox website (www.acerinox.com).

Both the presentation and all the audiovisual material will be available on the Acerinox website after the event.

Integrated Report for Fiscal Year 2021

The Audited Integrated Report for Fiscal Year 2021, comprising the Management Report, Sustainability Report, the Notes to the Financial Statements of Acerinox and the opinion of the auditors, is available on the Acerinox website, www.acerinox.com.

Model of the Santiago Bernabéu Stadium incorporating stainless steel cladding

Highlights

"In 2021, Acerinox has achieved record earnings
and production figures"

Business year 2021

- The accident rate fell by 32% with respect to 2020.
- The Group was awarded with the Golden Level by Ecovadis for its commitment to sustainability.
- Melting shop production, at 2,619,034 tonnes, increased by 19% with respect to the same period of 2020, an all-time record.
- Revenue totalled EUR 6,706 million, representing a 44% increase on the same period of 2020.
- EBITDA, which totalled EUR 989 million, was 2.6 times higher than in 2020. The EBITDA margin rose to 15%. This result is the best in our history.
- Profit after tax and non-controlling interests amounted to EUR 572 million (EUR 49 million on the same period of 2020), another all-time record.
- Operating cash flow amounted to EUR 388 million, despite the EUR 460 million increase in working capital.
- Net financial debt amounted to EUR 578 million, decreased by EUR 194 million with respect to 31 December 2020.
- The Board of Directors of ACERINOX, S.A. has decided to propose to the Ordinary General Meeting of the Company a dividend of EUR 0.50 per share charged to the 2021 profits and a share buyback plan for depreciation and amortisation of 4% of the share capital.

Fourth quarter of 2021

- It was the sixth consecutive quarter of growth in all financial indicators, despite the seasonal correction at the year-end (Thanksgiving + Christmas).
- Melting shop production, at 626,996 tonnes, increased by 2% with respect to the fourth quarter of 2020 (3% down on the third quarter of 2021).
- Revenue, amounting to EUR 1,937 million, increased by 59% in comparison with the fourth quarter of 2020 (representing a 14% increase on the third quarter of 2021).
- EBITDA, which totalled EUR 318 million, was 2.4 times higher than in the fourth quarter of 2020 (representing a 8% increase on the third quarter of 2021). The EBITDA margin was 16%.
- Profit after tax and non-controlling interests, amounting to EUR 198 million, was 11 times higher than in the fourth quarter of 2020 (16% higher than in the third quarter of 2021).
- Operating cash flow amounted to EUR 204 million.
- The Group's net financial debt, totalling EUR 578 million, decreased by EUR 186 million with respect to 30 September 2021.

Outlook

The good situation of the stainless steel market continues and major projects have materialised, making us more optimistic about the high-performance alloys market. This situation, together with low inventory levels, improved prices and the regionalisation of the stainless steel market, allow us to be optimistic for the first half of the year.

For these reasons, and despite the increase in costs, we expect EBITDA in the first quarter of 2022 to improve on that of the fourth quarter of 2021, maintaining the quarterly upward trend since the second quarter of 2020 (seventh consecutive upward quarter).

We cannot determine the consequences of the current geopolitical tensions, although our direct exposure in the region is very limited, with sales of less than 0.5%.

Main economic and financial aggregates

Consolidated Group	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	2020 (1)	Change 2021/2020
	QUARTER				YEAR		
Melting shop production (thousands of tonnes)	668	675	648	627	2,619	2,196	19%
Revenue (EUR million)	1,441	1,625	1,703	1,937	6,706	4,668	44%
Adjusted EBITDA (EUR million)	161	217	293	318	989	398	149%
% of sales	11%	13%	17%	16%	15%	9%	
EBITDA (EUR million)	**161**	**217**	**293**	**318**	**989**	**384**	**158%**
% of sales	**11%**	**13%**	**17%**	**16%**	**15%**	**8%**	
EBIT (EUR million)	117	173	247	273	810	163	396%
% of sales	8%	11%	15%	14%	12%	3%	
Profit before tax and non-controlling interests (EUR million)	106	163	235	262	766	132	482%
Profit after tax and non-controlling interests (EUR million)	78	125	171	198	572	49	1066%
Depreciation and amortisation charge (EUR million)	44	44	45	46	179	179	0%
No. of employees at period-end	8,153	8,302	8,305	8,206	8,206	8,195	0%
Net financial debt (EUR million)	756	838	764	578	578	772	-25%
Gearing ratio (%)	43%	48%	39%	26%	26%	48%	-45%
No. of shares (millions)	271	271	271	271	271	271	0%
Shareholder remuneration (per share)	0.00	0.50	0.00	0.00	0.50	0.50	0%
Average daily volume of trading (millions of shares)	0.84	1.62	0.90	1.65	1.12	0.92	22%
Profit per share after tax and non-controlling interests	0.29	0.46	0.63	0.73	2.11	0.18	1,066%

