(The attached External Auditor's Report, Annual Accounts and Management Report for the fiscal year ended 31 December 2024, have been originally issued in Spanish. The English version is not considered official or regulated financial information. In the event of discrepancy, the Spanish-language version prevails.)

Acerinox, S.A.

Auditor´s report
Annual accounts at December 31, 2024
Management report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

Independent auditor's report on the annual accounts

To the shareholders of Acerinox, S.A.

Report on the annual accounts

Opinion

We have audited the annual accounts of Acerinox, S.A. (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2024, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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 annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Sale of Bahru Stainless As indicated in note 9.2.6 of the attached report, on October 10, 2024, the Company entered into an agreement with Worldwide Stainless Sdn. Bhd, a company registered in Malaysia, to sell 100% of the shares of the subsidiary Bahru Stainless for an amount of USD 95 million. The final closing of the transaction took place on December 3, 2024. The negative impact of this sale amounted to €65,421 thousand, recognized under the heading "Impairment and profit or loss on disposals of fixed assets" in the Company's income statement. We have considered this fact as a key audit matter as it is a significant transaction of the year and has had a significant impact on the Company's annual accounts.	Firstly, we have reviewed the contractual and legal documentation relating to the sale, as well as compliance with the agreed conditions above. We have also analyzed the accounting implications associated with the transaction, including, among others, the revision of the calculation of the accounting loss estimated by the Company's management. Finally, we have reviewed the breakdowns included in the Company's report required by the applicable financial reporting regulatory framework. As a result of the above procedures, we have obtained sufficient and adequate audit evidence to conclude on the proper accounting record of the transaction and its breakdown in the Company's annual accounts.
Recovery of investments in group companies and associates As detailed in note 2.3.b of the accompanying financial statements, management annually assesses the existence of indications of impairment and determines the recoverable value of investments in group companies and associates. For the calculations of recoverable value through value in use, the Company's management uses cash flow projections based on financial budgets that require relevant judgments and estimates. In the case of Acerinox Europa, S.A., the Company's management has relied on an independent expert. The most significant assumptions used in the model described above are summarised in note 9.2.6 of the attached report.	As a starting point for our procedures, we have understood the relevant processes and controls linked to management's assessment of impairments on investments in group companies, including those linked to the preparation of budgets and the analysis and monitoring of projections, which form the basis for management's main judgments and estimates. In relation to the estimated cash flows, we have analysed the methodology of the calculations made, we have compared the projected annual flows with those actually achieved in the 2024 financial year and we have contrasted the key assumptions considered, with historical results, available comparables, relevant industry factors and other external sources. To do this, we have relied on valuation experts from our firm. In addition, we have analysed the future plans approved by the Board of Directors.

Key audit matters	How our audit addressed the key audit matters
As mentioned in note 9.2.6 of the attached report, in the case of Acerinox Europa, S.A., a valuation adjustment for additional impairment amounting to 95,698 thousand euros has been recorded in 2024 in addition to the 67,245 thousand euros that had already been recorded and, in the case of Columbus Stainless Pty, Ltd there is a valuation adjustment for accumulated impairment amounting to €38,668 thousand recorded in previous years. Deviations in the variables and estimates of management can determine important variations in the conclusions reached and, therefore, in the analysis of the recovery of investments in group companies. This fact, together with the relevance of this heading and the impact on the profit and loss account, have led to it being a key audit matter for our audit.	We have also evaluated the competence, capacity, objectivity and conclusions of the independent expert hired by management, as well as the adequacy of his work as audit evidence. As a result of the analyses carried out, we consider that the conclusions of the Company's management on the estimates made and the impact on the profit and loss account, as well as the information disclosed in the accompanying financial statements, are adequately supported and consistent with the information currently available.
Recognition of deferred tax assets	
As of December 31, 2024, the accompanying financial statements reflect an amount of €17,570 thousand of deferred tax assets, the recovery of which depends on the generation of positive tax bases in future years (note 12 of the attached report). Likewise, note 12 of the attached report breaks down the unrecognized tax credits of the tax group to which the Company belongs for not complying with the recognition requirements. The recognition of these deferred tax assets is analysed by the Company's management by estimating the tax bases for the coming years (note 12.3 of the attached report) based on the business plans of the different companies in the tax group, and on the planning possibilities allowed by the applicable tax legislation. considering the tax consolidation group to which the Company belongs (note 2.3.c of the attached report). Consequently, the conclusion on the recognition of deferred tax assets shown in the accompanying financial statements is subject to significant judgments and estimates by the Company's management, both with respect to future tax results and applicable tax regulations.	Firstly, we have proceeded to understand and evaluate the criteria used by the Company's management to estimate the possibilities of using and recovering deferred tax assets in the following years, affected by the business plans. Based on the business plans prepared by management, we have compared the projected annual cash flows with those actually achieved in the 2024 financial year and we have contrasted the key assumptions, estimates and calculations made for their preparation, comparing them with historical performance, available comparables, relevant industry factors and other external sources. As part of the analyses, we have also evaluated the tax adjustments considered for the estimation of tax bases, the applicable tax regulations, as well as the decisions regarding the possibilities of using the tax benefits corresponding to the tax consolidation group.

Key audit matters	How our audit addressed the key audit matters
Given the relevance of the amount outstanding to be recognised, the significant judgments required and estimates necessary for the calculation of future tax bases, the recognition of deferred tax assets has been a key audit matter in our audit.	The analyses carried out have made it possible to verify that the calculations and estimates made by the Company's management, as well as the conclusions reached, in relation to the recognition of deferred tax assets, are consistent with the current situation, with the expectations of future results of the tax group and with its tax planning possibilities available under current legislation.

Other information: Management report

Other information comprises only the management report for the 2024 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2024 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit commission for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit commission is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can 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 of users taken on the basis of these annual accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 annual accounts 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit commission 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.

We also provide the entity's audit commission with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

From the matters communicated with the entity’s audit commission, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Acerinox, S.A. for the 2024 financial year that comprises an XHTML file of the annual accounts for the financial year, which will form part of the annual financial report.

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

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit commission

The opinion expressed in this report is consistent with the content of our additional report to the audit commission of the Company dated 26 February 2025.

Appointment period

The General Ordinary Shareholders' Meeting held on 22 April 2024 appointed us as auditors for a period of one year, for the year ended 31 December 2024.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2017.

Services provided

Services provided to the audited entity for services other than the audit of the accounts are disclosed in note 16.3 to the annual accounts.

In relation to the services provided to the subsidiary companies of the Company for services other than the audit of the accounts, refer to the audit report dated 27 February 2025 on the consolidated annual accounts of Acerinox, S.A. and its subsidiary companies, where these subsidiary companies have been consolidated.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Ignacio Rodríguez-Guanter Asporosa (24231)

27 February 2025

ACERINOX, S.A.

Annual Accounts
as of December 31, 2024

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Note 2). In the event of a discrepancy, the Spanish-language version prevails.

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ANNUAL ACCOUNTS OF ACERINOX, S.A.

1. BALANCE SHEET OF ACERINOX, S.A.

(Figures in thousands of euros at December 31, 2024 and 2023)

		Note	2024	2023
	ASSETS			
A) NON-CURRENT ASSETS			**2,070,922**	**1,725,225**
I.	**Intangible assets**	5	**1,274**	**1,271**
	1. Computer software		1,274	186
	2. Advances on fixed assets			1,085
II.	**Property, plant and equipment**	6	**8,391**	**8,499**
	1. Land and buildings		7,444	7,593
	2. Technical facilities and other property, plant and equipment		947	906
III.	**Investment property**	7	**1,891**	**1,937**
	1. Land		1,231	1,231
	2. Buildings		660	706
IV.	**Long term investments in Group companies and affiliates**	9	**2,034,335**	**1,698,214**
	1. Equity instruments		2,034,335	1,698,214
	2. Corporate loans	15.2		
V.	**Long-term financial investments**	9	**7,461**	**9,066**
	1. Assets at fair value through equity			
	2. Loans to third parties			
	3. Derivatives		4,498	8,991
	4. Other financial assets		2,963	75
VI.	**Deferred tax assets**	12	**17,570**	**6,238**
B) CURRENT ASSETS			**850,090**	**971,875**
I.	**Trade and other receivables**	9	**32,439**	**26,150**
	1. Customers, Group companies and affiliates	15.2	30,972	25,584
	2. Sundry receivables		156	141
	3. Staff		7	2
	4. Current tax assets	12	591	13
	5. Other credits with Public Administrations	12	713	410
II.	**Short-term investments in Group companies and affiliates**	9	**577,115**	**910,697**
	1. Corporate loans	15.2	336,476	612,054
	2. Other financial assets	9.2.3	240,639	298,643
III.	**Short-term financial investments**	9	**78,536**	**12,373**
	1. Derivatives		7,449	12,367
	2. Other financial assets	9.2.6	71,087	6
IV.	**Short-term accruals**		**562**	**1,468**
V.	**Cash and cash equivalents**	9	**161,438**	**21,187**
	1. Cash		161,438	21,187
	TOTAL ASSETS		**2,921,012**	**2,697,100**

The accompanying Notes 1 to 17 are an integral part of these Annual Accounts.

(Figures in thousands of euros at December 31, 2024 and 2023)

EQUITY AND LIABILITIES		Note	2024	2023
A) EQUITY			**1,070,132**	**1,129,723**
A-1) Shareholders' equity.		10	**1,064,774**	**1,116,408**
I.	**Capital**		**62,334**	**62,334**
	1. Registered capital		62,334	62,334
II.	**Issue premium**		**268**	**268**
III.	**Reserves**		**972,423**	**1,013,623**
	1. Legal		13,527	13,527
	2. Other reserves		958,896	1,000,096
IV.	**Treasury shares and equity interests**		**-221**	**-1,031**
V.	**Profit/(loss) from previous years**			
VI.	**Profit/(loss) for the year**		**101,478**	**114,187**
VII.	**Interim dividend**		**-77,286**	**-77,261**
VIII	**Other equity instruments**		**5,778**	**4,288**
A-2) Adjustments for changes in value			**5,358**	**13,315**
I.	Assets at fair value through equity			
II.	Hedging operations		5,358	13,315
B) NON-CURRENT LIABILITIES			**1,430,411**	**1,198,068**
I.	**Long-term borrowings**	9	**1,410,793**	**1,176,777**
	1. Bonds and other marketable securities			
	2. Bank borrowings		1,409,291	1,176,734
	3. Derivatives		1,459	
	4. Other financial liabilities		43	43
II.	**Long-term debt with Group companies and affiliates**	15.2		
III.	**Deferred tax liabilities**	12	**19,618**	**21,291**
C) CURRENT LIABILITIES			**420,469**	**369,309**
I.	Current payables	9	**375,544**	**325,728**
	1. Bonds and other marketable securities			76,584
	2. Bank borrowings		297,932	170,976
	3. Derivatives		308	859
	4. Other financial liabilities		77,304	77,309
II.	**Short-term debt with Group companies and affiliates**	15.2	**37,554**	**34,797**
III.	**Trade and other payables**	9	**7,371**	**8,784**
	1. Suppliers		2,444	3,044
	2. Suppliers, Group companies and affiliates	15	19	8
	3. Sundry payables.		1,704	748
	4. Personnel (remunerations pending payment)		2,380	4,350
	5. Current tax liabilities	12		
	6. Other debts with Public Administrations	12	824	634
TOTAL EQUITY AND LIABILITIES			**2,921,012**	**2,697,100**

The accompanying Notes 1 to 17 are an integral part of these Annual Accounts.

2. INCOME STATEMENT OF ACERINOX, S.A.

(Figures in thousands of euros at December 31, 2024 and 2023)

	Note	2024	2023
A.1) CONTINUING OPERATIONS			
1. Revenue	13.2	**360,055**	**377,124**
a) Services rendered		61,968	39,325
b) Dividends received from Group companies	9.2.6	260,535	306,131
c) Financial income from Group companies	15.2	37,552	31,668
2. Other operating income	13.2	**391**	**502**
a) Ancillary income and other current operating expenses		391	499
b) Operating subsidies included in income for the period			3
3. Staff costs	13.1	**-23,814**	**-20,103**
a) Wages, salaries and similar		-21,042	-17,656
b) Employee benefits		-2,772	-2,447
4. Other operating expenses		**-41,009**	**-17,739**
a) Outside services	13.3	-41,045	-17,451
b) Taxes		36	-288
5. Depreciation of fixed assets	5, 6, and 7	**-939**	**-568**
6. Impairment and gain or loss on disposal of fixed assets		**-161,119**	**-185,998**
a) Gains (losses) on disposals and other	6	-65,421	
b) Impairment of equity instruments	9.2.6	-95,698	-185,998
A.2) OPERATING INCOME		**133,565**	**153,218**
1 Finance income		**3,361**	**59**
a) Of holdings in equity instruments			
a1) In third parties			
b) Marketable securities and other financial instruments		3,361	59
b1) In third parties		3,361	59
2 Finance costs		**-44,292**	**-33,378**
a) For debts with Group companies and affiliates	15.2	-1,773	-1,590
b) For debts with third parties		-42,519	-31,788
3 Changes in fair value of financial instruments	9.2.2	**-958**	**144**
a) Trading portfolio and others		-958	144
b) Recognition in the income statement of financial assets at fair value through equity			
4 Exchange differences	11	**3,316**	**345**
A.3) FINANCIAL RESULT		**-38,573**	**-32,830**
A.4) PRETAX INCOME		**94,992**	**120,388**
1 Income tax	12	6,983	-6,055
2 Other taxes	12.2	-497	-146
A.5) INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**101,478**	**114,187**
A.6) DISCONTINUED OPERATIONS			
A.7) PROFIT/(LOSS) FOR THE YEAR		**101,478**	**114,187**

The accompanying Notes 1 to 17 are an integral part of these Annual Accounts.

3. STATEMENT OF CHANGES IN EQUITY

3.1 STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(Figures in thousands of euros at December 31, 2024 and 2023)

	Note	2024	2023
A) RESULTS OF THE STATEMENT OF PROFIT OR LOSS		**101,478**	**114,187**
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY			
I. For valuation of financial instruments.			
1. Financial assets at fair value through equity.	9.2.4		
II. Arising from cash flow hedges.	9.2.3	2,621	-3,821
III. Arising from actuarial gains and losses and other adjustments.			
IV. Tax effect.	12	-655	955
B) TOTAL INCOME AND EXPENSES CHARGED DIRECTLY TO EQUITY (I+II+III+IV+V)		**1,966**	**-2,866**
TRANSFERS TO THE STATEMENT OF PROFIT OR LOSS			
I. For valuation of financial instruments			
1. Financial assets at fair value through equity			
II. Arising from cash flow hedges	9.2.3	-13,231	-12,175
III. Tax effect.	12	3,308	3,044
C) TOTAL TRANSFERRED TO THE STATEMENT OF PROFIT OR LOSS		**-9,923**	**-9,131**
TOTAL RECOGNIZED INCOME AND EXPENSE (A + B + C)		**93,521**	**102,190**

The accompanying Notes 1 to 17 are an integral part of these Annual Accounts.

3.2. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in thousands of euros at December 31, 2024 and 2023)

	Registered capital	Issue premium	Reserves	Profit/(loss) for the year	Interim dividend	Other equity instruments	Treasury shares	Adjustments for changes in value	TOTAL
Balance as of December 31, 2022	**64,931**	**268**	**920,030**	**332,013**	**-74,799**	**3,798**	**-90,703**	**25,312**	**1,180,850**
I. Total recognized income and expenses				**114,187**				**-11,997**	**102,190**
Results of the income statement				114,187					**114,187**
For valuation of financial instruments								-15,996	**-15,996**
Tax effect								3,999	**3,999**
II. Transactions with partners or owners.	**-2,597**		**93,594**	**-332,013**	**-2,462**	**490**	**89,673**		**-153,315**
Interim dividend					-77,261				**-77,261**
Dividends paid			-149,562		74,799				**-74,763**
Application of retained earnings			332,013	-332,013					**0**
Acquisition of treasury shares							-2,084		**-2,084**
Depreciation of treasury shares	-2,597		-88,088				90,685		**0**
Long-term incentive plan for senior executives			-769			490	1,072		**793**
III. Other changes in equity			-1				-1		**-2**
Balance as of December 31, 2023	**62,334**	**268**	**1,013,624**	**114,187**	**-77,261**	**4,288**	**-1,030**	**13,315**	**1,129,725**
I. Total recognized income and expenses				**101,478**				**-7,957**	**93,521**
Results of the income statement				101,478					**101,478**
For valuation of financial instruments								-10,610	**-10,610**
Tax effect								2,653	**2,653**
II. Transactions with partners or owners.			**-41,199**	**-114,187**	**-25**	**1,490**	**809**		**-153,112**
Interim dividend					-77,286				**-77,286**
Dividends paid			-154,522		77,261				**-77,261**
Application of retained earnings			114,187	-114,187					**0**
Acquisition of treasury shares							-961		**-961**
Long-term incentive plan for senior executives			-864			1,490	1,770		**2,396**
III. Other changes in equity			-2						**-2**
Balance as of December 31, 2024	**62,334**	**268**	**972,423**	**101,478**	**-77,286**	**5,778**	**-221**	**5,358**	**1,070,132**

The accompanying Notes 1 to 17 are an integral part of these Annual Accounts

3.3. STATEMENT OF CASH FLOWS OF ACERINOX, S.A.

(Figures in thousands of euros at December 31, 2024 and 2023)

	Notes	2024	2023
A) CASH FLOWS FROM OPERATING ACTIVITIES		**305,496**	**201,427**
1. Profit/(loss) for the year before tax		**94,992**	**120,388**
2. Adjustments to the result		**-56,278**	**-84,383**
a) Depreciation of fixed assets (+)	5, 6, and 7	940	568
b) Valuation corrections for impairment (+/-)	9.2.6	95,698	185,998
c) Gain (loss) on retirements and disposals of financial instruments		65,421	
d) Gain (loss) on retirements and disposals of fixed assets (+/-)			
e) Finance income (-)		-3,361	-59
f) Finance expenses (+)		44,292	33,378
g) Exchange differences (+/-)		-41	1,467
h) Changes in fair value of financial instruments (+/-)		-821	-566
i) Other income and expenses		-258,406	-305,169
3. Changes in working capital		**-9,284**	**-12,864**
a) Trade and other receivables (+/-)		-5,711	-11,904
b) Other current assets (+/-)		-3,044	-2,536
c) Trade and other payables (+/-)		-2,252	270
d) Other current liabilities (+/-)		1,723	1,306
e) Other non-current assets and liabilities (+/-)			
4. Other cash flows from operating activities		**276,066**	**178,286**
a) Interest payments (-)		-44,758	-28,881
b) Dividend collections (+)		318,538	195,000
c) Interest income (+)		3,361	59
d) Income tax payments (collections) (+/-)		-1,075	12,108
B) CASH FLOWS FROM INVESTING ACTIVITIES		**-293,389**	**24,061**
5. Payments for investments (-)		**-335,857**	**-86,258**
a) Group companies and affiliates		-334,978	-85,026
b) Intangible assets			-693
c) Property, plant and equipment		-819	-539
d) Other financial assets		-60	
e) Other assets (Group loans)			
6. Proceeds from divestitures (+)		**42,468**	**110,319**
a) Group companies and affiliates			
b) Property, plant and equipment		6	
c) Other financial assets			
d) Other assets (Group loans)		42,462	110,319
7. Dividend collection (+)			
a) Other collections/payments for investment activities			
C) CASH FLOWS FROM FINANCING ACTIVITIES		**128,144**	**-207,621**
8. Payments for investments (-)		**-961**	**-2,084**
a) Issuance of equity instruments (-)			
b) Acquisition of own equity instruments (-)			
c) Acquisition of own equity instruments (-)		-961	-2,084
d) Disposal of own equity instruments (+)			
9. Receivables and payments for financial liability instruments	9.2.5	**283,642**	**-55,975**
A) Issuance		660,420	105,893
1. Bonds and other marketable securities (+)			
2. Bank borrowings (+)		735,000	105,000
3. Payables to Group companies and affiliates (+)		420	893
B) Reimbursement and depreciation of:		-376,778	-161,868
1. Bonds and other marketable securities (+)		-75,000	
2. Bank borrowings (-)		-376,604	-161,868
3. Payables to Group companies and affiliates (-)		-174	
4. Other debts			
9. Payments for dividends and remuneration of other equity instruments		**-154,537**	**-149,562**
A) Dividends (-)	10.5	-154,537	-149,562
B) Remuneration of other equity instruments (-)			
D) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		**140,251**	**17,867**
Cash and cash equivalents at the beginning of the year		**21,187**	**3,320**
Cash and cash equivalents at the end of the year		**161,438**	**21,187**

The accompanying Notes 1 to 17 are an integral part of these Annual Accounts.