(1) The purchase of VDM took place on 17 March 2020. The March to September period is included in VDM's results for 2020.

EUR million	Fourth quarter of 2021			2021		
	Stainless Steel Division	High-Performance Alloys Division	Consolidated Group	Stainless Steel Division	High-Performance Alloys Division	Consolidated Group
Melting shop production (thousands of tonnes)	608	19	627	2,541	78	2,619
Net sales	1,709	227	1,937	5,900	806	6,706
EBITDA	**303**	**14**	**318**	**929**	**61**	**989**
EBITDA margin	**18%**	**6%**	**16%**	**16%**	**8%**	**15%**
Depreciation and amortisation charge	-38	-6	-46	-149	-23	-179
EBIT	266	8	273	779	38	810
EBIT margin	16%	4%	14%	13%	5%	12%

Results of the consolidated Acerinox Group

In a year of recovery, still affected by the global pandemic and the different variants of the virus, the Acerinox Group has obtained the best results in its history.

The improvement in the market situation and the management carried out in recent years in cost control and efficiency have allowed us to reach record levels in most of the Group's accounting items.

Turnover is 44% higher than in the previous year. EBITDA was 2.6 times higher than in 2020 and at EUR 989 million was a new record, as was net income at EUR 572 million.

The Group's debt has been reduced by EUR 194 million and operating cash flow has been generated amounting to EUR 388 million, which has enabled the Group to pay the cash dividend (EUR 135 million), initiate a share buyback programme (EUR 9 million at the year-end) and maintain investment payments of EUR 90 million.

The most important figures for the year and the fourth quarter are summarised in the following table:

EUR million	Q4 2021	Q3 2021	Q4 2020	12M 2021	12M 2020	% Q4 21 / Q4 20	% 12M 21 / 12M 20
Net sales	1,937	1,703	1,217	6,706	4,668	59%	44%
Adjusted EBITDA	318	293	131	989	398	142%	149%
Adjusted EBITDA margin	16%	17%	11%	15%	9%		
EBITDA	**318**	**293**	**131**	**989**	**384**	**142%**	**158%**
EBITDA margin	**16%**	**17%**	**11%**	**15%**	**8%**		
EBIT	273	247	86	810	163 (1)	216%	396%
EBIT margin	14%	15%	7%	12%	3%		
Profit before tax	262	235	70	766	132	277%	482%
Profit after tax and non-controlling interests	198	171	19	572	49	971%	1066%
Operating cash flow (before investments)	204	77	254	388	421	-20%	-8%
Net financial debt	578	764	772	578	772	-25%	-25%

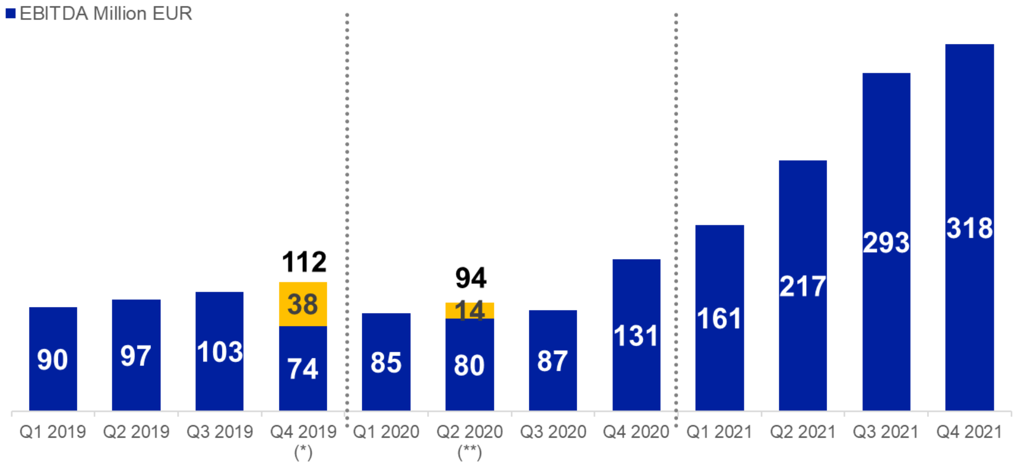
(1) Including EUR 42 million of impairment losses at Bahru Stainless