NOTES TO THE ANNUAL ACCOUNTS OF ACERINOX, S.A.

NOTE 1 – COMPANY ACTIVITIES

Name of the Company: Acerinox, S.A. (hereinafter, "the Company").

Incorporation: the Company was incorporated as a public limited liability company for an indefinite period of time on September 30, 1970.

Registered office, tax domicile and location in which its business activities are performed: the Company's registered office and tax domicile are located at calle Santiago de Compostela, no. 100, Madrid, Spain.

Corporate purpose and main business activities: the Company's purpose, as described in its bylaws, consists of the manufacture and sale of stainless steel and high-performance alloys products through the ownership of shares or other equity interests in companies with an identical or similar corporate purpose. The Company's main business activity is that of a holding company, in its condition as the Parent of the Acerinox Group. Acerinox, S.A. manages and supervises the strategic business areas. In addition, it provides corporate services such as legal, accounting, and advisory services, among others, and is responsible for directing and managing the Group's financing, as well as approving both Capex and organic and inorganic growth strategies.

As indicated in **Note 9.2.6,** the Company holds ownership interests in subsidiaries and affiliates. The Company is therefore the parent of a group of companies.

The Acerinox Group is an international manufacturer and distributor of stainless steel and high-performance alloys and is one of the most competitive companies in its industry. Present on all five continents, the Group is a leader in the United States and Africa and one of the best positioned companies in the sector in Europe. It is also the world's leading company in terms of turnover in the high-performance alloys sector.

On November 21, it completed the acquisition of Haynes International, strengthening Acerinox's position in the high-performance alloys segment, as well as in the attractive US market and aerospace sector. The Group has acquired this interest through its Group subsidiary in the United States, North American Stainless Inc. Detailed information on this deal is included in **Note 9.2.6**. Haynes, together with VDM, is part of the Acerinox Group's high-performance alloys segment. Haynes is headquartered in Kokomo, Indiana, where its main plant is located, and has other plants in Louisiana and North Carolina. It also has sales subsidiaries and service centers in other European countries and in Asia.

The Acerinox Group has five stainless-steel factories on three continents, located in Campo de Gibraltar, Ponferrada and Igualada (Spain), Ghent (Kentucky, USA) and Middelburg (Mpumalanga, South Africa). The High-Performance Alloys Division, consisting of VDM Metals and Haynes International, operates 10 production centers across Germany and the United States: five in Germany (Unna, Duisburg, Siegen, Werdohl, and Altena) and five in the United States (New Jersey, Nevada, Indiana, Louisiana, and North Carolina). The Group also has an extensive distribution network that enables it to sell in more than 80 countries.

On the other hand, as also detailed in **Note 9.2.6**, on December 3, the Group sold the Malaysia-based subsidiary Bahru Stainless Sdn Bhd Group. This sale has been caused by production overcapacity in this market and price pressure. However, the Group continues to maintain a commercial subsidiary in that country, which will allow it to continue to supply this market with less commodity and high value-added products from other Group plants.

The presentation of consolidated annual accounts is obligatory, pursuant to generally accepted accounting principles and standards, in order to present a fair view the financial position, results of operations, changes in equity and cash flows of the Group.

At December 31, 2024, Acerinox, S.A., in accordance with Rule 13 of the Rules for the Preparation of Annual Accounts, did not form part of a decision-making unit with other companies with registered office in Spain other than those included in **Note 9.2.6**.

Fiscal year: The fiscal year of Acerinox, S.A. covers 12 months. It begins on January 1 and ends on December 31.

Authorization for issue: These annual accounts were authorized for issue by the Board of Directors of Acerinox, S.A., on February 26, 2025.

On that same date, the directors also authorized for issue the consolidated annual accounts of Acerinox, S.A. and subsidiaries for 2024, which present consolidated profit attributable to the Parent Company of EUR 224,946 thousand (2023: EUR 228,128 thousand) and consolidated equity of EUR 2,575,071 thousand (2023: EUR 2,463,126 thousand).

NOTE 2 – BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.1 Fair view

In accordance with current legislation, the Company's directors formally prepared these annual accounts, in order to present a fair view of its equity and financial position at December 31, 2024 and the results of its operations, the changes in its equity and the cash flows in the year then ended.

The annual accounts have been prepared from the Company's accounting records and are presented in accordance with current mercantile legislation, with the rules established in the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 and the amendments incorporated, the latest being those introduced by Royal Decree 1/2021, dated January 12.

The Company's directors consider that the annual accounts for 2024 will be approved by the General Shareholders' Meeting without any changes.

2.2 Comparative information

For comparison purposes the accompanying annual accounts present, in addition to the figures for 2024, for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the annual accounts, the figures for 2023, which formed part of the annual accounts for 2023 approved by the shareholders at the General Shareholders' Meeting on April 22, 2024.

These annual accounts are presented in euros, which is the Company's functional and presentation currency, and the figures are rounded off to the nearest thousand.

2.3 Key issues in relation to the measurement and estimation of uncertainty

In preparing the consolidated annual accounts in accordance with the Spanish General Chart of Accounts, the Company's management is required to make certain judgments, estimates and assumptions that affect the application of the accounting policies and, therefore, the figures presented in these consolidated annual accounts.

The accounting estimates and judgments are assessed on an ongoing basis and are based on historical experience and other factors, including expectations regarding future events that are considered to be reasonable. The Company may revise such estimates if changes were to occur in certain events or circumstances.

The Company makes estimates and judgments regarding the future. The resulting accounting estimates may differ from the corresponding actual results. Any changes in estimates are recognized in the financial statements prospectively, as established in Recognition and Measurement Standard 22 of the Spanish National Chart of Accounts. The accounting estimates and judgments are reviewed regularly.

The main estimates made by the Company are as follows:

a) Fair value of derivatives and other financial instruments

The Company acquires derivative financial instruments to hedge its exposure to the risk of exchange rate and interest rate fluctuations. The fair value of financial instruments not traded in active markets is determined using valuation techniques based mainly on market conditions existing at each reporting date, and provided that financial information is available to carry out this valuation. **Note 9.2** includes information on all of the Company's financial instruments.

b) Impairment losses on investments in Group companies and affiliates

The Company reviews at each balance sheet date whether there is any indication of impairment of investments in Group companies and affiliates. If such indications exist, the Company assesses whether the investment cost exceeds its recoverable amount, which is usually determined on the basis of value in use (present value of the cash flows expected to be generated by the affiliate) or at their fair value less costs to sell. These calculations require the use of assumptions, for example in relation to sales, margins, discount rates and perpetuity growth rates, which involve a high degree of judgment.

The recoverable amounts of the cash-generating units in this year have been determined based on calculations of their value in use. Some estimates were made by an independent valuer.

Note 9.2.6 details the analyzes conducted by the Company in 2024 and 2023.

c) Recoverability of tax loss and tax credit carryforwards

Separately from tax legislation, which in Spain allows the recovery of tax losses without time limitation, as established in the related accounting policy (see **Note 4.7**), the Company recognizes in the balance sheet the deferred tax assets arising from tax loss and tax credit carryforwards, provided that they are recoverable over a reasonable period of time, which the Company has set at ten years. The Company regularly assesses the recoverability of available tax assets through earnings projections approved by management, to conclude as to whether they will be recoverable in the aforementioned reasonable period.

The Company files consolidated income tax returns, together with the other Spanish entities that form part of the Group (with the exception of the entities established in the regions of Álava, Vizcaya and Guipúzcoa). The Company takes this circumstance into consideration when determining earnings projections and the recoverability of the tax assets.

Despite the Company's positive results this year, the tax group has generated tax losses, so it has not been possible to offset tax loss carryforwards from previous years.

At Group level, after recording the credit derived from the losses of the tax group for 2024 (EUR 34 million), and having performed the recoverability analysis described in **Note 12.3**, an impairment of EUR 61,548 thousand has been recorded. The Company has not been affected by the aforementioned impairment as it has practically no capitalized tax credits derived from unused tax loss carryforwards from previous years; in fact, the effect in the year has been the opposite, as explained below.

The Company has partially reversed the impairment recorded. Tax credits at year-end amounted to EUR 10,671 thousand based on (i) the effect of the nullity of RD 3/2016, (ii) forecast results of future years and (iii) the effect of the limitation of integration in the Group's taxable income of the losses of the companies that compose it and the consequent integration over the following 10 years. In view of the positive results in these financial years, the Company Acerinox S.A. will not be affected by the integration of losses mentioned above (iii).

Note 12.3 details the Company's existing tax assets and the assumptions used to determine the recoverability of recognized tax assets.

d) Determination of employee benefit obligations

Pension and similar obligations are determined on the basis of actuarial valuations which take into account statistical rates published by official bodies relating to future valuations such as expectations of salary increases, growth rates, mortality rates, discount rates, etc. These rates may vary significantly depending on economic and market conditions, which would cause variations in the obligations recognized in the financial statements. These assessments are carried out by independent experts.

In the consolidated statement of financial position, the Company records the amounts related to its employee benefit obligations, which are determined through actuarial valuations conducted by independent experts, and contingent upon them not being sufficiently insured.

Note 14.4 includes detailed information on the assumptions used during this financial year to perform the valuations.

e) Recognition of deferred tax liabilities under Pillar 2 standards

As explained in accounting policies, in December 2021, the Organization for Economic Co-operation and Development ("OECD") published the "Pillar 2" model standards for reforming international corporate taxation. The standard requires affected large multinational companies to calculate their effective GloBE ("Global Anti-Base Erosion") tax rate for each jurisdiction in which they operate. These companies will be obliged to pay an additional tax for the difference between their effective GloBe tax rate per jurisdiction and the minimum rate of 15%. The aforementioned Directive was transposed into Spanish law on December 20, 2024 by Law 7/2024, which establishes, among other measures that do not apply to the Group, a Supplementary Tax to guarantee an overall minimum level of taxation for multinational groups and large domestic groups.

According to the analysis based on the figures to be reported in the 2024 country-by-country report, the Group is covered by temporary safe harbors, exempting it from calculation of the minimum tax. The analyses performed confirm that in the jurisdictions where the Group's main entities are located, effective taxes exceed the minimum payment of 15%.

NOTE 3 – DISTRIBUTION OF PROFIT AND SHAREHOLDER REMUNERATION

The proposed distribution of profit of the parent, Acerinox, S.A., for 2024 that the Board of Directors will submit for approval by the shareholders at the General Shareholders' Meeting is as follows:

	2024
Basis for distribution:	
Profit/(loss) for the year	101,478,498
Application:	
Dividends	154,587,930
To voluntary reserves	-53,109,432

The Board of Directors of Acerinox, S.A. resolved to propose to the next Ordinary General Shareholders' Meeting of the Company a dividend distribution of EUR 0.62 per share.

On April 22, 2024, the General Shareholders' Meeting approved the appropriation of the results of the parent company for the financial year 2023, with the following distribution:

	2023
Basis for distribution:	
Profit/(loss) for the year	114,186,613
Application:	
Dividends	149,537,702
To voluntary reserves	-35,351,089

NOTE 4 – ACCOUNTING POLICIES

4.1 Intangible assets

a) Computer software

Acquired licenses for computer software are capitalized based on the costs incurred to acquire them and prepare them for use of the specific software.

Computer software maintenance costs are recognized as such on an accrual basis. Costs directly related to the production of unique and identifiable computer software by the Company, provided that they are likely to generate economic benefits exceeding those costs over more than one year, are recognized as intangible assets. The capitalized costs include direct labor and directly attributable general expenses.

Computer software is depreciated on a straight-line basis over the three-year period in which it is expected to be used.

Note 5 includes detailed information on intangible assets.

4.2 Property, plant and equipment

a) Owned assets

Property, plant and equipment are stated at acquisition cost or deemed cost less any accumulated depreciation and any recognized impairment losses.

Property, plant and equipment acquired before December 31, 1996 are measured at acquisition cost and are revalued in accordance with the provisions of the applicable legal regulations, less any accumulated depreciation and impairment losses.

After initial recognition of the asset and once it is ready for use, only the costs incurred for improvements that it is probable will give rise to future economic benefits and that can be measured reliably are capitalized. In this connection, the costs of day-to-day servicing of property, plant and equipment are recognized in the income statement as they are incurred.

Gains or losses on the sale or disposal of property, plant and equipment are recognized in the income statement as operating income or expenses.

b) Depreciation and amortization charge

Items of property, plant and equipment are depreciated systematically on a straight-line basis over the years of their useful life. For these purposes, depreciable amount is understood to be acquisition cost less residual value. The Company calculates the depreciation charge separately for each part of an item of property, plant and equipment whose cost is significant in relation to the total cost of the item.

Land is not depreciated.

Property, plant and equipment are depreciated over the following years of useful life:

- Buildings: 50 years
- Other items of property, plant and equipment: 5-10 years

The residual value, the depreciation method and the useful life of the assets are reviewed, and adjusted if necessary, at each reporting date. Any variations to the estimates initially made are accounted for as a change in estimate (see **Note 2.3**).

Note 6 includes detailed information on property, plant and equipment.

4.3 Investment property

"Investment property" consists of Company-owned buildings not occupied by the Company which are held to earn returns, either through rental or through capital appreciation and subsequent disposal of the buildings.

The Company only transfers items between "property, plant and equipment" and "investment property" when a change in the use of the property occurs.

Investment property is initially recognized at cost, including transaction costs. After initial recognition, the Company applies the same requirements established for property, plant and equipment, including the depreciation period.

Lease income is recognized as indicated in **Note 4.8.**

4.4 Impairment of non-financial assets

The book value of non-financial assets other than inventories and deferred tax assets is reviewed at the end of each reporting period in order to assess whether any indication of impairment thereof exists. If such an indication exists, the Company estimates the recoverable amount of the asset.

The Company considers that indications of impairment exist when there is/are a significant decrease in the value of the asset, significant changes in the legal, economic or technological environment that could affect the measurement of assets, obsolescence or physical impairment, idle assets, low returns on assets, discontinuation or restructuring plans, repeated losses at the entity or substantial deviation from the estimates made. That is to say, the assessment of the existence of indications of impairment takes into account both external sources of information (technological changes, significant variations in market interest rates, market values of assets, etc.) and internal sources (evidence of obsolescence, etc.).

Valuation adjustments for impairment losses on an asset are recognized whenever the book value of the asset, or of the corresponding cash-generating unit, exceeds its recoverable amount. The provisions for losses on an asset are recognized as an expense in the income statement.

The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use. Value in use is the present value of estimated cash flows, applying a discount rate that reflects the present market valuation of the time value of money and the specific risks of the asset in question.

In order to determine the recoverable amount, the Group occasionally may hire an independent expert.

In estimating the value in use of an asset, the Company takes into account the estimated future cash flows, expectations regarding possible variations in the amount or timing of those future cash flows, the time value of money and any other factors that any other market participant would reflect in pricing the future cash flows derived from the investment. The Group also takes climate risks into account in determining future projections.

In determining value in use, the Company bases its cash flow projections on reasonable and well-founded assumptions that represent management's best estimates. These projections generally cover a maximum period of five years, unless a longer time period can be justified.

The Company estimates cash flow projections beyond the period covered by the budgets, extrapolating such projections using a constant growth rate which does not exceed the average long-term growth rate of the stainless-steel industry, or the rate of the country or countries in which the entity operates.

Management assesses the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past and current cash flow projections, ensuring that the assumptions on which its current cash flow projections are based are consistent with actual past performance, and considering that the effects of subsequent events or circumstances that did not exist when those actual cash flows were generated justify those differences.

Valuation adjustments for impairment on an asset which was recognized in prior years is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the most recent impairment loss was recognized. However, the new book value may not exceed the book value (net of depreciation and amortization) that would have been determined had no impairment loss been recognized.

4.5 Financial instruments

A financial instrument is a contract that gives rise to a financial asset at one company and, simultaneously, a financial liability or an equity instrument at another.

4.5.1 Classification

The Company classifies financial instruments in the different categories based on the characteristics and business model used to manage them and the contractual terms of their cash flows.

The Group does not generally reclassify any financial assets or liabilities, unless the business model changes.

4.5.2 Financial assets

A financial asset is any contractual right to receive cash or another financial asset.

Financial assets are initially recognized at fair value plus the transaction costs that are directly attributable to their acquisition or issue.

They are subsequently measured on the basis of each of the categories in which they have been classified.

Acquisitions and disposals of financial assets are recognized at the date on which the Company undertakes to acquire or sell the asset. Investments are derecognized when the rights to the cash flows from the investments expire or have been transferred and the Company has transferred substantially all the risks and rewards of their ownership. The derecognition of a financial asset involves the recognition in the income statement of the difference between its book value and the sum of the consideration received, net of transaction costs.

The detail of the accounting policies relating to the Company's financial assets is as follows:

a) Financial assets at depreciated cost

This category includes financial assets which, while not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market. Specifically, included in this category are trade receivables and non-trade receivables. They are classified as non-current only when they mature after more than 12 months from the reporting date. They are initially recognized at fair value which, unless there is evidence to the contrary, is the transaction price plus any directly attributable transaction costs. Subsequently measured at depreciated cost using the effective interest rate method, except for accounts receivable measured at their transaction price as they do not have a significant financial component, they are expected to be received in the short-term and the effect of not discounting the related cash flows is not significant.

The Company recognizes the necessary impairment losses whenever there is evidence that a receivable has become impaired. The impairment losses are calculated as the difference between the book value of the aforementioned assets and the present value of the estimated future cash flows that they are expected to generate, discounted at the effective interest rate calculated upon initial recognition. These losses are recognized as an expense in the income statement and are reversed when the causes of their original recognition cease to exist. The amount of the reversal is recognized as income in the income statement.

b) Financial assets at fair value through profit or loss

The Company includes derivative financial instruments in this category, unless they have been designated as hedge accounting instruments and meet the effectiveness conditions to be accounted for as such.

The derivative financial instruments included in this category are classified as current assets and are measured at fair value. Transaction costs that are directly attributable to the acquisition are recognized as an expense in the income statement. The changes in fair value are recognized in the income statement.

c) Financial assets at cost

This category includes investments in Group companies and affiliates.

Investments in Group companies and affiliates are initially recognized at cost, i.e. the fair value of the consideration given plus any directly attributable transaction costs. They are subsequently measured at cost net of any accumulated impairment losses.

The Company recognizes the necessary impairment losses whenever there is evidence that the book value of an investment exceeds its recoverable amount. Such evidence of impairment losses is considered to exist when the book value of the affiliate is lower than the book value of the ownership interest recognized in the annual accounts of Acerinox, S.A. less any unrealized gains, taking into account the budgets approved for the next financial years or when the affiliate reports repeated losses over various years.

The Company recognizes impairment on an ownership interest whenever its book value exceeds its recoverable amount.