Despite the progress made in the Excellence Plans and the current Excellence 360 Plan, operating expenses in the year increased by 42%, mainly due to the increase in production, the high price of energy and transportation-related costs. Special mention should be made of the energy item (including electricity and gas consumption, among others), which has tripled in Spain due to increased energy prices, mainly in the second half of the year.

Despite this increase in costs, the Group's EBITDA for 2021 was an all-time record at EUR 989 million and a margin of 15%. In the fourth quarter, the Group's EBITDA, at EUR 318 million, improved by 8% versus the previous quarter, and achieved a margin on sales of 16%.

It is noteworthy that the Group has increased EBITDA in the last six consecutive quarters.

Quarterly EBITDA in millions of euros



(*) Adjusted EBITDA Q4 2019: EUR 112 million. EBITDA without taking into account the provision of EUR 38 million arising from the collective redundancy procedure (ERE) at Acerinox Europa

(**) Adjusted EBITDA Q2 2020: EUR 94 million. EBITDA net of VDM acquisition expenses, amounting to EUR 14 million.

Depreciation and amortisation, at EUR 179 million, remained stable compared to the previous year.

EBIT amounted to EUR 810 million, which compares with EUR 163 million in 2020. EBIT for the fourth quarter amounted to EUR 273 million, 10% higher than in the third quarter.

The drop in interest rates in the USA has reduced NAS's income from deposits, with a consequent negative impact on the Group's net financial result.

Profit before taxes for the year were EUR 766 million (2020: EUR 132 million). EUR 262 million in the fourth quarter, 11% higher than in the third quarter.

Profit after tax and non-controlling interests for the year amounted to EUR 572 million (2020: EUR 49 million). EUR 198 million in the fourth quarter, 16% higher than in the third quarter.

Cash generation

Cash generation, established as one of the priorities in the Group's Strategic Plan, has also performed outstandingly well.

The favourable results obtained resulted in an operating cash flow of EUR 388 million, despite an increase in working capital of EUR 460 million due to the increased activity and the price increase in raw materials and our products.

After making investment payments of EUR 90 million, the free cash flow generated amounted to EUR 297 million, which made it possible to pay the cash dividend (EUR 135 million), initiate the share buyback program (EUR 9 million) and reduce debt by EUR 194 million.

Cash flow (millions of euros)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	12M 2021	12M 2020
EBITDA	**161**	**217**	**293**	**318**	**989**	**384**
Changes in working capital	**-153**	**-100**	**-134**	**-73**	**-460**	**223**
Changes in operating working capital	-155	-113	-132	-67	-467	236
- Inventories	-154	-167	-144	-129	-594	223
- Trade receivables	-173	-57	-14	-65	-309	83
- Payable to suppliers	171	111	26	127	436	-70
Other adjustments to working capital	2	13	-1	-6	8	-13
- Collective redundancy procedure (ERE) payment at Acerinox Europa	0	0	0	0	0	-26
- Other	2	13	-1	-6	8	13
Income tax	**24**	**-26**	**-72**	**-62**	**-137**	**-99**
Finance costs	**-9**	**-9**	**-13**	**-10**	**-40**	**-36**
Other adjustments to profit	**0**	**2**	**2**	**31**	**36**	**-51**
OPERATING CASH FLOW	**23**	**84**	**77**	**204**	**388**	**421**
Payment due to the purchase of VDM	0	0	0	0	0	-313
Payments due to investment	-29	-20	-20	-21	-90	-99
FREE CASH FLOW	**-6**	**64**	**56**	**182**	**297**	**8**
Dividends and treasury shares	0	-135	0	-9	-145	-135
CASH FLOW AFTER DIVIDENDS	**-6**	**-71**	**56**	**173**	**153**	**-127**
Translation differences	22	-11	17	14	41	-70
Grants and other	0	0	1	-1	0	4
Net financial debt acquired from VDM	0	0	0	0	0	-85
Changes in net financial debt	**16**	**-82**	**74**	**186**	**194**	**-278**

Balance sheet

ASSETS				LIABILITIES			
EUR million	2021	2020	Change	EUR million	2021	2020	Change
Non-current assets	**2,067**	**2,070**	**-0.1%**	**Equity**	**2,215**	**1,615**	**37.1%**
Current assets	**3,917**	**2,664**	**47.1%**	**Non-current liabilities**	**1,802**	**1,827**	**-1.4%**
- Inventories	1,777	1,182	50.2%	- Bank borrowings	1,368	1,410	-2.9%
- Receivables	837	532	57.5%	- Other non-current liabilities	434	417	3.9%
Trade receivable	773	464	66.6%				
Other receivables	64	68	-5.1%	**Current liabilities**	**1,968**	**1,291**	**52.4%**
- Cash	1,275	917	39.0%	- Bank borrowings	485	280	73.4%
- Other current financial assets	28	32	-12.7%	- Trade payables	1,315	879	49.6%
				- Other current liabilities	168	132	26.8%
Total assets	**5,984**	**4,733**	**26.4%**	**Total equity and liabilities**	**5,984**	**4,733**	**26.4%**

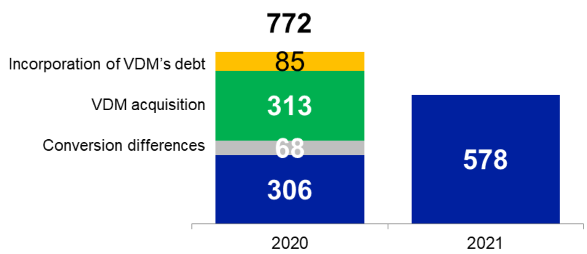
Working capital increased by EUR 467 million, due to the recovery of activity in 2021.

Working capital (millions of euros)

	December 2021	December 2020
Inventories	1,777	1,182
Trade receivable	773	464
Payable to suppliers	1,315	879
Working capital	1,234	767

Net financial debt, at 31 December 2021, EUR 578 million, was reduced by EUR 194 million (EUR 772 million at 31 December 2020 which included EUR 313 million from the acquisition of VDM and EUR 85 million from the assumption of its debt)

Million EUR



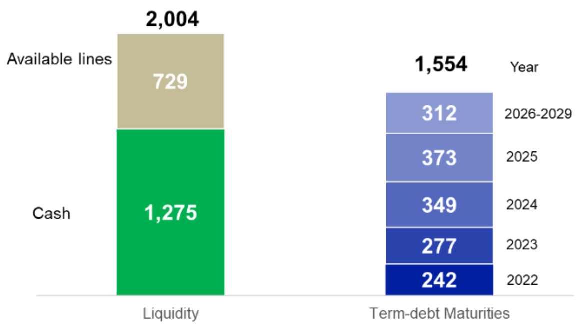
In 2021, as in 2020, the Group continued to improve loan conditions by reducing its long-term cost by renegotiating the fixed interest rate or margin and extending the maturity.

At year-end, the Group had sustainable loans totalling EUR 465 million, linking the margin or fixed rate of the credit to the evolution of sustainable indicators to be reviewed annually.

The majority of the Group's financing at December 31 corresponded to term loans. Of these, 73% were due to mature in over a year. 80% percent of the Group's loans and private placements were at fixed interest rates.

As of 31 December, Acerinox Group had immediate liquidity amounting to EUR 2,004 million. Of this, EUR 1,275 million were in cash and EUR 729 million were available credit lines.

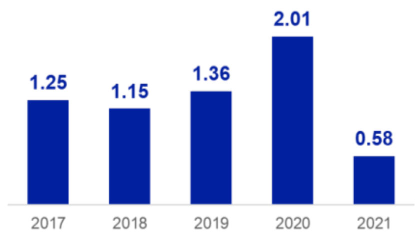
Term debt maturities (millions of euros)



Financial ratios

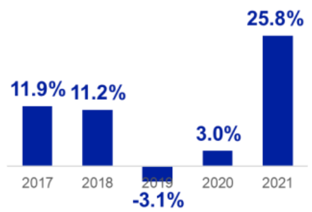
At 0.58 times (2020: 2.01 times), the net financial debt/EBITDA ratio is the lowest value achieved in the last twenty years.