The recoverable amount of an investment is the higher of fair value less costs of disposal and the present value of the future cash flows from the investment.

The present value of the future cash flows may be determined either by estimating the cash flows expected to be received as a result of the distribution of dividends and from the sale or derecognition of the investment, or by estimating the Company's share of the cash flows that are expected to be generated by the affiliate from its ordinary activities.

Valuation adjustments are recognized as operating expenses in the income statement statements, or as operating income when reversed.

4.5.3 Financial liabilities

For measurement purposes, the Company's financial liabilities are classified under the following categories:

a) Financial liabilities at depreciated cost

This category includes non-derivative financial liabilities with fixed or determinable payments. In the case of the Company, this includes loans, bonds issued by the Company and trade and other payables.

The financial liabilities classified in this category are initially recognized at cost, which matches their fair value, less any transaction costs incurred. They are subsequently measured at depreciated cost using the effective interest rate method. Accrued interest is recognized in the income statement. However, trade payables maturing within one year which do not have a contractual interest rate and are expected to be paid at short-term are stated at their par value.

The Company derecognizes a financial liability when the obligation specified in the contract is either settled or canceled or expires.

When debt is refinanced, the Company assesses the significance of the variations made to determine whether they are substantially different and, therefore, recognizes the effects of the new agreement as if it were an extinguishment and, simultaneously, the recognition of a new financing. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, qualitative factors will be taken into account in the evaluation. If an exchange of debt instruments or variation of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or variation is not accounted for as an extinguishment, any costs or fees incurred adjust the book value of the liability and are depreciated over the remaining term of the modified liability.

Among the qualitative factors, the Company considers there is a substantial modification of the terms of the debt in the following circumstances: a substantial extension of the maturity; significant modification of the margin; increase in the amount of the outstanding nominal amount of the financing; transfer from a debt at a variable interest rate to another debt at a fixed interest rate or vice versa, and/or the change of currency.

On the other hand, the Company has contracts with several financial institutions for the management of supplier payments. Trade payables payment of which is managed by the banks are recognized under "trade and other payables" until the related obligation is settled or canceled or expires. The Company uses Reverse Factoring as a payment instrument and financial institutions can provide the Company's suppliers with the possibility of financing through Reverse Factoring without extending payment terms.

b) Financial liabilities at fair value through profit or loss

The Company includes derivative financial instruments in this category, provided that they are not financial guarantee contracts or designated as hedging instruments.

They are measured at fair value. Any changes in fair value are recognized in the income statement.

4.5.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at banks. This line item also includes other short-term, highly liquid investments that are readily convertible to specified amounts of cash and subject to an insignificant risk of changes in value. For these purposes, cash and cash equivalents include investments maturing in less than three months from the date of acquisition.

In the statement of cash flows, the Company classifies interest received and paid as cash flows from operating activities, dividends received as cash flows from investing activities and dividends paid as cash flows from financing activities.

4.5.5 Guarantees provided and received

As regards guarantees provided or received for operating leases or for the rendering of services, the difference between their fair value and the amount paid is treated as an advance payment or collection for the lease or service rendered. In estimating the fair value of guarantees, the residual term is taken to be the minimum contractual term agreed during which the amount of the guarantee cannot be refunded.

Short-term guarantees are measured at their par value.

4.5.6 Hedge accounting

The aim of hedge accounting is to represent in the financial statements the effect of the risk management activities in which derivative financial instruments are used to hedge exposure to certain risks that might affect the income statement.

A hedging relationship qualifies for hedge accounting only if the following criteria are met:

- **a)** The hedging relationship consists only of eligible hedging instruments and eligible hedged items.
- **b)** At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- **c)** The hedging relationship meets the following hedge effectiveness requirements:

    - i. There is an economic relationship between the hedged item and the hedging instrument.
    - ii. The credit risk does not dominate the value changes resulting from that economic relationship.
    - iii. The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The Company only undertakes cash flow hedges.

At the inception of the hedge, the Group designates and formally documents the hedging relationship and the objective and strategy for undertaking the hedge.

Derivative financial instruments are initially recognized at acquisition cost, which matches fair value, and are subsequently measured at fair value.

Derivative financial instruments that do not qualify for hedge accounting are classified and measured as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments that fulfill the criteria for cash flow hedge accounting are treated as such. Therefore, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income and subsequently recognized in the income statement in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The Company prospectively discontinues hedge accounting when the hedging instrument expires, is sold or the hedge no longer meets the criteria for hedge accounting. In such cases, the cumulative gain or loss recognized in equity is recognized in the income statement.

4.6 Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date at the exchange rates then prevailing. Any exchange differences that arise from such translation are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies and recognized at historical cost are translated to the functional currency using the exchange rates prevailing at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated to the corresponding functional currency at the exchange rates prevailing at the date on which the fair value was determined. Exchange differences on non-monetary items measured at fair value are presented as a component of the fair value gain or loss.

In presenting the statement of cash flows, cash flows arising from transactions in a foreign currency are translated to euros by applying the exchange rates prevailing at the date of the cash flow.

Differences arising on liquidation of foreign currency transactions are recognized in the income statement.

4.7 Income tax

The income tax expense comprises current tax and deferred tax.

Current tax is the tax expected to be paid in respect of the taxable profit or tax loss for the year, using tax rates enacted at the balance sheet date and applicable to the year. Current tax also includes any adjustment to the tax payable or receivable for prior years.

Deferred taxes are calculated using the balance sheet liability method based on the temporary differences that arise between the tax bases of the assets and liabilities and their book values in the annual accounts. Deferred taxes are determined by applying the tax rates (and laws) enacted, or substantively enacted, at the consolidated statement of financial position date, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The effect of a change in the tax rate on the deferred tax assets and liabilities is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax liabilities are always recognized. Deferred tax assets are recognized only to the extent that it is considered probable that taxable profits or deferred tax liabilities will arise in the future against which the temporary differences can be offset.

The Company recognizes in the balance sheet the deferred tax assets arising from tax loss or tax credit carryforwards, provided that they are recoverable in a reasonable period of time, also taking into account the legally established limits for their use. Management has deemed a period of ten years to be reasonable.

In order to determine the recoverability of the tax assets, future earnings projections approved by management are performed. These take into account present macroeconomic and market circumstances. As the Company files consolidated tax returns, it takes into account the earnings projections of all the entities that form part of its tax group.

Deferred tax assets are reduced when it is no longer considered probable that sufficient future taxable income will be generated or there are no deferred tax liabilities against which the assets can be offset. Reductions are reversed if there is renewed expectation that sufficient taxable income will be available against which the derecognized balance can be utilized. Both the deferred tax asset reduction and its subsequent reversal are recognized as an increase or decrease in the tax expense, respectively, in the income statement in the year in which they arise.

In accordance with the option provided for in the Spanish National Chart of Accounts, the Company may offset current or deferred tax assets and liabilities if it has a legally enforceable right to do so and intends either to settle the liabilities on a net basis or to realize the assets and settle the liability simultaneously. However, the Company has not availed itself of this option.

Deferred tax assets and liabilities are recognized in the Company balance sheet under non-current assets or non-current liabilities, irrespective of the expected date of realization or settlement.

When tax audits result in a tax deficiency to be settled, the Group generally recognizes such amounts as a current expense for the amount payable, and a deferred tax expense for the change in assets or liabilities arising from temporary differences resulting from the related tax assessment.

The Company has been taxed under the consolidated tax regime since 1998. As agreed by the shareholders at the General Shareholders' Meeting held on May 28, 2003, Acerinox, S.A. and certain of the subsidiaries with registered office in Spain form part of a consolidated tax group on an indefinite basis, with the exception of Metalinox Bilbao, S.A.U. and Inoxidables de Euskadi, S.A.U., which file tax returns separately. At December 31, 2024 and 2023, the consolidated tax group was made up of: Acerinox, S.A., Acerinox Europa, S.A.U., Roldan, S.A., Inoxfil, S.A., Inoxcenter, S.L.U. and Inoxcenter Canarias, S.A.U. Under this regime, mutual credits and debits may arise between the companies forming part of the consolidation scope. Reciprocal receivables and payables between Group companies may arise as a result of the application of this regime. In this connection, if a company in the tax group incurs a tax loss in the year and the companies in the tax group as a whole offset all or a portion thereof in the consolidated income tax return, a reciprocal receivable and payable arises between the Group companies in relation to the portion of the tax loss that was offset. Also, the tax credits and tax relief relating to the income tax charge shall affect the calculation of the tax payable at each company for the effective amount thereof applicable under the consolidated tax regime and not for the amount (whether higher or lower) that would correspond to each company if individual tax returns were filed.

The amount of the payables or receivables in this connection is recognized under "payables to Group companies" in the balance sheet.

In connection with the new Pillar 2 tax regulations approved by the OECD, the Company has decided to make use of the temporary exemption with regard to the recognition of deferred tax assets and liabilities and the expenses resulting from the calculation of the minimum tax of 15%, as the Group has done in its consolidated annual accounts. **Note 12** contains detailed information on the above tax standard and the analysis carried out by the Group during the year and its potential impact.

The implementation of the Complementary Tax, pursuant to Law 7/2024, of December 20, introduces an overall minimum level of taxation of 15% for large multinational and national groups in Spain. This regulation affects the valuation of income tax, as deferred tax assets and liabilities are required to be adjusted to reflect the new tax. In addition, a mandatory temporary exception is established for the recognition and disclosure in the notes to the annual accounts of deferred tax assets and liabilities arising from the implementation of the OECD rules to combat the erosion of taxable income.

In addition, Law 7/2024 sets out that in the event that the effective tax rate of the constituent entities of the Group in a given jurisdiction is lower than 15%, an additional tax will be levied to reach such minimum rate. This national complementary tax will be calculated and paid in Spanish territory, thus ensuring that the minimum effective taxation of the net eligible profits of the constituent entities in Spanish territory yields, at least, a result equivalent to that of applying the income inclusion rule with respect to the income obtained in Spanish territory by the entities of the large multinational or national group.

The regulations also detail how adjusted covered taxes and the effective tax rate should be calculated and attributed, including post-reporting adjustments and changes in tax rates.

4.8 Income and expenses

Revenue is an increase in economic benefits during the year in the form of inflows or increases in the value of assets or decreases in liabilities that result in an increase in equity and are not related to owners' contributions.

Revenue depicts the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when a customer obtains control of the good or service sold, i.e. when the customer has the ability to direct the use of, and obtain substantially all of the benefits from the good or service.

The Company takes into consideration the five-step model to determine when, and for what amounts, revenue should be recognized.

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

A contract is an agreement between two or more parties that creates enforceable rights and obligations. A contract does not exist if each party to the contract has the unilateral enforceable right to terminate an unperformed contract without compensating the other party (or parties).

The amount recorded is determined by deducting from the amount of the consideration for the transfer of goods or services committed to customers or other income corresponding to the Company's ordinary activities, the amount of discounts, returns, price reductions, incentives, as well as value-added tax and other taxes directly related thereto that must be passed on.

The income of Acerinox, S.A. arises mainly from its ownership interests in the Group companies, as well as from the provision of services to its subsidiaries and the performance of financing activities within the Group, which constitute its ordinary activities. Consequently, and in accordance with ruling number 2 published in Official Gazette No. 79 of the Spanish Accounting and Auditing Institute (ICAC), the income earned from these activities is included under "revenue" in the income statement.

Revenue and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

a) Income from services rendered

In the case of the services provided by Acerinox, S.A., these are generic advisory and management services in various business areas, which are provided to Group companies on a monthly basis, so there are no compliance milestones. The cost is clearly identified in the contracts and based on the entity's costs. Therefore, the Group recognizes revenue on a monthly basis based on the consideration to be received.

b) Dividend income

Dividend income is recognized when the right to receive payment is established.

In the statement of cash flows, dividends received are classified as operating cash flows.

a) Leases

Lease income and expenses are recognized in the income statement on a straight-line basis over the term of the lease.

4.9 Provisions and contingencies

The Company recognizes a provision when:

i) it has a present obligation, whether legal or constructive, as a result of past events;
ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
iii) the amount can be estimated reliably.

The amounts recognized in the financial statement corresponds to the best estimate at the reporting date of the disbursements required to discharge the present obligation, after taking into account the risks and uncertainties relating to the provision and, where significant, the interest cost arising from discounting, provided that the disbursements that are to be made in each period can be reliably estimated.

4.10 Employee benefits

Employee benefits may comprise both short-term and long-term obligations.

Short-term commitments include:

- Short-term compensation: that which is expected to be paid in full within twelve months from the end of the reporting period in which the employees rendered their services. They are recognized as expenses in the year in which the service is rendered. They include wages and salaries, social security contributions, paid annual leave and sick leave, profit sharing and incentive or non-monetary compensation.
- Termination benefits: these are recognized as staff costs only when the Group is demonstrably committed to severing its link to an employee or group of employees prior to the normal retirement date.

Long-term commitments include:

- Post-employment benefits, such as retirement benefits or any other form of compensation to employees upon termination of their employment.
- Pension benefits.
- Share-based payment transactions.

The accounting policies followed by the Company for long-term commitments to its employees are as follows:

a) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to the services rendered in the current and prior periods. The Company has such plans for certain executives.

b) Defined benefit plans and other obligations

A defined benefit plan is an obligation acquired by the Company to its employees to remunerate services rendered.

The Company has obligations to certain of its employees when they reach retirement age. Defined benefit liabilities are recognized at the present value of the obligations existing at the reporting date less the fair value of the plan assets at that date. Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of the insurance policies is considered equal to the present value of the related payment obligations.

c) Share-based payment transactions

The Company applies Recognition and Measurement Standard 17 of the Spanish National Chart of Accounts, in relation to equity-settled transactions with employees, to equity-settled transactions in which the entity receives goods or services in exchange for shares of the parent Company.

In accordance with the terms of the share-based payment plans approved by the Group, the equity instruments granted do not vest immediately, and do so when a certain service period is completed, so the Company recognizes an expense on a straight-line basis over the period in which the rights to receive such shares vest, recognizing at the same time the corresponding increase in equity.

The goods or services received, as well as the corresponding increase in equity, are measured at fair value on the date the equity instruments are granted. Fair value is determined by the market price of the entity's shares adjusted to take into account the terms and conditions on which those shares were granted (except for vesting conditions, other than market conditions, which are excluded from the determination of fair value). The Company uses the appraisal of an independent expert, who uses the Monte Carlo method for this valuation.

When the obligation to deliver its own equity instruments is to the employees of a subsidiary, the events must be qualified as a "contribution", in which case the parent recognizes an increase in the value of its interest in the subsidiary, with a credit to its own equity instruments, and measures it at the fair value of the equity instruments transferred at the grant date.

Upon delivery of the shares, the accounting difference between the equity item canceled and the treasury shares delivered is recognized with a charge to the Parent's reserves.

4.11 Related party transactions

The Company's financial statements include transactions performed with the following related parties:

- Group companies;
- key executives of the Group, members of the Board of Directors and persons related to them; and
- Significant shareholders of the Company.

All the transactions performed with related parties are performed under market conditions. It was not necessary to make value judgments or estimates in relation to related party transactions.

The transactions performed by the Company with related parties are detailed in **Note 15**.

4.12 Classification of assets and liabilities between current/non-current

In the balance sheet the Company classifies assets and liabilities as current and non-current items. For such purpose, assets and liabilities are considered to be current when they are expected to be realized or settled within 12 months after the reporting date, or when they are cash or cash equivalents.

NOTE 5 – INTANGIBLE ASSETS

The detail of the main classes of intangible assets and of the changes therein in 2024 and 2023 is as follows:

(Amounts in thousands of euros)

COST	Computer software	Advances for computer software	TOTAL
Balance as of December 31, 2022	**14,515**	**453**	**14,968**
Acquisitions	95	632	727
Balance as of December 31, 2023	**14,610**	**1,085**	**15,695**
Acquisitions	268	193	461
Transfers	1,278	-1,278	0
Balance as of December 31, 2024	**16,156**	**0**	**16,156**

ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSS	Computer software	Advances for computer software	TOTAL
Balance as of December 31, 2022	**14,276**	**0**	**14,276**
Allocation	148		148
Balance as of December 31, 2023	**14,424**	**0**	**14,424**
Allocation	458		458
Balance as of December 31, 2024	**14,882**	**0**	**14,882**

NET VALUE	Computer software	Advances for computer software	TOTAL
Cost as of December 31, 2022	14,515	453	14,968
Accumulated amortization and impairment losses	-14,276		-14,276
Carrying amount as of December 31, 2022	**239**	**453**	**692**
Cost as of December 31, 2023	14,610	1,085	15,695
Accumulated amortization and impairment losses	-14,424		-14,424
Carrying amount as of December 31, 2023	**186**	**1,085**	**1,271**
Cost as of December 31, 2024	16,156		16,156
Accumulated amortization and impairment losses	-14,882		-14,882
Carrying amount as of December 31, 2024	**1,274**	**0**	**1,274**

The depreciation charge for the year is included under “depreciation of fixed assets” in the income statement.

Fully depreciated goods

In 2024, the Company’s fully depreciated intangible assets amounted to EUR 14,359 thousand (2023: EUR 14,149 thousand).

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The detail of the various categories of property, plant and equipment and of the changes therein in 2024 and 2023 is shown in the following table:

(Amounts in thousands of euros)

COST	Land	Buildings	Other items of property, plant and equipment	Property, plant and equipment in	TOTAL
Balance as of December 31, 2022	**4,340**	**8,092**	**8,065**	**762**	**21,259**
Additions			437	103	540
Transfers		534	331	-865	
Balance as of December 31, 2023	**4,340**	**8,626**	**8,833**	**0**	**21,799**
Additions			327		327
Balance as of December 31, 2024	**4,340**	**8,626**	**9,160**	**0**	**22,126**

ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSS	Land	Buildings	Other items of property, plant and equipment	Property, plant and equipment in	TOTAL
Balance as of December 31, 2022		**5,226**	**7,701**		**12,927**
Allocation		147	226		373
Balance as of December 31, 2023	**0**	**5,373**	**7,927**	**0**	**13,300**
Allocation		149	286		435
Balance as of December 31, 2024	**0**	**5,522**	**8,213**	**0**	**13,735**

NET VALUE	Land	Buildings	Other items of property, plant and equipment	Property, plant and equipment in	TOTAL
Cost as of December 31, 2022	4,340	8,626	8,833		21,799
Accumulated depreciation		-5,373	-7,927		-13,300
Carrying amount as of December 31, 2022	**4,340**	**3,253**	**906**	**0**	**8,499**
Cost as of December 31, 2023	4,340	8,626	8,833		21,799
Accumulated depreciation		-5,373	-7,927		-13,300
Carrying amount as of December 31, 2023	**4,340**	**3,253**	**906**	**0**	**8,499**
Cost as of December 31, 2024	4,340	8,626	9,160		22,126
Accumulated depreciation		**-5,522**	**-8,213**		**-13,735**
Carrying amount as of December 31, 2024	**4,340**	**3,104**	**947**	**0**	**8,391**

Disposals of property, plant and equipment

As of December 31, 2024 and 2023 no items of property, plant and equipment were derecognized. At December 31, 2024 and 2023 there were no results from the sale of fixed assets.

Fully depreciated goods

At December 31, 2024, the Company had fully depreciated items of property, plant and equipment amounting to EUR 7,596 thousand (2023: EUR 7,439 thousand).

Other disclosures

There were no legal proceedings, attachments or similar measures that could affect items of property, plant or equipment at December 31, 2024 or 2023.

Insurance

The Company has taken out several insurance policies to cover the risks to which its property, plant and equipment are subject. It is considered that these policies sufficiently cover such risks.

Environment

The Company does not have any items of property, plant and equipment aimed at minimizing environmental impact.

In 2024, as in 2023, the Company did not incur any environmental expenses.

NOTE 7 – INVESTMENT PROPERTY

The detail of the changes in "investment property" in 2024 and 2023 is shown in the following table:
(Amounts in thousands of euros)

COST	Land	Buildings	TOTAL
Balance as of December 31, 2022	**1,231**	**2,320**	**3,551**
Transfers			
Balance as of December 31, 2023	**1,231**	**2,320**	**3,551**
Transfers			
Balance as of December 31, 2024	**1,231**	**2,320**	**3,551**

ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSS	Land	Buildings	TOTAL
Balance as of December 31, 2022		**1,567**	**1,567**
Allocation		47	47
Balance as of December 31, 2023	**0**	**1,614**	**1,614**
Allocation		46	46
Balance as of December 31, 2024	**0**	**1,660**	**1,660**

NET VALUE	Land	Buildings	TOTAL
Cost as of December 31, 2022	1,231	2,320	3,551
Accumulated depreciation		-1,567	-1,567
Carrying amount as of December 31, 2022	**1,231**	**753**	**1,984**
Cost as of December 31, 2023	1,231	2,320	3,551
Accumulated depreciation		-1,614	-1,614
Carrying amount as of December 31, 2023	**1,231**	**706**	**1,937**
Cost as of December 31, 2024	1,231	2,320	3,551
Accumulated depreciation		-1,660	-1,660
Carrying amount as of December 31, 2024	**1,231**	**660**	**1,891**

The Company maintains certain plants leased to Group companies in this category.

The lease income obtained by the Company in 2024 amounted to EUR 365 thousand (2023: EUR 356 thousand). The associated operating expenses, including repair and maintenance expenses, amounted to EUR 123 thousand (2023: EUR 115 thousand).

There are no contractual obligations to acquire, construct or develop investment property or to perform repairs, maintenance or improvement work.

The market value of all the investment property exceeded the book value thereof and amounted to EUR 5,759 thousand at December 31, 2024. This valuation takes into account observable market variables such as offers and prices per square meter of premises available in the geographical area of the Company's investment property and, therefore, the determination of fair value is classified within the LEVEL 2 hierarchy detailed in **Note 9.2.2.1**.

Insurance

The Company has taken out several insurance policies to cover the risks to which the investment property is subject. It is considered that these policies sufficiently cover such risks.

NOTE 8 – LEASES AND OTHER SIMILAR TRANSACTIONS

The Company only has operating leases.

8.1 Lease expenses (as lessee)

In 2024, the operating lease expenses amounted to EUR 275 thousand (2023: EUR 300 thousand).

The present value of the minimum lease payments is EUR 296 thousand (2023: EUR 508 thousand) and relates to lease terms ending within five years.

NOTE 9 – FINANCIAL INSTRUMENTS

9.1 General considerations

For measurement purposes, the Company classifies its financial instruments under the categories detailed in **Note 4.5**.

9.2 Information on the importance of financial instruments to the Company's financial position and its results

9.2.1 Categories of financial assets and liabilities

The Company's financial assets, excluding investments in equity instruments of Group companies and affiliates, at year-end 2024 and 2023 are as follows, according to the classification introduced by the amendment to the Spanish General Chart of Accounts in Royal Decree 1/2021 of January 12:

(Amounts in thousands of euros)

Class	Long-term financial instruments						Short-term financial instruments					
	Equity instruments		Debt securities		Loans, derivatives and other		Equity instruments		Debt securities		Loans, derivatives and other	
Category	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Assets at fair value through profit or loss												
- Trading portfolio												
- Others												
Financial assets at depreciated cost or cost					2,963	75					679,899	937,898
Hedging derivatives					4,498	8,991					7,449	12,367
TOTAL	**0**	**0**	**0**	**0**	**7,461**	**9,066**	**0**	**0**	**0**	**0**	**687,348**	**950,265**

No debts with Public Administrations are included either as of December 31, 2024 or 2023.

At 2024 and 2023 year-end the Company's financial liabilities were as follows:
(Amounts in thousands of euros)

Class	Long-term financial instruments						Short-term financial instruments					
	Bank borrowings		Bonds and other marketable securities		Derivatives and others		Bank borrowings		Bonds and other marketable securities		Derivatives and others	
Category	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Liabilities at depreciated cost or cost	1,409,291	1,176,734			43	43	297,932	170,976		76,584	121,405	120,256
Liabilities at fair value through profit or loss												
- Trading portfolio											38	859
- Others												
Hedging derivatives					1,459						270	
TOTAL	**1,409,291**	**1,176,734**	**0**	**0**	**1,502**	**43**	**297,932**	**170,976**	**0**	**76,584**	**121,713**	**121,115**

No debts with Public Administrations are included either as of December 31, 2024 or 2023.

9.2.2 Derivative financial instruments

The detail of the derivative financial instruments, classified by category, is as follows:

(Amounts in thousands of euros)

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Derivatives at fair value through profit or loss		38		859
Hedging derivatives	11,947	1,729	21,358	
TOTAL	**11,947**	**1,767**	**21,358**	**859**

All derivatives at fair value through profit or loss have a term of less than one year and are classified as current in the statement of financial position. EUR 3,039 thousand of hedging derivatives are classified in the long term (2023: EUR 8,991 thousand).

9.2.2.1 Determination of fair value

As set out in the accounting policies, the Company measures derivative financial instruments and financial assets at fair value through other comprehensive income.

Financial instruments recognized at fair value are classified, based on the valuation inputs, in the following hierarchies:

LEVEL 1: quoted prices in active markets
LEVEL 2: observable market variables other than quoted prices
LEVEL 3: variables not observable in the market

The Group's position at December 31, 2024 and 2023 was as follows:

(Amounts in thousands of euros)

	2024			2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial derivatives (assets)		11,947			21,358	
TOTAL	**0**	**11,947**	**0**	**0**	**21,358**	**0**

	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial derivatives (liabilities)		1,767			859	
TOTAL	**0**	**1,767**	**0**	**0**	**859**	**0**

No financial assets or financial liabilities measured at fair value were transferred between levels.

In the case of Level 2 financial instruments, the Company uses generally accepted valuation techniques that take into account spot and future exchange rates at the measurement date, forward interest rates, interest rate spreads and credit risk of both the Company and its counterparty, i.e. the financial institutions with which it operates.

9.2.2.2 Financial instruments at fair value through profit or loss

The Company has classified in this category the derivative financial instruments that do not qualify for hedge accounting. Specifically, the Company classifies as financial instruments at fair value through profit or loss the currency forwards arranged to hedge the flows of its financing transactions and other operations performed with Group companies in foreign currency.

Based on the Group's hedging strategy, none of the aforementioned foreign currency derivatives arranged at December 31, 2024 were considered to be a hedge, since they are all used to hedge positions of monetary assets and liabilities denominated in foreign currency. Any exchange differences that arise from such translation are recognized in the consolidated income statement. Using these instruments ensures that any fluctuation in exchange rates that could affect assets or liabilities denominated in foreign currency would be offset by a change of the same amount in the derivative arranged. Similarly, changes in the derivative are recognized in the same way in the income statement, offsetting any changes that occur in foreign currency monetary items. As these derivatives do not qualify as cash flow hedging instruments for accounting purposes, the revaluation of these derivatives is recorded in the consolidated income statement "revaluation of financial instruments at fair value".

All of the Company's foreign currency purchase and sale forward contracts have a term of less than one year.

At December 31, 2024, the Company had used contracts for foreign currency transactions amounting to EUR 24 million. These foreign currency transactions enable the Company to hedge its foreign currency collection rights with Group companies in Malaysian ringgits. (EUR 313 million in 2023 that enable the Company to hedge its foreign currency collection rights with Group companies in US dollars and Malaysian ringgits).

The detail of these foreign currency forward contracts, by currency and amount used, is as follows:

(Amounts in thousands)

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
USD			330,000	
MYR	110,000		80,000	

9.2.2.3 Hedging derivatives

At December 31, 2024 and 2023, the Company had only classified interest rate swaps as hedging derivatives.

In this regard, the Company enters into interest rate derivatives to hedge floating rate cash flows from debt instruments. As Acerinox's S.A. risk management strategy allows for the exchange of hedging instruments and hedged items to meet corporate financing needs, the Company has documented the effectiveness of hedging through the contracted financial instruments so that they can be qualified for accounting purposes as cash flow hedging instruments through the designation of generic hedging relationships.

In order to hedge the interest rate risk on a portion of its current and non-current loans, the Company had arranged the following interest rate swaps at December 31, 2024:

	Notional contracted	Amount outstanding	Maturity
From variable to fixed rate	EUR 70 million	EUR 40 million	2028
From variable to fixed rate	EUR 100 million	EUR 30 million	2026
From variable to fixed rate	EUR 80 million	EUR 56 million	2028
From variable to fixed rate	EUR 260 million	EUR 260 million	2027
From variable to fixed rate	EUR 15 million	EUR 15 million	2027
From variable to fixed rate	EUR 50 million	EUR 50 million	2029
From variable to fixed rate	EUR 75 million	EUR 75 million	2029
From variable to fixed rate	EUR 120 million	EUR 120 million	2029

The average interest rate of euro-denominated financing hedged by an interest rate hedging derivative, totaling EUR 646 million at year-end, was 2.34% (2023: EUR 430 million at 1.70%). The credit spread on these loans is included in both cases.

By the end of 2024 and 2023 there is no interest rate hedge in a currency other than the euro.

During 2024, the Company contracted four new swap transactions to hedge highly probable future flows pegged to the variable interest rate, as well as any modification thereof that may occur before the maturity date.

The total of the four interest rate derivatives contracted in 2024 amounts to EUR 260 million and is divided as follows: two interest rate derivatives signed with BBVA for an initial amount of EUR 50 million and EUR 120 million; one with Caixabank for an initial amount of EUR 75 million; and one with Banca March for an initial amount of EUR 15 million.

In 2023, no interest rate derivative was contracted.

The detail at December 31, 2023 was as follows:

	Notional contracted	Amount outstanding	Maturity
From variable to fixed rate	EUR 70 million	EUR 50 million	2028
From variable to fixed rate	EUR 100 million	EUR 50 million	2026
From variable to fixed rate	EUR 80 million	EUR 70 million	2028
From variable to fixed rate	EUR 260 million	EUR 260 million	2027

The fair value of the interest rate swaps was based on the market value of equivalent derivative financial instruments at the reporting date and amounted to EUR 10,218 thousand (December 31, 2023: EUR 21,358 thousand).

The Company assesses whether outstanding hedging relationships meet the effectiveness requirements both at the date of designation and at year-end. At December 31, 2024 and 2023, all outstanding interest rate derivatives arranged qualified as cash flow hedging instruments and, therefore, the unrealized gains and losses in the amount of EUR 1,966 thousand, after tax, on their measurement at fair value was recognized in the statement of recognized income and expense (2023: EUR -2,866 thousand, after tax).

In 2024, EUR -9,923 thousand, after tax, were transferred from the statement of recognized income and expense to profit or loss for the year, reducing borrowing costs (2023: EUR -9,131 thousand, after tax).

The Company has documented the effectiveness of the derivatives arranged to be recognized as hedging instruments, as detailed in **Note 4.5.6.** The financial instruments considered to be hedges were not ineffective at any point in 2024 or 2023.

9.2.3 Financial assets at depreciated cost

Loans and receivables include trade and other receivables, such as loans granted to Group companies, which appear in the balance sheet under "investments in Group companies". In 2024, short-term credits granted to Group companies amounted to EUR 336,476 thousand (2023: EUR 612,054 thousand). At year-end there were no long-term credits (2023: EUR 70,000 thousand). Equity instruments in Group companies are not included, as they are measured at cost and are included in **Note 9.2.6**.

As explained in Note 9.3.1.3 on liquidity risk, the Group's treasury is managed centrally to achieve the best possible optimization of resources. Net debt is mainly concentrated at the Acerinox S.A. (more than 70% of total gross debt at year-end), which in turn finances the Group companies that need it.

The movements in the loans to Group companies during the year are as follows:

- On May 31 this year, the novation of the loans in force to date with Acerinox Europa for an amount of EUR 649 million (of which EUR 647 million were drawn down) took place under the same conditions applicable to the previous loans already existing at the end of last year. In November 2024, part of this loan matured early in order to carry out a capital increase in Acerinox Europa for EUR 430 million, leaving the loan drawn down by EUR 217 million. It is also proposed to sign a credit facility and to increase the current loan to EUR 250 million from EUR 217 million (amount drawn down at the end of the year).

This loan is pegged to a variable market interest rate with monthly settlements and quarterly reviews.

- In addition this year, and on the occasion of the sale of Bahru Stainless, Sdn. Bhd., Acerinox, S.A. has had to make loans to the company in order to be able to meet its debts with suppliers and banks, since the agreement with the sale and purchase agreement signed with the entity Worldwide Stainless, Sdn. Bhd established a sale of 100% of the entity's shares, free of cash and debt. The amounts contributed to this company amounted to USD 205 million (EUR 184.7 million), of which USD 1 million was amortized, almost USD 168 million was capitalized and around USD 34.2 million was transferred to the new company created in Malaysia (Cabaran Dunia) to pay for the land transferred, all in order to comply with the terms of the sale and purchase agreement.

- Also related to the agreement reached in the Bahru Stainless sale and purchase agreement between Acerinox, S.A. and Worldwide Stainless, the sale of the shares did not include certain land owned by Bahru, which had to be transferred prior to the sale to a Group entity. For this purpose, Acerinox has acquired a special purpose vehicle (Cabaran Dunia), at almost no cost, to which the land has been transferred at a market price determined by an independent third party. In order to be able to pay for this land, Acerinox, S.A. made a loan to this entity (Cabaran Dunia) amounting to EUR 31,728 thousand (including the USD 34.2 million that has been transferred from Bahru).

- During the year, the loan granted to Acerinox SC Malaysia, Sdn. Bhd. has been extended by an additional MYR 30 million, totaling MYR 110 million. As of the closing date, this loan is fully drawn down. In addition, it has a loan of USD 6 million that is fully available to meet payments to third party suppliers. The total balance of loans used by this entity at year-end amounted to EUR 29,482 thousand.

- As regards Roldan, S.A., there is a contract in force dated September 15, 2022 and maturing on December 31 of this year for a maximum of EUR 30 million. On December 27, the parties novated this agreement, extending its drawdown limit to 40 million, with the same market conditions. At year-end, the loan was drawn down by EUR 30 million.

- There is also a loan agreement with Inoxcenter for EUR 40 million. In December 2023 and in March, April and May of this year, 4 installments of EUR 5 million each were repaid on this loan, for a total of EUR 20 million, leaving EUR 20 million available at year-end.

Note 15.2 includes the breakdown of the balances with Group companies.

The finance income earned in 2024 on these loans to the Group companies amounted to EUR 37,552 thousand (2023: EUR 31,668 thousand).

No interest was earned on impaired financial assets in 2024 or 2023.

No valuation adjustments were recognized for uncollectible receivables from related parties

The amount recognized in the "other financial assets" with Group companies in the balance sheet relates mainly to the approved dividend from the Group company North American Stainless, Inc., 100% owned by Acerinox, S.A. in the amount of USD 250 million.

9.2.4 Financial assets at depreciated cost

The liabilities classified in this category by the Company (excluding bank borrowings and bonds issued, which are detailed in **Note 9.2.5**), include the amounts classified in the balance sheet under "trade and other payables" as well as current payables to Group companies amounting to EUR 37,554 thousand (2023: EUR 34,797 thousand).

Payables to Group companies per company are detailed in **Note 15.2.**

With regard to the average payment period, as established in Law 18/2022 of September 29 on the establishment and growth of companies the Company breaks down below the average payment period for suppliers, the volume of money and the number of invoices paid in a period lower than the maximum established in the regulations on late payments, as well as the percentage of these invoices in the total number of invoices and in the total amount of money paid to their suppliers.

The average payment period to suppliers, both domestic and foreign, is as follows:

	2024	2023
Average supplier payment period	44 days	54 days
Ration of operations settled	45 days	55 days
Ratio of transactions pending payment	35 days	39 days

(Amounts in thousands of euros)	Amount	Amount
Total payments made	52,958	27,389
Total outstanding payments	2,774	2,139

Details of the volume and number of invoices paid are as follows:

	2024	2023
a) Monetary volume of invoices paid within a period equal to or less than the maximum established in the regulations on late payment (in thousands of euros)	36,732	14,482
Percentage share of total monetary payments to its suppliers	69%	53%
b) Number of invoices paid within a period equal to or less than the maximum period established in the late payment regulations	4,515	5,797
Percentage share of total number of invoices of payments to its suppliers	80%	84%

The table includes, the same as above, the payments made to any supplier, whether domestic or foreign.

9.2.5 Bank borrowings and bonds issued

The detail of the financial debt line items in the statements of financial position as at December 31, 2024 and 2023, including both loans and bonds issued by the Company in the year, is as follows:

(Amounts in thousands of euros)

	Non-current		Current	
	2024	2023	2024	2023
Bonds issued				76,584
Bank borrowings	1,409,291	1,176,734	297,932	170,976
Total financial debt	**1,409,291**	**1,176,734**	**297,932**	**247,560**

The private placement issued in July 2014 and in which Deutsche Bank AG, London Branch acted as underwriter, in the amount of EUR 75 million, with a term of 10 years matured in July 2024, the date on which it was redeemed.

The detail of the maturity of the outstanding debt at December 31, 2024 was as follows:

(Amounts in thousands of euros)

	2025	2026	2027	2028 and thereafter	TOTAL
Bank borrowings	297,932	375,200	417,100	616,991	1,707,223
Total long-term debt	**297,932**	**375,200**	**417,100**	**616,991**	**1,707,223**

The detail of the maturity of the outstanding debt in 2023 was as follows:

(Amounts in thousands of euros)

	2024	2025	2026	2027 and thereafter	TOTAL
Bank borrowings	170,976	458,933	388,533	329,267	1,347,709
Bonds issued	76,584				76,584
Total long-term debt	**247,560**	**458,933**	**388,533**	**329,267**	**1,424,293**

At December 31, 2024 and 2023, all loans and bond issues had been arranged in euros.

The changes in non-current and current payables relating to loans, excluding bonds issued, are as follows:

(Amounts in thousands of euros)

	Long-term loans		Short-term loans	
	2024	2023	2024	2023
Opening balance	**1,176,734**	**1,227,250**	**170,976**	**172,930**
Additions	735,000	105,000		
Interest	826	772	291	3,626
Debt repayment	-44,486	-15,855	-332,118	-146,013
Short-term transfers	-458,783	-140,433	458,783	140,433
Balance as of December 31	**1,409,291**	**1,176,734**	**297,932**	**170,976**

The breakdown of the debt by interest rate is as follows:

(Amounts in thousands of euros)

	Non-current payables		Current liabilities	
	2024	2023	2024	2023
Fixed	473,693	459,332	90,033	178,617
Variable	935,598	717,402	207,899	68,943
TOTAL	**1,409,291**	**1,176,734**	**297,932**	**247,560**

Fixed-rate debt solely includes borrowings originally arranged at fixed rates and does not include borrowings for which interest rates have been fixed by arranging derivatives.

The fair value of fixed interest rate loans was EUR 563,726 thousand at December 31, 2024, and their book value was EUR 555,779 thousand. The fair value of these borrowings at December 31, 2023 amounted to EUR 622,908 thousand (book value amounted to EUR 637,949 thousand).

For the determination of fair value, the Company has taken into account observable market variables such as interest rate curves, the term of the loans, etc., so the determination of fair value is classified within the LEVEL 2 hierarchy in accordance with the policy established in **Note 9.2.2.1**.

The interest rates of the floating interest rate loans are reviewed at least once a year.

The average interest rate prevailing on non-current loans is 2.59% (2023: 2.22%).