Net Financial Debt / EBITDA
(No. of times)

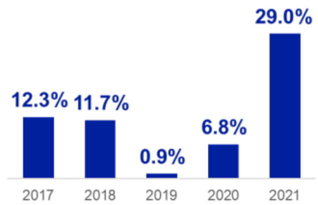


ROE in 2021 amounted to 25.8% while ROCE was 29.0%.

ROE



ROCE



Stainless steel division

Stainless steel market

Increased confidence in the economy and improved activity, largely on the back of hopes regarding the impact that vaccines will have, boosted stainless steel demand and consumption. Although with various moments of instability resulting from the various Covid-19 outbreaks and emergence of variants, 2021 saw growth in the main producing regions in which very low inventories also maintained throughout the supply chain.

During the year, the recovery that began in the second half of 2020 continued. All sectors performed favourably, with the exception of the automotive sector, which continued to be affected by the shortage of semiconductors.

The rapid recovery of the main consuming countries, coupled with high transport prices and increased delivery times, contributed to limiting imports in all markets.

UNITED STATES

Apparent consumption, according to the latest available figures, increased by around 20%, overcoming the drop experienced during 2020. Growth in household consumption drove demand, especially in sectors such as household appliances, food processing and catering, among others.

U.S. Section 232 underwent modifications aimed at a quota system in line with Europe, as a result of a framework agreement for the protection of the industry and the environment, and the alliance between the two economies was strengthened.

Inventories remained below the average level of recent years.

EUROPE

The increase in apparent consumption in Europe stood at 17% of the flat product market, correcting the fall-off in 2020 and reaching 2019 pre-Covid levels.

Inventories closed below the average of recent years and the European market gradually returned to the system of base prices and alloy surcharges.

In July, the European Commission extended the safeguard measures for a period of three years, maintaining quotas for all products while imposing provisional anti-dumping measures on cold-rolled flat materials from India and Indonesia The effects of these steps were felt considerably in the second quarter.

Although the favourable market situation mitigated the alarming escalation of energy prices, those prices nevertheless hampered the competitiveness of Spanish industry.

ASIA

The elimination of export subsidies, together with the control of CO_2 emissions imposed by China (as part of an effort to reduce emissions and energy consumption as part of the Green Agenda), corrected the oversupply that characterised the Chinese market in recent years. This situation, combined with strong demand, led to higher prices in the region.

In Southeast Asia, Indonesia again increased production, continuing its price leadership in the region. Its performance was very similar to that of the Chinese market, with prices increasing as soon as export subsidies in China disappeared. In Malaysia, the year was marked by the summer lockdown, which forced the closure of all non-essential services for two and a half months, including our factory Bahru Stainless. Once activity recovered, the market response was very positive, following the trend in the rest of Southeast Asia.

Stainless steel division production

The seasonality typical of the year-end has led to decreases in melting shop production with respect to the third quarter, but for the year as a whole the Stainless Division has improved in all workshops.

Melting shop production for the year -2,540,898-, was the highest since 2006.

	2020					2021					Change	
Thousands of tonnes	Q1	Q2	Q3	Q4	12 months	Q1	Q2	Q3	Q4	12 months	Q4 21 / Q4 20	12M 21 / 12M 20
Melting shop	599	420	524	601	2,144	650	654	629	608	2,541	1%	18%
Cold-rolling	393	290	331	369	1,383	394	400	408	423	1,625	14%	17%
Long products (hot-rolling)	57	49	51	53	210	63	61	59	62	245	17%	17%

Bahru Stainless resumed operations in the third quarter following a two-and-a-half-month standstill due to the shutdown of activity in the country ordered by the Malaysian authorities in response to the Covid-19 pandemic. Had it not been for this closure, the Group would also have achieved record production in cold-rolling.

Columbus has optimised its production capacity thanks to the diversification of its product portfolio following recent investments.