The average interest rate prevailing on current loans is 2.05% (2023: 2.60%).

At December 31, 2024, accrued interest payable on loans amounted to EUR 8,829 thousand (2023: EUR 8,626 thousand). In addition, accrued interest payable on bonds issued amounted to EUR 1,634 thousand at 2023 year-end.

The total borrowing costs calculated using the effective interest rate on long-term loans at depreciated cost amounted to EUR 826 thousand (2023: EUR 772 thousand).

The interest accrued during the year, calculated using the effective interest rate method, amounted to EUR 42,519 thousand (2023: EUR 31,788 thousand).

At December 31, 2024, the Company had arranged financing facilities with banks with a maximum available limit of EUR 2,202 million (2023: EUR 1,859 million), against which EUR 1,707 million had been drawn down at December 31, 2024 (2023: EUR 1,424 million).

Main financing transactions undertaken in the year

- Signing of two long-term fixed interest rate loans for a total amount of EUR 195 million with: EUR 150 million with Banco Sabadell and EUR 45 million with Ibercaja.

- Signing of seven long-term floating rate loans for a total amount of EUR 365 million with: Kutxabank (one of EUR 105 million, of which there are EUR 20 million undrawn at year-end and another of EUR 20 million); Cajamar (EUR 70 million); Caixabank (EUR 50 million, total amount undrawn at year-end); Intesa Sanpaolo (EUR 50 million); Bankinter (EUR 45 million) and Abanca (EUR 25 million).

- Signing of three long-term floating rate loans hedged with interest rate derivatives for a total amount of EUR 245 million: two loans with BBVA for a total amount of EUR 170 million and one loan with Caixabank for a total amount of EUR 75 million.

- In addition, in order to maintain the Group's liquidity, credit facilities in euros and dollars have been renewed.

The Group's most significant financing transactions during 2023 were as follows:

- Signing of the Syndicated Factoring contract in Spain between several subsidiaries of the Acerinox Group, including, for the first time, VDM Metals International as the new transferor, and Unicaja as the new transferee from among the existing ones (Abanca, BBVA, Banca March, Banco Sabadell, Bankinter, Banque Marocaine du Commerce Extérieur International, Caixabank and Santander Factoring and Confirming) for a total amount of EUR 380 million until 2025. The agent and structuring agent for the transaction continues to be Santander Factoring and Confirming

- Signing of four new long-term floating rate loans totaling EUR 105 million with Kutxabank (EUR 15 million), Intesa Sanpaolo (EUR 65 million), Caja Rural del Sur (EUR 10 million) and Banca March (EUR 15 million).

- In addition, in order to maintain the Group's liquidity, credit facilities in euros and dollars were renewed.

Regarding debt renegotiations, the Group assessed the significance of the modifications made to determine whether they were substantially different, in accordance with the criteria established in the accounting policy defined in **Note 4.5.3**, and recognized the effects of certain of the new agreements as an extinguishment and the simultaneous recognition of a new loan. No debt refinancing took place during this year or 2023.

Non-current borrowings subject to achievement of ratios

a) **Ratios linked to earnings**

Currently, no loan agreement entered into by Acerinox, S.A. contains covenants linked to ratios that take into account the results. The contracts subject to covenants relate to own funds of the consolidated group and are detailed below.

b) **Ratios linked to equity**

The two loans signed in 2024 with Caixabank in the amount of EUR 75 million and EUR 50 million; the loan novated in the first half of 2022 with Caixabank in the amount of EUR 260 million together with the two loans signed with BBVA and ICO in the amount of EUR 80 million each in the first half of 2020 for the acquisition of VDM are conditional upon compliance with the financial ratio of Net Financial Debt to Shareholders' Equity at the Consolidated level at the end of the year.

In addition to these five loans, there are three other financing contracts conditional on compliance with covenants also referring to the maintenance of minimum levels of own funds at consolidated level as well as the net financial debt to equity ratio. The loan arranged in March, 2017 and novated in December, 2021 with Banca March for EUR 50 million and assigned to a Securitization Fund upon arrangement, the loan arranged with the European Investment Bank ("EIB") in December, 2017 for EUR 70 million and the loan arranged in March, 2018 with the Instituto de Crédito Oficial ("ICO") for EUR 100 million. This type of covenant is standard market practice in financing with these maturities, as the loan arranged with Banca March had an initial term of seven years, the EIB loan of ten years and the ICO loan of eight years.

At 2024 year-end (as in 2023) Acerinox, S.A. achieved all the ratios required under the aforementioned agreements with a considerable margin.

9.2.6 Investments in Group companies and affiliates

At December 31, 2024, the Company's investments in Group companies were as follows:

	2024					
	OWNERSHIP					
FULLY CONSOLIDATED COMPANIES	COUNTRY	Value of investment (thousands of euros)	% direct ownership interest	% indirect ownership interest	Holder of ownership interest	AUDITORS
ACERINOX (SCHWEIZ) A.G.	Mellingen - Switzerland	327	100%		ACERINOX, S.A.	PWC
ACERINOX ARGENTINA S.A.	Buenos Aires - Argentina	598	90%	10%	ACERINOX, S.A.	Estudio Canil
ACERINOX AUSTRALASIA PTY. LTD.	Sidney - Australia	385	100%		ACERINOX, S.A.	
ACERINOX BENELUX S.A. - N.V.	Brussels - Belgium	209	100%		ACERINOX, S.A.	PWC
ACX DO BRASIL REPRESENTAÇOES, LTDA.	São Paulo - Brazil	373	100%	0.001%	ACERINOX, S.A.	

	2024					
	OWNERSHIP					
FULLY CONSOLIDATED COMPANIES	COUNTRY	Value of investment (thousands of euros)	% direct ownership interest	% indirect ownership interest	Holder of ownership interest	AUDITORS
ACERINOX CHILE, S.A.	Santiago de Chile - Chile	7,545	100%		ACERINOX, S.A.	PWC
ACERINOX COLOMBIA S.A.S.	Bogotá D.C. - Colombia	468	100%		ACERINOX, S.A.	
ACERINOX DEUTSCHLAND GMBH	Langenfeld - Germany	45,496	100%		ACERINOX, S.A.	PWC
ACERINOX EUROPA, S.A.U.	Algeciras - Spain	608,645	100%		ACERINOX, S.A.	PWC
ACERINOX FRANCE S.A.S	Paris - France	18,060	99.98%	0.02%	ACERINOX, S.A.	PWC
ACERINOX INDIA PVT LTD.	Mumbai - India	155	100%		ACERINOX, S.A.	ISK & Associates
ACERINOX ITALIA S.R.L.	Milan - Italy	78,844	100%		ACERINOX, S.A.	Collegio Sindicale - Studio Revisori
ACERINOX METAL SANAYII VE TICARET L.S.	Gümüşsuyu / Beyoğlu - Turkey	150	100%		ACERINOX, S.A.	
ACERINOX MIDDLE EAST DMCC (DUBAI)	Dubai - United Arab	10	100%		ACERINOX, S.A.	HLB Hamt
ACERINOX PACIFIC LTD.	Wan Chai - Hong Kong	7,467	100%		ACERINOX, S.A.	PWC
ACERINOX POLSKA, SP. ZO.O.	Warsaw - Poland	25,178	100%		ACERINOX, S.A.	PWC
ACERINOX SCANDINAVIA AB	Malmö - Sweden	31,909	100%		ACERINOX, S.A.	PWC
ACERINOX S.C. MALAYSIA SDN. BHD	Johor - Malaysia	19,476	100%		ACERINOX, S.A.	PWC
ACERINOX SHANGAI CO., LTD.	Shanghai - China	1,620	100%		ACERINOX, S.A.	Shanghai Shenzhou Dalong
ACERINOX (SEA), PTE LTD.	Singapore - Singapore	193	100%		ACERINOX, S.A.	PWC
ACERINOX U.K, LTD.	Birmingham - United	28,504	100%		ACERINOX, S.A.	PWC
ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	Trofa - Portugal	15,828	100%		ACERINOX, S.A.	PWC
COLUMBUS STAINLESS (PTY) LTD.	Middelburg - South Africa	241,724	76%		ACERINOX, S.A.	PWC
CORPORACIÓN ACERINOX PERU S.A.C.	Lima - Peru	794	100%		ACERINOX, S.A.	
INOX RE, S.A.	Luxembourg	1,225	100%		ACERINOX, S.A.	PWC
INOXCENTER CANARIAS, S.A.U.	Telde (Gran Canaria) -			100.00%	INOXCENTER	PWC
INOXCENTER, S.L.U.	Barcelona - Spain	17,758	100%		ACERINOX, S.A.	PWC
INOXFIL, S.A.	Igualada (Barcelona) -			100%	ROLDAN, S.A.	PWC
INOXIDABLES DE EUSKADI S.A.U.	Vitoria - Spain			100%	ACERINOX EUROPA, S.A.U.	PWC
INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL, UNIPESSOAL, LDA.	Trofa - Portugal			100%	ACEROL - COMÉRCIO E INDÚSTRIA DE	
METALINOX BILBAO, S.A.U.	Galdácano (Vizcaya) - Spain	3,718	100%		ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS INC.	Kentucky - USA	546,796	100%		ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS CANADA, INC.	Canada			100%	NORTH AMERICAN STAINLESS INC.	PWC
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	Apodaca - N.L.Mexico			100%	NORTH AMERICAN STAINLESS INC.	PWC

2024

FULLY CONSOLIDATED COMPANIES	COUNTRY	OWNERSHIP Value of investment (thousands of euros)	% direct ownership interest	% indirect ownership interest	Holder of ownership interest	AUDITORS
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.	Kentucky - USA	15	100%		ACERINOX, S.A.	
ROLDAN, S.A.	Ponferrada - Spain	17,405	99.77%		ACERINOX, S.A.	PWC
VDM METALS HOLDING GMBH	Werdohl - Germany	313,460	100.00%		ACERINOX, S.A.	PWC
VDM METALS INTERNATIONAL GMBH.	Werdohl - Germany			100%	VDM METALS HOLDING, GMBH.	PWC
VDM METALS GMBH	Werdohl - Germany			100%	VDM METALS HOLDING, GMBH.	PWC
VDM (SHANGHAI) HIGH PERFORMANCE METALS TRAD. CO. LTD.	Shanghai - China			100%	VDM METALS, GMBH.	Pan-China Certified Public Accounts
VDM HIGH PERFORMANCE METALS NANTONG CO. LTD.	Nantong - China			100%	VDM METALS INTERNATIONAL GMBH.	Pan-China Certified Public Accounts
VDM METALS AUSTRALIA PTY. LTD.	Mulgrave - Australia			100%	VDM METALS, GMBH.	
VDM METALS AUSTRIA G.M.B.H.	Brunn am Gebirge - Austria			100%	VDM METALS, GMBH.	
VDM METALS BENELUX B.V.	Zwijndrecht - Belgium			100%	VDM METALS, GMBH.	BDO
VDM METALS CANADA LTD.	Vaughan - Canada			100%	VDM METALS, GMBH.	
VDM METALS DE MEXICO S.A. DE C.V.	Naucalpan de Juarez - Mexico			100%	VDM METALS, GMBH.	
VDM METALS FRANCE S.A.S.	Saint-Priest - France			100%	VDM METALS, GMBH.	
VDM UNTERSTÜTZUNGSKASSE GMBH	Werdohl - Germany			100%	VDM METALS, GMBH.	
VDM METALS ITALIA S.R.L.	Sesto San Giovanni - Italy			100%	VDM METALS, GMBH.	
VDM METALS JAPAN K.K.	Tokyo - Japan			100%	VDM METALS, GMBH.	
VDM METALS KOREA CO. LTD.	Seoul - Korea			100%	VDM METALS, GMBH.	Samdo
VDM METALS UK LTD.	Claygate-Esher - UK			100%	VDM METALS, GMBH.	
VDM METALS USA LLC	Florham Park - USA			100%	VDM METALS, GMBH.	PWC
HAYNES INTERNATIONAL INC.	USA			100%	NORTH AMERICAN STAINLESS INC.	
HAYNES WIRE COMPANY, MOUNTAIN HOME NC	USA			100%	HAYNES INTERNATIONAL INC.	PwC
LAPORTE CUSTOM METAL PROCESSING LLC	USA			100%	HAYNES INTERNATIONAL INC.	
HAYNES INTERNATIONAL LTD.	Great Britain			100%	HAYNES INTERNATIONAL INC.	PwC

	2024					
	OWNERSHIP					
FULLY CONSOLIDATED COMPANIES	COUNTRY	Value of investment (thousands of euros)	% direct ownership interest	% indirect ownership interest	Holder of ownership interest	AUDITORS
HAYNES INTERNATIONAL SARL	France			100%	HAYNES INTERNATIONAL INC.	PwC
HAYNES INTERNATIONAL AG	Switzerland			100%	HAYNES INTERNATIONAL INC.	PwC
HAYNES INTERNATIONAL SRL	Italy			100%	HAYNES INTERNATIONAL INC.	PwC
HAYNES PACIFIC PTE LTD	Singapore			100%	HAYNES INTERNATIONAL INC.	PwC
HAYNES INTERNATIONAL TRADING CO LTD	China			100%	HAYNES PACIFIC PTE LTD	PwC
HAYNES INTERNATIONAL CHINA CO LTD	China			100%	HAYNES PACIFIC PTE LTD	
HAYNES INTERNATIONAL JAPAN KK	Japan			100%	HAYNES PACIFIC PTE LTD	
CABARAN DUNIA	Johor - Malaysia		100%		ACERINOX, S.A.	Thong & Lim
TOTAL		**2,034,335**				

At December 31, 2023, the Company’s investments in Group companies were as follows:

	2023					
	OWNERSHIP					
FULLY CONSOLIDATED COMPANIES	COUNTRY	Value of investment (thousands of euros)	% direct ownership interest	% indirect ownership interest	Holder of ownership interest	AUDITORS
ACERINOX (SCHWEIZ) A.G.	Mellingen - Switzerland	327	100%		ACERINOX, S.A.	PWC
ACERINOX ARGENTINA S.A.	Buenos Aires - Argentina	598	90%	10%	ACERINOX, S.A.	Estudio Canil
ACERINOX AUSTRALASIA PTY. LTD.	Sidney - Australia	385	100%		ACERINOX, S.A.	
ACERINOX BENELUX S.A. - N.V.	Brussels - Belgium	209	99.98%	0.02%	ACERINOX, S.A.	PWC
ACX DO BRASIL REPRESENTAÇOES, LTDA.	São Paulo - Brazil	373	100%	—%	ACERINOX, S.A.	
ACERINOX CHILE, S.A.	Santiago de Chile - Chile	7,545	100%		ACERINOX, S.A.	PWC
ACERINOX COLOMBIA S.A.S.	Bogotá D.C. - Colombia	68	100%		ACERINOX, S.A.	
ACERINOX DEUTSCHLAND GMBH	Langenfeld - Germany	45,496	100%		ACERINOX, S.A.	PWC
ACERINOX EUROPA, S.A.U.	Algeciras - Spain	274,234	100%		ACERINOX, S.A.	PWC
ACERINOX FRANCE S.A.S	Paris - France	18,060	99.98%	0.02%	ACERINOX, S.A.	PWC
ACERINOX INDIA PVT LTD.	Mumbai - India	155	100%		ACERINOX, S.A.	ISK & Associates

	2023					
	OWNERSHIP					
FULLY CONSOLIDATED COMPANIES	COUNTRY	Value of investment (thousands of euros)	% direct ownership interest	% indirect ownership interest	Holder of ownership interest	AUDITORS
ACERINOX ITALIA S.R.L.	Milan - Italy	78,844	100%		ACERINOX, S.A.	Collegio Sindicale - Studio Revisori Associatti
ACERINOX METAL SANAYII VE TICARET L.S.	Gümüşsuyu / Beyoğlu - Turkey	150	100%		ACERINOX, S.A.	
ACERINOX MIDDLE EAST DMCC (DUBAI)	Dubai - United Arab Emirates	10	100%		ACERINOX, S.A.	HLB Hamt
ACERINOX PACIFIC LTD.	Wan Chai - Hong Kong	7,467	100%		ACERINOX, S.A.	PWC
ACERINOX POLSKA, SP. ZO.O.	Warsaw - Poland	25,174	99.98%	0.02%	ACERINOX, S.A.	PWC
ACERINOX RUSSIA LLC	Saint Petersburg - Russia	100	100%		ACERINOX, S.A.	
ACERINOX SCANDINAVIA AB	Malmö - Sweden	31,909	100%		ACERINOX, S.A.	PWC
ACERINOX S.C. MALAYSIA SDN. BHD	Johor - Malaysia	19,476	100%		ACERINOX, S.A.	PWC
ACERINOX SHANGAI CO., LTD.	Shanghai - China	1,620	100%		ACERINOX, S.A.	Shanghai Shenzhou Dalong
ACERINOX (SEA), PTE LTD.	Singapore - Singapore	193	100%		ACERINOX, S.A.	PWC
ACERINOX U.K, LTD.	Birmingham - United Kingdom	28,504	100%		ACERINOX, S.A.	PWC
ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	Trofa - Portugal	15,828	100%		ACERINOX, S.A.	PWC
BAHRU STAINLESS, SDN. BHD	Johor - Malaysia		98.81%		ACERINOX, S.A.	PWC
COLUMBUS STAINLESS (PTY) LTD.	Middelburg - South Africa	241,469	76.00%		ACERINOX, S.A.	PWC
CORPORACIÓN ACERINOX PERU S.A.C.	Lima - Peru	314	100%		ACERINOX, S.A.	
INOX RE, S.A.	Luxembourg	1,225	100%		ACERINOX, S.A.	PWC
INOXCENTER CANARIAS, S.A.U.	Telde (Gran Canaria) - Spain			100%	INOXCENTER	PWC
INOXCENTER, S.L.U.	Barcelona - Spain	17,758	100%		ACERINOX, S.A.	PWC
INOXFIL, S.A.	Igualada (Barcelona) -			100%	ROLDAN, S.A.	PWC
INOXIDABLES DE EUSKADI S.A.U.	Vitoria - Spain			100%	ACERINOX EUROPA,	PWC
INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL,	Trofa - Portugal			100%	ACEROL - COMÉRCIO E	
METALINOX BILBAO, S.A.U.	Galdácano (Vizcaya) - Spain	3,718	100%		ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS INC.	Kentucky - USA	546,270	100%		ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS CANADA, INC.	Canada			100%	NORTH AMERICAN	PWC
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	Apodaca - N.L.Mexico			100%	NORTH AMERICAN	PWC
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.	Kentucky - USA	15	100%		ACERINOX, S.A.	
ROLDAN, S.A.	Ponferrada - Spain	17,405	99.77%		ACERINOX, S.A.	PWC
VDM METALS HOLDING GMBH	Werdohl - Germany	313,315	100%		ACERINOX, S.A.	PWC
VDM METALS INTERNATIONAL GMBH.	Werdohl - Germany			100%	VDM METALS HOLDING,	PWC
VDM METALS GMBH	Werdohl - Germany			100%	VDM METALS HOLDING,	PWC

	2023					
	OWNERSHIP					
FULLY CONSOLIDATED COMPANIES	COUNTRY	Value of investment (thousands of euros)	% direct ownership interest	% indirect ownership interest	Holder of ownership interest	AUDITORS
VDM (SHANGHAI) HIGH PERFORMANCE METALS TRAD. CO. LTD.	Shanghai - China			100%	VDM METALS, GMBH.	Pan-China Certified Public Accounts
VDM HIGH PERFORMANCE METALS NANTONG CO. LTD.	Nantong - China			100%	VDM METALS INTERNATION AL GMBH.	Pan-China Certified Public Accounts
VDM METALS AUSTRALIA PTY. LTD.	Mulgrave - Australia			100%	VDM METALS, GMBH.	
VDM METALS AUSTRIA G.M.B.H.	Brunn am Gebirge - Austria			100%	VDM METALS, GMBH.	
VDM METALS BENELUX B.V.	Zwijndrecht - Belgium			100%	VDM METALS, GMBH.	BDO
VDM METALS CANADA LTD.	Vaughan - Canada			100%	VDM METALS, GMBH.	
VDM METALS DE MEXICO S.A. DE C.V.	Naucalpan de Juarez - Mexico			100%	VDM METALS, GMBH.	Grant Thornton
VDM METALS FRANCE S.A.S.	Saint-Priest - France			100%	VDM METALS, GMBH.	
VDM UNTERSTÜTZUNGSKASSE GMBH	Werdohl - Germany			100%	VDM METALS, GMBH.	
VDM METALS ITALIA S.R.L.	Sesto San Giovanni - Italy			100%	VDM METALS, GMBH.	
VDM METALS JAPAN K.K.	Tokyo - Japan			100%	VDM METALS, GMBH.	
VDM METALS KOREA CO. LTD.	Seoul - Korea			100%	VDM METALS, GMBH.	
VDM METALS UK LTD.	Claygate-Esher - UK			100%	VDM METALS, GMBH.	BDO
VDM METALS USA LLC	Florham Park - USA			100%	VDM METALS, GMBH.	PWC
TOTAL		**1,698,214**				

At December 31, 2024 and 2023, the Company's investments in affiliates were as follows:

AFFILIATES	COUNTRY	Investment value	% direct ownership interest	% indirect ownership interest	Theoretical carrying value direct ownership interest
BETINOKS	Turkey		25.00%		
MOL Katalysatortechnik GmbH	Germany			20.45%	
Evidal Schmöle Verwaltungsgesellschaft mbH	Germany			50.00%	

The associates are entities which are scantly material for the Group, the ownership interests in which are measured at cost, as the Group is not involved in their management and therefore, does not have their financial statements. The entity Betinoks Paslanmaz Celik, A.S., based in Turkey, is in the process of liquidation. MOL Katalysatortechnik, GmbH, based in Germany, engages in the production and distribution of mineral and metal catalysts. On the other hand, EVIDAL Schmöle Verwaltungsgesellschaft GmbH manages the pension funds of one of the former manufacturing companies.

The activities of the Group companies are as follows:

- Acerinox, S.A.: is the parent company of the Acerinox Group and holds directly or indirectly the shares of the companies comprising the Group. As the parent company of the Group, it assumes the highest level of management and control over the Group's business operations, corporate functions, and overall coordination with other entities. It approves and supervises the strategic business areas. It is responsible for establishing, designing and developing the Group's policies and financial strategy, designing investment and environmental policies, defining the R&D strategy, overseeing the management services provided to subsidiaries and developing corporate governance policies. It also provides a range of corporate services, including legal, accounting and advisory services to all Group companies.

- Acerinox Europa, S.A.U.: manufacture and marketing of flat stainless-steel products.
- North American Stainless, Inc.: manufacture and marketing of flat and long stainless-steel products.
- Columbus Stainless (PTY) Ltd.: manufacture and commercialization of flat stainless-steel products.
- Roldan, S.A.: manufacture and marketing of long stainless-steel products.
- Inoxfil, S.A.: manufacture and marketing of stainless-steel wire.
- VDM Holding Metals GmbH: is the holding company of the group of companies comprising the High-Performance Alloys Division.
- VDM Metals International GmbH, a company wholly owned by VDM Holding Metals GmbH, procures the commodities required for the production of the high-performance alloys, markets the finished products and centralizes the VDM Group's research and development by directly managing and administering the business and outsourcing production to another entity from the subgroup. The Company also has a quality assurance department.
- VDM Metals GmbH, the owner of the production facilities, processes commodities into high-performance alloys on behalf of VDM Metals GmbH.
- Haynes International, Inc.: is the parent company of the Haynes Group dedicated to the manufacture of high-performance alloys.
- Haynes Wire Company: this entity, 100% owned by Haynes International and located in North Carolina, engages in the manufacture of high-performance alloy wire cast at the Kokomo plant (Haynes International).
- Inox Re, S.A.: Reinsurance company.
- Inoxplate, Comercio de productos de Aço Inoxidávei, Unipessoal Lda: owner of the industrial building in which the Group company in Portugal -Acerol, Comércio e indústria de Aços inoxidáveis- carries out its operating activities, for the lease of which it receives income.
- North American Stainless Financial Investment, Inc.: provision of foreign trade advisory services.
- Cabaran Dunia, Sdn. Bhd: this is a special purpose vehicle acquired in Malaysia, which owns certain land formerly owned by Bahru Stainless and intended for sale.
- The rest of the companies, which are direct or indirect affiliates of Acerinox, S.A., as well as the VDM and Haynes subgroup entities, engage in the marketing of stainless-steel products or high-performance alloys.

None of the Group companies and affiliates are officially listed.

Changes in investments in Group companies and affiliates

The changes in investments in Group companies and affiliates in 2024 and 2023 were as follows:

(Amounts in thousands of euros)

Company		2024	2023
Capital increases/Reductions			
	Acerinox Europa, S.A.U.	430,000	
	Bahru Stainless Sdn. Bhd.	155,692	
	Acerinox Colombia S.A.S.	400	
	Corporación Acerinox Peru, S.A.C.	480	
Liquidations/sales			
	Bahru Stainless Sdn. Bhd.	-155,843	
	Acerinox Russia LLC	-100	
Other contributions			
	Bahru Stainless Sdn. Bhd.	151	72
	North American Stainless	528	229
	Columbus Stainless	255	112
	Acerinox Europa, S.A.U.	108	40
	Acerinox U.K.		10
	VDM Metals Holding GmbH	145	

Changes in 2024

Acerinox Europa

On December 17, Acerinox Europa S.A.U. carried out a non-cash capital increase with an issue premium by offsetting credits amounting to EUR 430 million from the loan granted by the Company to its subsidiary. The capital increase was carried out by issuing 2 million shares with a par value of EUR 1 each and an issue premium of EUR 428 million (EUR 214 per share). The capital increase is a response to the existence of a situation of equity imbalance of the Company, derived from the decrease in the equity figure, which, according to the latest available financial information, would have been reduced to an amount of less than half of the capital stock. The capital stock after the capital increase amounted to EUR 64,206 thousand and equity amounted to EUR 237,201 thousand at the year-end.

Acerinox Europa S.A.U. has Acerinox S.A. as its sole shareholder.

The Company has recognized an increase in its investments in Group companies in the amount of EUR 430,000 thousand, equivalent to the fair value of the capitalized loan and which does not differ significantly from its carrying value at that date.

Bahru Stainless

On October 10, the Group signed a contract with Worldwide Stainless Sdn. Bhd, a company registered in Malaysia, to sell 100% of the shares of Bahru Stainless, the Group's factory in Johor (Malaysia), for USD 95 million. The transaction closed on December 3.

The impact of this sale on the results of Acerinox, S.A. amounted to EUR 65,421 thousand as a result of the difference between the amount of the capital increases this year and the amount of the sale, since all the contributions made prior to this year were already impaired.

As explained in **Note 9.2.6**, according to the purchase agreement signed, Acerinox, prior to the sale, had to settle all debts with credit institutions and third parties and Bahru Stainless had to transfer to Worldwide Stainless Sdn. Bhd. all assets existing in Bahru Stainless at the date of sale except for the rights to use the undeveloped land and one piece of machinery.

Of the amount of the sale of the shares, EUR 17,527 thousand has been received in cash at the time of signing the contract, EUR 70,109 thousand by means of a bank guarantee with Ambank to be collected during the first half of 2025 and which appears under the heading “other financial assets” in the current assets of the balance sheet, and EUR 2,858 thousand which will be paid as the buyer makes use of the tax credits or after the two-year period has elapsed and which appears under “other long-term financial assets”.

Prior to the acquisition, Acerinox acquired from Bahru Stainless’ minority shareholder (Hanwa, Co. Ltd.) its percentage of stake of 1.1874% for EUR 47 thousand, meaning that at the time of the sale of Bahru, the Group held 100% of the shares. The amount recognized under minority interests at the time of the sale amounted to EUR 458 thousand and therefore the difference has been taken to reserves, as required by the accounting standard,

Acerinox Colombia, S.A.S.

Acerinox Colombia is a commercial office of the Group in that country. The activity of this company is not material for the Group. This company receives commissions on sales made in that country. In August, a capital increase of EUR 400 thousand was carried out in the Group’s company in Colombia. The increase was made partly by means of a cash contribution of EUR 229 thousand and partly by offsetting loans granted. The equity of this company at the end of the year amounted to EUR 202 thousand.

Corporación Acerinox Perú, S.A.C.

This is a commercial office of the Group in that country. This company receives commissions on sales made in that country. In October this year, a capital increase of EUR 480 thousand was carried out in the Group’s company in Peru. The increase was made partly by means of a cash contribution of EUR 173 thousand and partly by offsetting loans granted (EUR 307 thousand). The equity of this company at the end of the year amounted to EUR 212 thousand.

Liquidation of Acerinox Russia, LLC

As anticipated in the 2023 annual accounts, the Group’s trading company in Russia (Acerinox Russia, LLC) has been definitively closed this year. At the end of the last year, this entity was no longer in business and no longer had any employees. In this case it is a liquidation, not a sale. The result from the liquidation of the Group’s subsidiary in Russia resulted in a loss of EUR 174 thousand as a result of translation differences recorded in equity.

Other contributions

The “Other contributions” caption includes the changes related to the long-term remuneration plan for senior managers through shares of Acerinox, S.A., explained in **Note 14.3**:

Purchase of Haynes International, Inc.

On November 21, 2024 the Group completed the purchase, through its US subsidiary, North American Stainless, of 100% of the shares of Haynes International, representing 100% of the voting rights. It is therefore an indirect shareholding for Acerinox, S.A. As of the same date, Haynes was included in the consolidation scope of the Acerinox Group.

This transaction is further evidence of Acerinox’s strategy to diversify its activity towards higher value-added products and strengthens Acerinox’s position in the high-performance alloys market, the US market and the aerospace sector. Haynes will integrate, together with VDM, the Acerinox Group’s high-performance alloys segment.

This transaction is explained in the Group’s consolidated annual accounts.

<u>Changes in 2023</u>

The only changes that occurred in the year included as “other contributions” also corresponded to the long-term remuneration plan for directors through Acerinox, S.A. shares.

Equity position

The equity position of the Group companies at December 31, 2024, obtained from the separate annual accounts furnished by the respective companies, and converted into euro using year-end exchange rates, is as follows:

(Amounts in thousands of euros)

GROUP COMPANIES	Capital	Shares of the parent	Reserves and interim dividend	Other equity items	Operating income	Gains (losses) from continued activities	Total shareholders' equity
ACERINOX (SCHWEIZ) A.G.	744		2,213		-12	-8	2,949
ACERINOX ARGENTINA S.A.	1		2,611		1,021	-146	2,466
ACERINOX AUSTRALASIA PTY. LTD.	358		45		-115	-112	291
ACERINOX BENELUX S.A. - N.V.	211		537		57	39	787
ACX DO BRASIL REPRESENTAÇOES, LTDA.	106		216		-8	5	327
ACERINOX CHILE, S.A.	4,114		2,291		-283	-482	5,923
ACERINOX COLOMBIA S.A.S.	43		383		-201	-224	202
ACERINOX DEUTSCHLAND GMBH	45,000		-15,038		1,850	1,317	31,279
ACERINOX EUROPA, S.A.U.	64,000		393,335	206	-198,934	-249,825	207,716
ACERINOX FRANCE S.A.S	265		5,795		481	479	6,539
ACERINOX INDIA PVT LTD.	115		284		-37	-35	364
ACERINOX ITALIA S.R.L.	40,000		5,530		2,453	1,400	46,930
ACERINOX METAL SANAYII VE TICARET LIMITED SIRKETI	11		395		200	365	771
ACERINOX MIDDLE EAST DMCC (DUBAI)	13		384		-172	-169	228
ACERINOX PACIFIC LTD.	11,891		-10,604		60	38	1,325
ACERINOX POLSKA, SP. ZO.O.	23,392		1,629		864	584	25,605
ACERINOX RUSSIA LLC.					-1		
ACERINOX SCANDINAVIA AB	24,871		1,107		1,605	1,174	27,152
ACERINOX SC MALAYSIA SDN. BHD	33,582		-35,518		1,134	-189	-2,125
ACERINOX SHANGAI CO., LTD.	2,549		948		-169	-159	3,338
ACERINOX (SEA), PTE LTD.	266		909		-178	-144	1,031
ACERINOX U.K, LTD.	24,120		515	62	920	401	25,098
ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	15,000		1,159		616	442	16,601
COLUMBUS STAINLESS (PTY) LTD.	127,668		113,515	747	-46,234	-43,112	198,579
CORPORACIÓN ACERINOX PERU S.A.C.	379				-146	-167	212
INOX RE, S.A.	1,225		762		-1,570	316	2,303
INOXCENTER CANARIAS, S.A.U.	270		1,212		-218	-68	1,414
INOXCENTER, S.L.U.	492		5,552		1,620	-4,279	1,765
INOXFIL, S.A.	15,109		-638		-3,782	-4,261	10,210
INOXIDABLES DE EUSKADI S.A.U.	2,705		6,122		258	31	8,858

GROUP COMPANIES	Capital	Shares of the parent	Reserves and interim dividend	Other equity items	Operating income	Gains (losses) from continued activities	Total shareholders' equity
INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL, UNIPESSOAL, LDA.	9,193		2,305		148	117	11,615
METALINOX BILBAO, S.A.U.	72		21,125		413	316	21,513
NORTH AMERICAN STAINLESS INC.	559,629	-26	1,304,310	1,839	391,413	358,694	2,224,294
NORTH AMERICAN STAINLESS CANADA, INC.	5,775		55,899		5,281	4,733	66,407
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.	19		-10,396		10,396	10,396	19
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	24,064		31,784		4,864	-1,041	54,807
ROLDAN, S.A.	11,936		40,630		-27,019	-21,480	31,086
VDM METALS GROUP	25		349,157		89,282	51,174	400,356
HAYNES GROUP	12		425,710		1,102	429	426,151
CABARAN DUNIA					-181	426	426

The equity position of the Group companies at December 31, 2023, obtained from the separate annual accounts furnished by the respective companies, and converted into euro using year-end exchange rates, is as follows:

(Amounts in thousands of euros)

GROUP COMPANIES	Capital	Reserves and interim dividend	Other equity items	Operating income	Gains (losses) from continued activities	Total shareholders' equity
ACERINOX (SCHWEIZ) A.G.	756	2,283		115	-33	3,006
ACERINOX ARGENTINA S.A.	1	1,521		1,360	-65	1,457
ACERINOX AUSTRALASIA PTY. LTD.	369	68		-22	-22	415
ACERINOX BENELUX S.A. - N.V.	211	1,306		318	231	1,748
ACX DO BRASIL REPRESENTAÇOES, LTDA.	128	263			-4	387
ACERINOX CHILE, S.A.	4,411	3,558		-505	-1,102	6,867
ACERINOX COLOMBIA S.A.S.	42	223		-217	-219	46
ACERINOX DEUTSCHLAND GMBH	45,000	-16,558		2,018	1,520	29,962
ACERINOX EUROPA, S.A.U.	62,098	161,148	98	-224,976	-195,812	27,434
ACERINOX FRANCE S.A.S	265	4,154		442	431	4,850
ACERINOX INDIA PVT LTD.	111	92		200	188	391
ACERINOX ITALIA S.R.L.	40,000	5,400		1,797	131	45,531
ACERINOX METAL SANAYII VE TICARET LIMITED SIRKETI	12	608		357	564	1,184
ACERINOX MIDDLE EAST DMCC (DUBAI)	12	956		-81	-83	885
ACERINOX PACIFIC LTD.	11,115	-10,468		657	555	1,202
ACERINOX POLSKA, SP. ZO.O.	23,044	5,987		920	536	29,567
ACERINOX RUSSIA LLC.	42	83		-104	-24	101
ACERINOX SCANDINAVIA AB	25,685	-217		1,549	1,360	26,828
ACERINOX SC MALAYSIA SDN. BHD	30,724	-31,790		364	-705	-1,771

GROUP COMPANIES	Capital	Reserves and interim dividend	Other equity items	Operating income	Gains (losses) from continued activities	Total shareholders' equity
ACERINOX SHANGAI CO., LTD.	2,462	866		52	50	3,378
ACERINOX (SEA), PTE LTD.	258	965		-26	-82	1,141
ACERINOX U.K, LTD.	23,072	5,010	59	944	326	28,408
ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	15,000	1,058		331	101	16,159
BAHRU STAINLESS, SDN. BHD	963,204	-868,391	339	-195,661	-202,942	-108,129
COLUMBUS STAINLESS (PTY) LTD.	122,864	144,600	477	-41,940	-35,252	232,212
CORPORACIÓN ACERINOX PERU S.A.C.	237	-209		-134	-154	-126
INOX RE, S.A.	1,225	762		-1,670		1,987
INOXCENTER CANARIAS, S.A.U.	270	1,071		185	141	1,482
INOXCENTER, S.L.U.	492	5,429		3,524	123	6,044
INOXFIL, S.A.	4,812	2,076		-2,996	-2,714	4,174
INOXIDABLES DE EUSKADI S.A.U.	2,705	5,754		797	369	8,828
INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL, UNIPESSOAL, LDA.	9,693	2,190		147	115	11,998
METALINOX BILBAO, S.A.U.	72	20,187		1,230	938	21,197
NORTH AMERICAN STAINLESS INC.	525,986	885,485	1,233	667,765	567,117	1,978,588
NORTH AMERICAN STAINLESS CANADA, INC.	5,430	48,823		4,337	3,733	57,986
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.	18	-9,774		9,774	9,774	18
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	22,624	23,652		4,229	6,230	52,506
ROLDAN, S.A.	11,936	50,504		-13,336	-9,874	52,566
VDM METALS GROUP	25	268,230		151,013	79,428	347,683

Impairment losses

At least at year-end, the Company assesses whether there are indications of impairment of its investments and, where appropriate, determines whether to make value adjustments when there is objective evidence that the book value of an investment will not be recoverable.

Since Acerinox, S.A. is a holding company, its assets comprise mainly ownership interests in, and balances with, Group companies. The Company assesses whether there is objective evidence of impairment on a yearly basis. Such evidence is considered to exist when the book value of the affiliate is lower than the value of the interest in Acerinox, S.A.'s accounts, taking into account the latest budget approved, or if the affiliate shows continuous losses for several years, in addition to deviating significantly from the budgets prepared by management or in the case of having impairment in previous years. In such cases, the Company calculates the recoverable amount of the investment, understood to be the higher of fair value less costs of disposal and the present value of the future cash flows from the investment.

This year signs of impairment have been present at the companies Acerinox Europa S.A.U., Columbus Stainless Ltd, Roldan, S.A., Inoxfil, S.A., Acerinox SC Malaysia, Sdn. Bhd. and Acerinox Pacific, Ltd.

The key assumptions used are detailed below:

Euros million	2024				2023			
	WACC before tax	WACC after tax	EBIT (1)	g	WACC before tax	WACC after tax	EBIT (1)	g
Bahru Stainless Sdn.Bhd.	'---	'---	'---	'---	9.0%	9.0%	-4.1%	'---
Acerinox Europa, S.A.U.	11.7%	9.3%	4.5%	2.0%	11.9%	9.3%	4.9%	2.0%
Columbus Stainless, Pty. Ltd.	17.2%	13.5%	5.9%	4.4%	17.8%	13.1%	5.7%	4.5%
Roldan, S.A.	12.4%	9.3%	4.3%	2.0%	12.7%	9.3%	4.9%	2.0%
Inoxfil, S.A.	11.6%	9.3%	3.7%	2.0%	12.6%	9.3%	5.3%	2.0%
Acerinox SC Malasia, Sdn. Bhd.	10.5%	9.0%	5.2%	2.3%	11.5%	9.8%	6.8%	2.3%
Acerinox Pacific, Ltd. (3)	10.9%	9.3%	'---	1.9%	10.3%	8.9%	'---	2.2%

(1) Five-year budgeted average EBIT margin. EBIT is defined as profit or loss from operations and expressed as a margin or percentage of revenue.