Stainless steel division results

EUR million	Q4 2021	Q3 2021	Q4 2020	12M 2021	12M 2020	% Q4 21 / Q4 20	% 12M 21 / 12M 20
Melting shop production (thousands of tonnes)	608	629	601	2,541	2,144	1%	18%
Net sales	1,709	1,493	1,067	5,900	4,055	60%	45%
Adjusted EBITDA	303	272	116	929	358	162%	159%
Adjusted EBITDA margin	18%	18%	11%	16%	9%		
EBITDA	**303**	**272**	**116**	**929**	**344**	**162%**	**170%**
EBITDA margin	**18%**	**18%**	**11%**	**16%**	**8%**		
Depreciation and amortisation charge	-38	-38	-38	-149	-155	1%	-4%
EBIT	266	234	79	779	147 (1)	238%	429%
EBIT margin	16%	16%	7%	13%	4%		
Operating cash flow (before investments)	212	65	242	400	337	-12%	19%

(1) Including EUR 42 million of impairment losses at Bahru Stainless

The increased activity experienced throughout 2021 was reflected in rises in production (+18% with respect to the previous year), with margin increases and excellent cash flows.

Turnover for the year was up 45% with respect to 2020. Despite the cost inflation experienced (44% increase in supplies and 36% increase in freight), especially in the second half of the year, the improvement in prices has allowed EBITDA for the year to reach EUR 929 million, 2.7 times higher than in 2020.

In the fourth quarter, revenues of EUR 1,709 million were 15% higher than in the previous quarter, mainly due to the good pricing situation. EBITDA, at EUR 303 million, was 11% higher, with a sales margin of 18%.

In the year as a whole, operating cash flow of EUR 400 million was generated, despite the increase in working capital, which amounted to EUR 386 million. In the fourth quarter alone, operating cash flow of EUR 212 million was generated.

EUR million	Q4 2021	Q3 2021	Q4 2020	12M 2021	12M2020
EBITDA	**303**	**272**	**116**	**929**	**344**
Changes in working capital	**-41**	**-131**	**171**	**-386**	**147**
Changes in operating working capital	-39	-122	170	-386	175
- Inventories	-83	-115	28	-445	165
- Trade receivables	-66	-14	27	-291	62
- Payable to suppliers	110	8	115	350	-52
Other adjustments to working capital	-2	-9	1	0	-28
Income tax	**-60**	**-71**	**-18**	**-133**	**-92**
Finance costs	**-8**	**-11**	**-8**	**-33**	**-28**
Other adjustments to profit	**18**	**7**	**-19**	**24**	**-34**
OPERATING CASH FLOW	**212**	**65**	**242**	**400**	**337**

High-performance alloys division

High-performance alloys market

After the downturn in 2020, all nickel alloy end-user markets recovered in 2021, with the exception of aerospace, marine applications and the chemical process industry.

According to specialist consultants, the market was expected to recover by 5% to 312,000 tonnes in 2021. The largest single market for nickel alloys continues to be the United States, followed by China, Germany, Japan and South Korea.

High-performance alloys market

Activity in the high performance alloys division has reached pre-pandemic levels.

Thousands of tonnes	2020 (1)					2021					Change	
	Q1	Q2	Q3	Q4	12 months	Q1	Q2	Q3	Q4	12 months	Q4 21 / Q4 20	12M 21 / 12M 20
Melting shop	19	18	14	13	64	18	22	19	19	78	53%	22%
Finishing shop	10	11	10	8	38	8	11	11	11	40	34%	7%

(1) January and February 2020 pro forma, prior to the acquisition of VDM

For the year as a whole, both melting shop and finishing shop production have experienced significant growth versus 2020, 22% and 7%, respectively.

Melting shop production in the fourth quarter maintained the good performance of the year and was 53% higher than in the fourth quarter of 2020, as the latter was still impacted by the effects of Covid-19.

High-performance alloys results

Thanks to the recovery in demand discussed above, reaching pre-pandemic levels in the second half of the year, activity in the high performance alloys division has improved, with the steel mill growing by 22% compared to the 2020 financial year.

EBITDA in 2021, which totalled EUR 61 million, was 21% higher than in 2020.

Operating cash flow was negative by EUR 12 million, due to the increase in working capital (as a result of good activity and raw material prices) of EUR 74 million.

EUR million	Q4 2021	Q3 2021	Q4 2020	12M 2021	12M 2020 (1)	% Q4 21 / Q4 20	% 12M 21 / 12M 20
Melting shop production (thousands of tonnes)	19	19	13	78	64	53%	22%
Net sales	227	211	150	806	748	52%	8%
EBITDA	14	21	15	61	50	-7%	21%
EBITDA margin	6%	10%	10%	8%	7%		
Depreciation and amortisation charge	-6	-6	-6	-23	-23	7%	-2%
EBIT	8	15	10	38	27	-13%	43%
EBIT margin	4%	7%	6%	5%	4%		

(1) January and February 2020 pro forma, prior to the acquisition of VDM

(2) Q4 2021 EBITDA includes adjustments of EUR -7 million (actuarial valuation on pensions, personal restructuring and year end stock-take adjustments)

Despite the improvement in margins and standardisation to pre-pandemic levels, the fourth quarter results include extraordinary expenses as a result of the competitiveness improvement plan being undertaken in the high performance alloys division. Without these year-end adjustments, Q4 EBITDA would be EUR 21 million, similar to that of the third quarter of 2021 and 39% higher than in the fourth quarter of 2020.

Working capital increased by EUR 32 million in the fourth quarter, and operating cash flow amounted to EUR 9 million.

	Q4 2021	Q3 2021	Q4 2020	12M 2021	12M 2020 (1)
EBITDA	**14**	**21**	**15**	**61**	**50**
Changes in working capital	**-32**	**-3**	**13**	**-74**	**64**
Changes in operating working capital	-28	-10	17	-81	61
- Inventories	-46	-29	-1	-149	51
- Trade receivables	1	0	11	-18	28
- Payable to suppliers	17	18	7	86	-17
Other adjustments to working capital	-5	8	-4	7	3
Income tax	**-2**	**0**	**-6**	**-4**	**-24**
Finance costs	**-2**	**-2**	**-3**	**-7**	**-8**
Other adjustments to profit	**13**	**-5**	**-7**	**12**	**-14**
OPERATING CASH FLOW	**-9**	**12**	**12**	**-12**	**68**

(1) January and February 2020 pro forma, prior to the acquisition of VDM

Sustainability: Acerinox Positive Impact 360º

During the 2021 financial year, the Acerinox Group has continued to make decisive progress in its sustainability plan under the "Acerinox Positive Impact 360º 2021-2025" strategy. Thus, between January and December, its products had a recycled content rate of more than 90% and more than 70% of the waste generated in the company's factories was reused.

In its commitment to the United Nations Global Compact and the 2030 Agenda, Acerinox, which contributes to the 17 Sustainable Development Goals, has made significant improvements to those over which it has the greatest influence. Accordingly, over the past year it has ramped up efforts in numbers 3 (Good health and well-being), 6 (Clean water and sanitation) and 11 (Sustainable cities and communities); which are in addition to the SDG it has already been actively working in previous years: 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure) and 12 (Responsible consumption and production).

The following 6 goals are prioritised for 2030 (with 2015 as the baseline year) to align with the 15 years that apply to the 2030 Agenda SDG:

20% reduction in greenhouse gas emissions

7.5% reduction in energy intensity

Recovery of 90% of waste

20% reduction in water abstraction

10% annual reduction in Frequency Rate of Accidents resulting in Leave

10% annual increase in the proportion of new hires that are minorities

Acerinox continued to meet its sustainability goals. Between January and December 2021, it sped up the reduction of its CO_2 emissions (scopes 1 and 2) by 3.38%, accumulating a reduction of 10.22% with a view to meeting the 20% reduction target by 2030. Energy intensity (commitment to a 7.5% reduction by 2030) decreased by 1.5% with respect to the previous year and by 3.1% with respect to the base year. Water consumption intensity was reduced by 12% over the last year.

In social terms, the reduction in the accident rate (LTIFR), which fell by a remarkable 32% over the previous year as a whole, tripling the annual target, is noteworthy.

In 2021 Acerinox was recognised for its work in the field of sustainability by various associations and rating agencies. In this regard, it is worth highlighting the Gold level in Sustainability according to the global rating agency Ecovadis or the three sustainability awards granted to the company by the ISSF (International Stainless Steel Forum). It also received a 'B' rating from CDP Climate and CDP Water, both above the average of comparable companies in its sector.

EXCELLENCE 360º

Acerinox continued to deploy its multidisciplinary Excellence 360º strategy in 2021, which includes all the projects that make up the operational efficiency improvements using the Digital Transformation of processes as an enabler.