(2) For Acerinox Pacific, Ltd., being a commissioning entity, the EBIT/Sales ratio is not an appropriate measure of performance.

To determine the present value of the cash flows, the estimate of future cash flows that the entity expects to obtain from the investment, calculated using a discount rate, i.e. the weighted average cost of capital (WACC), was taken in account.

The estimation of future cash flows was based on reasonable and well-founded assumptions. These assumptions consisted mainly of:

a) Five-year cash flow projections approved by management.

These projections reflect the financial and macroeconomic circumstances and those of the stainless-steel market itself, adapted to the specific operating environment of each entity analyzed. Consequently, the various parameters used (expected growth, use of installed production capacity, prices, working capital items, etc.) are projected on the basis of historical figures, particularly those from the previous year, and the targets set by management.

The projections reflect these circumstances each year, in addition to the best estimates performed by management. In this connection, other significant assumptions such as exchange rates and commodity prices are extrapolated using highly conservative criteria, always tied to the most recent values recorded in the pertinent markets.

The factories prepare the budget taking the 2025 budget approved by the Board as a starting point and maintaining the bases for calculation established therein. Each factory estimates the performance of its domestic and export production and sales, individual product margins and prices, based at all times on the cost structure established in the 2025 budget and on the guidelines set out in the approved Strategic Plan.

The budgets for the other commercial subsidiaries are also prepared on the basis of the 2025 budget. The projection for the remaining years is performed by maintaining the estimated margins, variable costs per metric ton and fixed costs, and by increasing the metric tons sold according to each supplier's budget (Group factories or third parties in the case of Acerinox SC Malasia, Sdn. Bhd). In any event, the estimates of the subsidiaries are reviewed in accordance with management's expected sales targets for each market.

a) Projected cash flows are extrapolated into the future using a growth rate that is consistent with the country and the main markets in which the entities mainly operate.

The Company is confident that the flows to perpetuity will materialize, mainly in terms of its use of production capacity and margins.

a) The cash flows are discounted to present value at a discount rate that represents a risk-free rate of return, adjusted by the risks specific to the asset which any market participant would consider when investing in an asset that generates cash flows involving similar amounts and timing and a similar risk profile. In this regard, the discount rate was estimated as the weighted average cost of capital (WACC) for each investment.

The interest rates of the sovereign debt of each country in which the subsidiary operates, and a capital structure, market risk premiums and ratios of similar companies are considered in order to determine this discount rate.

The aforementioned process was generally used for all the companies, except for Acerinox Europa, S.A.U. The Company decided to request the assistance of an independent valuation firm and, together with this firm, adapted the main assumptions of the budgeted cash flows and the impairment test calculations, as detailed below.

As a result of the analyzes conducted, only in the case of Acerinox Europa, S.A.U. the recoverable amount was lower than the carrying amount and, accordingly, it was necessary to recognize an impairment in the value of the investment, amounting to EUR 95,698 thousand.

In the case of Roldán, S.A. and Inoxfil, S.A., following the corresponding impairment tests carried out, the recoverable amount of the investments was higher than the book value and, accordingly, it was not necessary to recognize any impairment losses.

In the case of Columbus Stainless, Ltd., Acerinox SC Malasia, Sdn. Bhd. and Acerinox Pacific, Ltd., it has also not been necessary to make any impairment or reversal of impairments made in previous years.

Acerinox Europa, S.A.U.

Acerinox Europa was incorporated in 2011 as a result of the spin-off of the manufacturing activity of Acerinox, S.A., and its main assets are the facilities located in Campo de Gibraltar. The Acerinox Europa factory, inaugurated in 1970, was the first integral stainless-steel factory in the world. The knowledge and experience gained during its design and execution played a pivotal role in the establishment of other factories within the Group. It is the leading stainless-steel producer in the Spanish market.

The integrated flat product plant has melting shop, hot rolling and cold rolling facilities. Its theoretical installed melting shop capacity is one million metric tons in melting shop and 660,000 metric tons in cold rolling. It manufactures flat stainless-steel products in various types of steel, formats, thicknesses and finishes.

Acerinox Europa is strategically located on the Strait of Gibraltar and has access to the Atlantic and the Mediterranean as well as its own seaport. The Company supplies flat products all over the world, with a focus on the European continent, as well as semi-finished products to other plants within the Group's production network, primarily to the Acerinox Group's long products plant in Spain (Roldan).

In light of the market conditions and financial results of recent years, the Company put forward the idea that a new organizational and production model would need to be implemented at the Acerinox Europa factory.

As part of the collective bargaining agreement negotiations, the factory has been shut down for five months due to the strike called by the workers' representatives. This has prevented us from carrying out the strategic plans proposed by management to ensure the plant's viability.

Finally, on October 16, 2024, Acerinox Europa and the Works Council signed the IV Collective Bargaining Agreement for the staff. An agreement, valid until December 31, 2027, which will allow the introduction of the flexibility measures necessary to implement the new business model, the objective of which is to recover productivity through greater flexibility and versatility of the workforce to increase production and sales of higher value-added products. The agreements reached represent a necessary first step in the implementation of the strategy. This new production model will allow to alleviate the economic losses accumulated over the last few years and will address the real demand situation, which is characterized by strong competition and volatility.

Even though this year the expectations were not met, the Company believes that the necessary steps are being taken to achieve the targets set out in its strategic plan. In terms of volumes, the impact of the strike is not expected to be significant in the future, as the Group has been able to partially serve its customers through the stocks of the commercial network and supply through other plants, which allows the future relationship with its customers to be guaranteed.

Apparent consumption in Europe rose slightly in 2024 compared to 2023, growing 3% in contrast to the 21% decline seen in the previous year. Imports once again increased their market share relative to European producers, largely due to the drop in activity at Acerinox Europa due to the strike at the Campo de Gibraltar plant.

Even so, the share of imports remained below 20%, due to low prices and the trade protection measures in place for most Asian materials.

In this context, Management has requested a valuation by an independent expert (Kroll Advisory, S.L.), the same as the previous year, who has determined the recoverable amount of the assets based on their value in use, pursuant to IAS 36. The recoverable amount has been calculated using an income approach, based on an analysis of the Discounted Cash Flow, as detailed below.

The independent expert has performed an asset impairment analysis by reviewing the budgets prepared by Management, as well as their future evolution, and has contrasted the model with the historical financial information provided as well as with comparable and other observable variables in the market. The independent expert has also determined the appropriate methodologies to be applied to estimate the recoverable amount as well as calculation of appropriate discount rates, based on analyzing financial data for publicly listed companies engaged in the same or similar lines of business. Finally, the independent expert concluded in his analysis with a business value of Acerinox Europa.

The Company has updated the five-year results forecasts based on the new circumstances and taking into account the future strategic plans approved by the management team, designed with the aim of improving the results of Acerinox Europa, the main component of the Spanish fiscal Group, redirecting a greater part of its sales towards end customers and towards products with higher added value.

In the expected trend of market prices, in order to make a reasonable contrast, external sources of information are used, in particular, the independent consultant CRU (https://www.crugroup.com/), enabling us to evaluate the price level of the stainless steel market and its trend for certain types of the most common steel.

Demand estimates were based on SMR (Steel & Metals Market Research).

For supply prices, forward price curves for both electricity and gas are considered. Forward price curves are estimated based on forward price references set by the OMIP. In this respect, the impact of PPAs is considered neutral for the sensitivity analysis, since we apply the price variations of this index to our average energy cost price.

All other costs take into account increases in consumer price indices.

The Company took into account all these circumstances and the adjustments to the macroeconomic forecasts in preparing the five-year budgets.

The budgets have been prepared taking into account the following: demand estimates, commodity and selling prices, exchange rates, consumer price increases, energy costs estimates and the Company's strategy itself.

The independent expert has reviewed the budgets provided by Management and has respected the future scenarios and expectations reflected. The exercise carried out by the independent expert includes the calculation of flows in perpetuity at terminal value. To this end, in the terminal year, expected revenues incorporate growth in line with the average CPI expected for Spain according to S&P Global.

Forecast EBIT margins are in line with the upper end of historically recorded margins (achieved in the period of the end of 2016 and first half of 2017), which is supported by the Strategic Plan approved by the Board of Directors.

As for the terminal year, since depreciation and amortization are equal to investments, the EBITDA margin is considered a key assumption. This year, the independent expert has reduced this margin from 9.1% to 8.8% compared to the previous year, in line with a more conservative long-term view. This EBITDA margin is within the range of observable margins of selected peer companies, yet consistent with management's strategic plan. *This EBITDA margin was already achieved at the end of 2016, during the first half of 2017 and of 2022.*

Furthermore, the main pillars underpinning the scenario proposed by the independent expert continue to reflect the following main points already noted in the Strategic Plan approved by the Board of Directors of Acerinox Europa in 2023:

- High value-added products. The significant premium in pricing and implied margins associated with high value-added products, supported by the Company's historical results, ensures that a shift in product mix towards higher volume targeted at high value-added products will lead to higher sales and margins.
- Change in the customer base with a focus on the end user. Reducing part of the distribution and focusing more on direct sales to end users will imply higher prices and a better contribution margin, as Acerinox Europa will be able to capture part of the distributors' margin.
- Market research. Move more than 13% of total 2023 sales (better benchmark than 2024) from existing customers to new customers, with the aim of achieving a contribution margin 50% higher than that of existing customers.

- Industrial synergies. Contract manufacturing with VDM Metals, an Acerinox Group company. Upon completion of the development of the production techniques necessary to successfully process these materials and reach the total volume estimated by this company, it is expected to generate a significant additional contribution to EBITDA .
- Efficiency in production and process costs within the framework of the initiatives approved in the Beyond Excellence plan and in line with the strategic targets.

As shown in each of the strategic plan measures considered, none of them consider future cash flows that are expected to arise from future restructuring or improvements or increases in asset performance and therefore comply with paragraphs 44 and 48 of IAS 36. All the measures established in the strategic plan are achievable in the current state of the assets.

In addition, to determine cash flows the Company has also taken into account the working capital reduction plans being carried out by the Company. In this regard, the Group's strategy involves significant reductions in inventories, both of products in stock and material in process, as well as a thorough review of customers and suppliers with a markedly financial focus to achieve the twin aim of generating more cash and reducing debt.

To determine the value in use of the assets, both the estimate of future cash flows that the Company expects to obtain from the assets and the discount rate, i.e. the weighted average cost of capital (WACC), were taken in account.

Given the circumstances in Acerinox Europa in 2024 and the current situation of uncertainty in determining future cash flows and EBITDA for the terminal year, considered in the calculation of the value in use, the Company has contemplated a decrease in the forecast margins for both key assumptions (budgeted EBIT margin and EBITDA margin for the terminal year).

The key assumptions used to calculate the value in use were as follows:

	2024	2023
Planned EBIT margin (1)	4.5%	4.9%
Weighted average growth rate (3)	2.0%	2.0%
Pre-tax discount rate (4)	11.7%	11.9%
After-tax discount rate (4)	9.3%	9.3%

(*) Five-year budgeted average EBIT margin. EBIT is defined as profit or loss from operations and expressed as a margin or percentage of revenue.
(**) Rate used to extrapolate cash flows beyond the budgeted period.
(***) Discount rate: weighted average cost of capital (WACC).

The discount rates used are pre-tax values and reflect specific risks relating to the relevant segments. Other significant assumptions such as exchange rates and commodity prices are tied to the most recent values recorded in the pertinent markets.

The discount rate was determined by considering a normalized 20-year German bond as the benchmark. Likewise, a market risk premium for Spain, historical betas, a leverage structure and cost of debt in line with market assumptions have been considered.

Regarding the terminal value, a perpetuity cash flow has been considered, which is expected to remain stable in the long term, increased by the growth rate (g). The growth rate (g) was estimated on the basis of expected long-term inflation. The residual value considered in the test represents 72% of the total recoverable amount (2023: 79%).

The impairment test performed at December 31, 2024 shows that the recoverable amount, EUR 608,644 thousand (2023: EUR 274,234) is lower than the book value of the Company's shareholding, EUR 704,342 thousand (2023: 341,479). Therefore, the Company has recorded an impairment of EUR 95,698 thousand (excess of EUR 67,245 thousand in 2023).

Columbus Stainless Pty. Ltd.

Columbus Stainless, Middelburg (South Africa), is the only integrated stainless-steel factory in Africa. It is the main supplier of both the domestic market and the various consumer areas of the continent, in which it is the leader. The Columbus factory, the most technologically advanced in the industry, is equipped with the most efficient machinery and has a considerable competitive advantage due to its location, not just for the distribution of finished goods but also because of its proximity to sources of commodities, particularly ferrochrome.

Columbus manufactures both flat stainless-steel and carbon steel products. In view of the complicated market situation in Europe and Asia in recent years, Columbus has also been manufacturing carbon steel for the local market since 2020. Columbus achieved a milestone with the manufacture of carbon steel using technology designed to produce stainless steel. After the closure of one of the local carbon melting shop production plants, part of this market was left unsupplied and had to be covered by imports. Columbus took advantage of this situation to win orders and serve this niche. In this way, the company was able to partially compensate the volatility of the stainless-steel market, reduce its dependence on exports and increase its melting shop production, thereby diluting fixed costs.

Columbus has gone from a turnover of approximately 30% in the local market, before incorporating carbon steel into its production, to 71% in 2024, rendering historical data, prior to that date, non-comparative.

With respect to the five-year budgets, the estimated sales and production volumes are based on current capacities using existing machines and equipment, and take into account the evolution of both future demand and prices, associated with its product mix and estimated and published by specialized magazines and independent industry experts. Management determines production costs by taking into account the current situation, the efficiency plans implemented and future price developments.

Production has exceeded the figures estimated in the 2024 budget at year-end. However, due to low demand, supply chain issues, difficulties in South African ports that have slowed certain deliveries, and import pressure, sales were slightly below budget. However, due to the strike at Acerinox Europa, Columbus has increased its exports to the European continent. In the local market, Columbus expects to double its carbon steel presence by 2029.

The low price levels in Europe have caused Columbus' results to remain slightly below the estimates made for 2024. Looking ahead, a market correction is expected in 2026, with prices returning to more reasonable levels in Europe, the main export market for Columbus. Market prices in Europe have been about 20% below the long-term average for the past 2 years. In the five-year budget, a full return to normal market conditions is not assumed, but a base price increase in Europe equivalent to half of the expected correction (10%) is considered, and only for 2026. Similarly, this year there has been a significant increase in imports of carbon steel into South Africa which drove prices to very low levels. Tariff measures are being discussed with the government so this situation is expected to be rectified in the short term, and the market consensus is that prices should increase at least 20%. However, the budget only considers a 10% increase in the price of carbon steel and only in 2026.

Demand estimates were based on SMR (Steel & Metals Market Research).

Other variables used in the budgeting process, such as exchange rates and commodity prices are tied to the most recent values recorded in the pertinent markets. The Company is confident that the flows to perpetuity will materialize, mainly in terms of its use of production capacity and margins. They were calculated using growth rates estimated on the basis of the expected long-term inflation rate.

The Company's continuous improvement initiatives in line with the Group's excellence plans have boosted productivity and efficiency, leading to cost improvements. This has enabled Columbus to maintain a highly competitive cost structure.

The discount rates used are pre-tax values and reflect specific risks relating to the relevant segments. Other significant assumptions such as exchange rates and commodity prices are tied to the most recent values recorded in the pertinent markets.

The Company is confident that the flows to perpetuity will materialize, mainly in terms of its use of production capacity and margins. They were calculated using growth rates estimated on the basis of the expected long-term inflation rate.

The key assumptions used to calculate the value in use were as follows:

	2024	2023
Planned EBIT margin (*)	5.9%	5.7%
Weighted average growth rate (**)	4.4%	4.5%
Pre-tax discount rate (***)	17.2%	17.8%
After-tax discount rate (***)	13.5%	13.1%

(*) Five-year budgeted average EBIT margin. EBIT is defined as operating income and expressed as a margin or percentage of revenue.
(**) Rate used to extrapolate cash flows beyond the budgeted period.
(***) Discount rate: weighted average cost of capital (WACC).

The discount rate (WACC or weighted average cost of capital) was calculated on the basis of the interest rates of the South African sovereign debt (ten-year swap of the South African rand) and the main markets where it is active, and a capital structure, market risk premiums and ratios of similar companies. The reference currency in this connection was the South African rand, since all the cash flows are estimated in this currency.

With respect to the terminal value, adjustments were performed to obtain flows to perpetuity, depreciation and amortization were matched to the investments and changes in working capital were also calculated based on average amounts, deemed consistent in the long term, increased by the growth rate (g). The growth rate (g), like the discount rate, is estimated on the basis of the South African rand and calculated in accordance with the expected long-term inflation in that currency.

Other assumptions are the ZAR/EUR exchange rate (ZAR/EUR 19.90) and the price of raw materials (USD 15,500/t), which are established when drawing up the budget. Both are extrapolated and kept constant during the period of analysis.

Due to the uncertain environment clouding the markets in which Columbus operates, the Group analyzed the probability of occurrence of the key assumptions, adjusting the estimated budgets, as well as those of the terminal year, to normalized values that take into account the results obtained in the past, in addition to the Company's new production mix. The residual value considered in the test represents 51% of the total recoverable amount (2023: 48%).

The impairment test performed at December 31, 2024 shows that the recoverable amount, EUR 251,620 thousand (2023: EUR 241,470) exceeds the book value of the Company's shareholding, EUR 241,725 thousand (2023: 263,670), by EUR 9,895 (2023: lower by EUR 22,200 thousand). However, the Company has decided that given the limited sensitivity to variations in the key assumptions and the overall context of uncertainty described above, not to reverse the excess resulting from the impairment test for EUR 9,895 thousand.

Roldan, S.A.

Roldan is the eldest industrial facility of the Acerinox Group and one of the three manufacture plants for long product production. Roldan is located in Ponferrada (Leon, Spain) and produces angles, bars and wire rod in various types of steel and finishes. Part of its production is sent to Inoxfil, located in Igualada (Barcelona, Spain).

Roldan uses as commodity for the production of long products, the billet supplied by the Group's plant in Palmones, Acerinox Europa, S.A.U.

The long product manufactured in this plant is supplied to both the internal market and to international customers, and its stainless steels are present in some of the most iconic international projects.

Roldan was affected by the strike at the Acerinox Europa factory as it is the main supplier of the raw material that Roldan uses in its production of stainless steel long products.

Efforts have been made to mitigate the effects of the lack of supply by purchasing from the Group's US plant and also from third parties. Even so, this has not allowed them to reach their normal production capacity, which has forced them to make use of the furlough system at certain times.

Nevertheless, the expected sales volumes were not achieved, meaning that during the strike period the Company was below the estimates made at the end of last year. However, this is a one-off situation caused by the Acerinox Europa strike and there is nothing to suggest that the conditions set out in the business plans for the future will not be maintained.

The five-year budget and key variables used follow the same guidelines stated for Acerinox Europa, duly contextualized in the stainless-steel long products market.

The recoverable amount of the assets was determined in accordance with their value in use.

To determine the value in use of the assets, the estimate of future cash flows that the entity expects to obtain from the assets and the discount rate, i.e. the weighted average cost of capital (WACC), were taken in account.