As a result of the integration of VDM Metals into the Acerinox Group, this Company has joined the Excellence 360º improvement programme, through internal benchmarking and the Digital Strategy. As a result, the return target is increased from EUR 125 million per year on a recurring basis in 2023 to EUR 140 million.

Excellence 360º is focused on boosting the business in an integral way: production (increasing process quality and productivity), supply chain (optimising stock and increasing delivery accuracy), commercial (improving service quality and customer mix) and raw material purchasing (optimising the mix at all times). And taking into account the Group's sustainability objectives, with special emphasis on continuous improvement of efficiency, reduction of energy consumption, improvement of yields and machine times, as well as reduction of environmental costs. All this thanks to the use of new technologies and placing the customer and service at the centre of the business.

Excellence 360º is composed of three major projects: firstly, the Planning 360º; secondly, the Advanced Analytics Programme; and thirdly Automation and Robotisation. During 2021, projects continued to be undertaken in each of these areas, which are detailed below.

1. Planning 360º: Start-up of the second phase of the project consisting of a campaign planning optimisation tool in cold-rolling shops.

2. Advanced Analytics Programme*:* This programme provides a response to the strategic orientation of decision-making based on data.

The programme's methodology consists of creating data analysis teams employing usage scenarios with a direct impact on operating excellence.

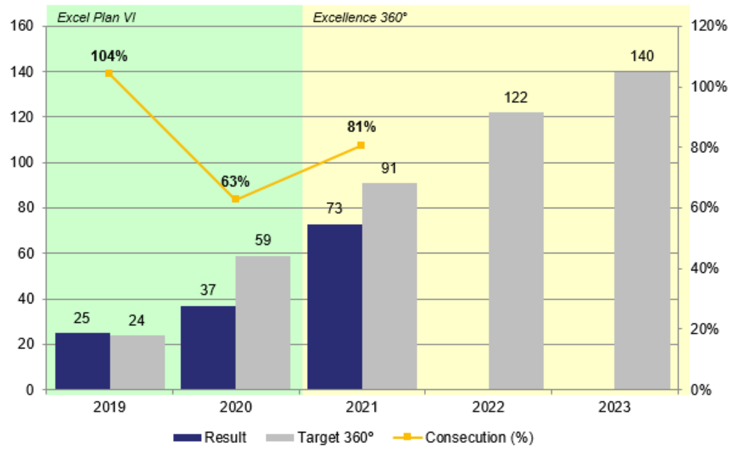
The most representative projects addressed in 2021 were:

- Model to optimise logistic routes
- Model to optimise the continuous casting output width.
- Model to optimise the furnace power consumption.

3. Automation and Robotisation of Processes: Start-up of the second Autonomous Guided Vehicle (AGV) project at the NAS plant. It is a 100% electric autonomous vehicle with the capacity to transport 60MT of billets from the melting shop to the long-product shop, replacing the use of trucks.

Development also began on an application to manage mobile maintenance work orders.

In the third year of Excellence 360º, Acerinox estimated that savings of more than EUR 73 million were achieved, representing 81% of the total.



Shareholder returns

At its meeting on 16 December, the Board of Directors of ACERINOX, S.A. decided to propose to the Ordinary General Meeting of the Company the following decisions regarding shareholder remuneration:

- A dividend of EUR 0.50 per share to be charged to the results of 2021.
- A share buyback plan for depreciation and amortisation of up to 4% of the share capital.

Alternative Performance Measures (Definitions)

Excellence 360º Plan: estimated efficiency savings for the 2019-2023 period

Accident Rate (LTIFR): (Total number of registered accidents / Number of hours worked) * 1,000,000

Operating Working Capital: Inventories + Trade receivables – Trade payables

Net Financial Debt: Bank borrowings + bond issuance - cash

Net Financial Debt / EBITDA: Net Financial Debt / annualised EBITDA

EBIT: Net operating income

Adjusted EBIT: EBIT, stripping out material extraordinary items

EBITDA: Operating income + depreciation and amortisation + variation of current provisions

Adjusted EBITDA: EBITDA, stripping out material extraordinary items

Debt Ratio: Net Financial Debt / Equity

Net financial result: Financial income – financial expenses ± exchange rate variations

ROCE: Net operating income / (Equity + Net financial debt)

ROE: Results after taxes and minority interests / Equity

ICR (interest coverage ratio): EBIT / Financial expenses

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