The key assumptions used in the value in use calculations are the same as those described for Acerinox Europa with the exception of the budgeted average EBIT margin which in the case of Roldan has been 4.3% (2023: 4.9%).

The terminal value represents 81% (2023: 58%) of the total recoverable amount. At terminal value, the EBIT margin considered is lower than the average of the explicit budgeting period.

The impairment test performed at December 31, 2024 shows that the recoverable amount, EUR 24,486 thousand (2023: EUR 75,276), is higher than the book value of the Company's shareholding, EUR 17,405 thousand. Therefore, the Company has not recorded any impairment in the value of the Company's investment.

Inoxfil, S.A.

Inoxfil, S.A. is one of the Group's two long product plants in Spain and engages in the manufacture of stainless-steel wire. Located in Igualada (Barcelona, Spain), this company is 100% owned by the Group company Roldan, S.A. Inoxfil receives wire rod mainly from Roldan, but also from other third-party suppliers, which is used as commodity to complete its production process and obtain wire. This is therefore the final production link in a network starting when Roldan receives the billet from Acerinox Europa, this being the only Group plant with a melting shop in Spain.

The long product manufactured by this plant is supplied both to the domestic market and to international customers.

Inoxfil was affected by the strike at the Acerinox Europa factory, since it is the main supplier of the raw material that Roldan uses in its production of long stainless steel products and, in turn, supplies most of the wire rod that Inoxfil uses in its production of wire.

Efforts have been made to mitigate the effects of the lack of supply by purchasing from the Group's US plant and also from third parties. Even so, this has not allowed them to reach their normal production capacity, which has forced them to make use of the furlough system at certain times.

Nevertheless, the expected sales volumes were not achieved, meaning that during the strike period the Company was below the estimates made at the end of last year. However, this is a one-off situation caused by the Acerinox Europa strike and there is nothing to suggest that the conditions set out in the business plans for the future will not be maintained.

The five-year budget and key variables used follow the same guidelines stated for Acerinox Europa, duly contextualized in the stainless-steel long products market.

The recoverable amount of the assets was determined in accordance with their value in use.

To determine the value in use of the assets, the estimate of future cash flows that the entity expects to obtain from the assets and the discount rate, i.e. the weighted average cost of capital (WACC), were taken in account.

As in the case of Roldan, the key assumptions used in the value in use calculations are the same as those described for Acerinox Europa with the exception of the budgeted average EBIT margin which in the case of Inoxfil was 3.7% (2023: 5.3%).

The terminal value represents 57% (2023: 54%) of the total recoverable amount. At terminal value, the EBIT margin considered is lower than the average of the explicit budgeting period.

The impairment test performed at December 31, 2024 shows that the recoverable amount, EUR 19,130 thousand (2023: EUR 7,967) is higher than the book value of the Company's shareholding, EUR 16,545 thousand (2023: 6,247). Therefore, the Company has not recorded any impairment in the value of the Company's investment.

Other companies

For the other companies, Acerinox SC Malasia, Sdn. Bhd. and Acerinox Pacific, Ltd., commercial subsidiaries carrying and subsidiaries of the main factories, as indicated above, a budgetary exercise was also performed for the relevant period, in line with the budgets of the Group factories that supply the materials necessary for the Group's sales activities. As a result of the exercises carried out, it was determined that no impairment or reversal of impairment of the investment portfolio of these sales subsidiaries was necessary.

Summary of impairment losses recognized in 2024

The detail of the changes in impairment losses on investments in Group companies and affiliates in 2024 was as follows:

(Amounts in thousands of euros)

	Accumulated balance as of December 31, 2023	Period endowment	Period application	Accumulated balance as of December 31, 2024
ACERINOX EUROPA, S.A.U.	67,245	95,697		162,942
Acerinox SC Malaysia, Sdn. Bhd.	18,081			18,081
Acerinox Pacific, Ltd.	19,358			19,358
Betinoks Palanmaz Çelik, A.S.	354			354
Bahru Stainless Sdn. Bhd.	772,846		-772,846	0
Columbus Stainless Pty, Ltd.	38,668			38,668
TOTAL	**916,552**	**95,697**	**-772,846**	**239,403**

Summary of impairment losses recognized in 2023

As a result of the analyses in 2023, it was necessary to recognize additional impairments in the shareholdings of Columbus Stainless for EUR 22,200 thousand, Bahru Stainless Sdn Bhd for EUR 96,553 thousand and in Acerinox Europa for EUR 67,245 thousand.

The detail of the changes in impairment losses on investments in Group companies and affiliates in 2023 was as follows:

(Amounts in thousands of euros)

	Accumulated balance as of December 31, 2022	Period endowment	Period application	Accumulated balance as of December 31, 2023
ACERINOX EUROPA, S.A.U.		67,245		67,245
Acerinox SC Malaysia, Sdn. Bhd.	18,081			18,081
Acerinox Pacific, Ltd.	19,358			19,358
Betinoks Palanmaz Çelik, A.S.	354			354
Bahru Stainless Sdn. Bhd.	676,293	96,553		772,846
Columbus Stainless Pty, Ltd.	16,468	22,200		38,668
TOTAL	**730,554**	**185,998**	**0**	**916,552**

Dividends

In 2024, the Company received dividends from its subsidiaries amounting to EUR 260,535 thousand, as detailed below:

(Amounts in thousands of euros)

	2024	2023
Acerinox Uk Ltd.	5,038	
North American Stainless Financial Investments Ltd.	10,288	9,757
Acerinox Russia LLC		202
Acerinox Polska	4,999	
Acerinox Benelux s.a. - N.V.	1,000	
Acerinox Middle East DMCC (Dubai)	500	
Acerinox Metal Sanayii Ve Ticaret, Ltd Sirketi	570	
North American Stainless, Inc.	238,140	296,172
TOTAL	**260,535**	**306,131**

Dividends from Group companies are recognized under “revenue”.

9.2.7 Other disclosures

As of December 31, 2024 and 2023:

There were no firm commitments to purchase financial assets.

There were no financial assets pledged as security for liabilities or contingent liabilities.

No guarantees had been received on financial or non-financial assets.

When Columbus Stainless was incorporated, Acerinox, S.A. signed a Shareholders Agreement in December 2001 with the three South African partners, Highveld Steel and Vanadium Corporation, Ltd., Samancor, Ltd. and IDC, which held ownership interests therein.

In Clause 9 of that agreement it was stipulated that, in the event of a change of control at Acerinox, S.A., by virtue of which a shareholder acquired shares of Acerinox, S.A. that afforded it a majority of votes at the General Meeting or on the Board, the shareholders would be able to exercise a put option on their ownership interests vis-à-vis Acerinox.

In the years that have passed, two of the three partners who signed the agreement, Highveld and Samancor, have renounced their shareholdings, and the third, IDC, a state entity supporting industrial development in South Africa, has increased its ownership interest from 12% to 24%, given its interest in supporting the creation of wealth, the maintenance of employment and the status of the stainless-steel industry as a strategic industry for the country. IDC recently declared that this was a strategic and long-term interest.

Consequently, the exercise of this option, with respect to the aforementioned assumption, is highly unlikely for the only minority shareholder of Columbus Stainless, since its permanence is not determined by the presence of Acerinox, as it was in the case of the other shareholders, but by support to the national industry.

9.3 Information on the nature and level of risk of financial instruments

The Company is exposed to various financial risks, mainly market risk (foreign exchange risk, interest rate risk), credit risk and liquidity risk. However, since the main activity of the Group to which it belongs is the manufacturing and marketing of stainless-steel, the Company is also indirectly exposed to the risks inherent to the industry. The Company aims to minimize the potential adverse effects on its financial profitability through the use of derivative financial instruments, where appropriate to the risks, and by taking out insurance policies.

The Company does not acquire financial instruments for speculative purposes.

9.3.1 Direct risks

The Company's main business activities are those of a holding company. The Company monitors and approves the strategic lines of business and provides various corporate services such as legal, accounting and advisory services to all Group companies. It also handles the management and administration and centralizes financing within the Group.

The Company is exposed to the following risks, arising mainly from its financing activities:

9.3.1.1 Foreign currency risk

The Company is primarily financed in euros, and it invests in and lends funds to Group companies in different currencies. The Company hedges exchange rate volatility risk by arranging currency forwards.

Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date at the exchange rates then prevailing. Any exchange differences that arise from such translation are recognized in the consolidated income statement. To avoid fluctuations in the statement of profit and loss due to changes in exchange rates, and to ensure the expected cash flows, the Company uses derivative financial instruments to hedge most of its financial transactions performed in currencies other than the euro.

The derivative financial instruments used to hedge this risk consist of foreign currency purchase and sale forward contracts negotiated by the Group's Treasury Department in accordance with policies approved by management.

The Company's business model is to hedge foreign currency risk through the use of derivative financial instruments and there is an economic relationship between the hedged item and the hedging instrument. The Company, however, classifies its foreign exchange insurance contracts in the category of financial instruments at fair value through profit or loss.

Using these instruments ensures that any fluctuation in exchange rates that could affect assets or liabilities denominated in foreign currency would be offset by a change of the same amount in the derivative arranged. Changes in the derivative are recognized in the income statement, offsetting any changes that occur in foreign currency monetary items. As these derivatives do not qualify as cash flow hedging instruments for accounting purposes, the revaluation of these derivatives is recorded in the consolidated income statement as "changes in fair value of financial instruments".

The fair value of foreign currency forward contracts is equal to their market value at the reporting date, i.e. the present value of the difference between the current forward rate and the contract rate.

Note 9.2.2 details the financial instruments arranged by the Company to hedge this type of risk at December 31, 2024 and 2023.

The Company does not use financial instruments to hedge foreign investments, since these are strategic long-term investments. Neither the future profits nor the expected dividends are hedged, the latter only being hedged, in any case, as soon as they are approved.

9.3.1.2 Interest rate risk

The Company finances itself mainly in euros, with different maturities and the loans are mostly at variable interest rates.

The Company's financial liabilities and financial assets are exposed to fluctuations in interest rates. To manage this risk, interest rate curves are analyzed regularly and derivatives are occasionally used. These derivatives take the form of interest rate swaps which qualify for recognition for accounting purposes as cash flow hedging instruments. The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the reporting date, taking into account interest and exchange rates at that date and the credit risk associated with the swap counterparties.

In addition, when considered appropriate, the Company takes out fixed interest rate loans to reduce its exposure to interest rate fluctuations. During the year, the Company took out two fixed-rate loans for a total of EUR 195 million.

More than 70% of the Company's gross debt was at fixed interest rates (these figures include those loans closed at variable interest rates but hedged with an interest rate derivative).

2024 was characterized by cuts in official interest rates by both the ECB, which implemented four interest rate cuts (from 3% to 4% for the deposit interest rate), and the FED, which implemented three interest rate reductions (from 5.5%-5.25% to 4.50%-4.25%), abandoning two years of increases from more than 20-year highs.

Consequently, to reduce the interest rate risk in a current context of interest rate cuts, four derivatives (Interest Rate Swap) have been contracted for a total of EUR 260 million.

In 2023, due to the continued increase in interest rates and the high percentage of fixed interest rate loans, the Company decided not to contract new derivatives.

As in 2023, the Company has continued to actively manage its loans and credit facilities during 2024. **Note 9.2.5** explains all new financing negotiations undertaken throughout the year.

Note 9.2.2 details the financial instruments arranged by the Company to hedge this type of risk at December 31, 2024 and 2023.

In relation to the Company's interest rate sensitivity, had interest rates on its outstanding amount at year-end been 100 basis points higher, with all other variables remaining constant, the profit after tax would have been EUR 9.4 million lower (2023: EUR 5.9 million lower) due to higher borrowing costs on floating-rate debt. The effect on the Company's equity of such an increase in interest rates across the entire interest rate curve would have been an increase of EUR 3.5 million (2023: equity would have increased in EUR 3.4 million), since the higher borrowing costs would have been comfortably offset by increases in the values of its interest rate hedging derivatives held at the reporting date.

9.3.1.3 Liquidity risk

Liquidity risk is the risk of not being able to meet present and future obligations or not having the funds required to perform the Company's business.

The Company is primarily financed through the cash flows arising from its operations, dividend collection from Group's entities, in addition to loans and financing facilities.

During this year, good access to liquidity has been maintained through long-term loans and financing facilities in force in amounts greater than those required at any given time, and some long-term loans maturing in 2025 and 2026 have been repaid in advance and new loans contracted as explained below, increasing the volume of financing facilities available.

The Group's cash resources are centrally managed in order to optimize resources. Net debt is mainly concentrated at Acerinox, S.A. (more than 70% of total gross debt at year-end), which in turn finances the Group companies that need it.

In 2024 and 2023, no defaults occurred on the principal or interest of the Group's various financing facilities.

At December 31, 2024, the Company had arranged financing facilities with banks with a maximum available limit of EUR 2,202 million (2023: EUR 1,859 million), against which EUR 1,707 million had been drawn down at December 31, 2024 (2023: EUR 1,424 million). The fair value of the current borrowings is equal to their book value.

The most noteworthy financing transactions performed in 2024 and 2023 are detailed in **Note 9.2.5**.

Cash and cash equivalent balances are available and there is no restriction on their use.

In addition, the Company continuously monitors the maturity profile of its financial debt in order to establish the longest possible annual maturities.

9.3.1.4 Credit risk

Credit risk is defined as the possible loss that could be incurred through the non-performance of a customer or debtor to meet contractual obligations.

All of the Company's accounts receivable relate to Group companies. As mentioned previously, the Group's cash is centrally managed in order to optimize resources, and loans are granted to Group companies on the basis of their financing requirements.

9.3.2 Indirect risks

As the Parent of the Acerinox Group, which engages mainly in the manufacture and marketing of stainless steel, the Company is exposed to risks inherent to the industry:

9.3.2.1 Price risk

The risks of changes in the steel industry prices, which could indirectly affect the parent company, are fully disclosed in the Group's notes to the consolidated financial statements and are as follows:

1. **Risk due to energy price fluctuation**

During the last two years, the high volatility in the price of supplies, mainly gas and electricity, have acquired special relevance.

As the Group's factories are electro-intensive consumers of energy, these variations pose a risk due to the impact they have on the manufacturing costs of both stainless steel and high-performance alloys.

The steel industry requires an intensive use of energy to melt scrap and ferroalloys in electric furnaces to obtain molten material, as well as the use of fossil fuels such as natural gas in the heating and melting processes. Acerinox is therefore working to continuously improve its production processes, promoting innovation and the development of more efficient and cleaner technologies in melting shop production and supporting advances in less polluting and more sustainable processes. In addition, the Company has controls and monitoring methods for all processes, with advanced technologies and systems to achieve efficient energy consumption.

Although swings in energy prices have not been as relevant this year, it continues to be a variable subject to great volatility and with a significant impact on the Group's costs and therefore on its results.

Due to its electro-intensive nature, energy cost management is a strategic area for the Group and a constant element in excellence plans. The Group is constantly analyzing alternative sources of supply in order to reduce costs.

Reducing energy consumption is a key issue for Acerinox. Therefore, Acerinox has set a target of reducing the energy intensity of the stainless-steel division by 7.5% in 2030 compared to 2015 levels.

The Group's plants most affected by energy price volatility are those in Europe. Energy prices in Europe (especially Spain and Germany) continue to be higher than in other countries, which means a loss of competitiveness with respect to other producing countries in the world. The Group has factories in Spain, Germany, the United States, and South Africa.

The Group seeks to mitigate the effects of volatile energy costs by improving the efficiency of energy consumption and by entering into PPAs (Power Purchase Agreements). Forward purchase contracts for energy are realized through the physical purchase of energy consumed by the Group in its stainless-melting shop production facilities. They are therefore supply contracts for own use.

Due to its electro-intensive nature, energy cost management is a strategic area for the Group and a constant element in excellence plans. The Group is constantly analyzing alternative sources of supply in order to reduce costs.

Due to the impact of energy price fluctuations on the Group's costs, management has included this variable as a key assumption in valuations and forward estimates, particularly in Europe, and sensitivity analyses to energy price fluctuations are under way.

2. Risk of changes in commodity prices

The Group's exposure to commodity price fluctuations is different in the Stainless-Steel Division than in the High-Performance Alloys Division, since, although both of the Group's divisions use commodities listed on the London Metal Exchange (LME), the performance of demand and the way in which these commodity price changes affect both markets are substantially different in each division.

2.1 Commodities used for the stainless-steel division

Stainless steel is an alloy of iron, chromium (> 10.5%) and carbon (< 1.2%) to which other minerals such as nickel or molybdenum are added to give it certain properties. Nickel is one of the minerals that are present in all austenitic alloys, the most common on the market, in a variable percentage between 6 and 22%. Both nickel and molybdenum are listed on the LME and their prices are therefore subject to fluctuations in market prices.

The cost of commodities accounts for about 70% of the total cost of the product, and of this, nickel accounts for about 50%. Therefore, nickel price volatility has a direct and significant effect on the cost of stainless steel. Consequently, the strategy in relation to setting selling prices and the repercussion of such fluctuations is one of the most critical functions and requires significant market knowledge. The price of nickel, because of its influence on the cost of stainless steel, ultimately determines the price of the final product, and there is a direct correlation between the two prices.

However, stainless steel is often a "commodity" product where consumers, in many cases metal traders, construction, engineering, automotive, kitchen appliances or industrial machinery, value trust in some manufacturers more than others, but where the final price is ultimately the key to supplier selection.

Producers try to pass on the volatility of commodities in the price of the final product through a variable price mechanism called "alloy surcharge". The alloy surcharge is a mathematical formula, calculated on a monthly basis by each of the market's stainless-steel producers, that takes into account changes in the prices of certain commodities (particularly nickel, chromium and molybdenum) and fluctuations in the EUR/USD exchange rate. The application of this alloy surcharge allows nickel price fluctuations on the LME to be passed on to customers during the order manufacturing phase, as well as fluctuations in the prices of other commodities and in the EUR/USD exchange rate.

While this mechanism is consistently followed in some markets such as the United States and South Africa, it does not work in the same way in Asia, where producers offer fixed prices at the time of negotiation. This does not imply that prices are fixed, since they vary according to the commodity costs of these producers. This has an impact on markets where imports are higher, such as in Europe, which prevents this pricing system from being passed on to the end customer.

As was the case in 2023, in 2024, the mitigating effect of the alloy surcharge on the risk of price changes performed differently in the United States and in Europe. While in the North American market, the alloy surcharge is always respected by the market and provides a price stability factor, in Europe, the traditional base price plus alloy surcharge scheme has been replaced in part by an effective price system due to the pressure from imports and the weak demand, which has kept prices at minimum levels throughout the year.

During this year, although stainless steel inventory levels in the supply chain have remained at historically low levels and imports in Europe have not been the main price disruptor, low demand levels have prevented the expected recovery, remaining at very low levels during the year.

In the European market, the Group distributes mainly through its factory in Campo de Gibraltar (Acerinox Europa), which this year has been affected by the strike of almost 5 months resulting from the negotiation with the workers of the IV Collective Bargaining Agreement, which has prevented it from taking advantage of the increases that occurred during the second quarter of the year.

In the United States, the Group's dominant position in this market has allowed the Group's price maintenance strategy to contain fluctuations in base prices, despite lower demand.

With respect to the price of nickel, the fluctuations this year have been between USD 15,000/metric ton and USD 21,000/metric ton, closing at a price or around USD 15,200 metric ton.

The Group aims to minimize the impact of fluctuating commodity prices by keeping low inventory levels across the production chain, along with applying an alloy surcharge mechanism. In addition, the Group is rethinking its strategy towards high value-added products, which allows it less exposure to the volatility of commodity steels competing with Asian producers.

2.2 Commodities used for the high-performance alloys division

The high-performance alloys division involves alloys whose content of listed metals such as nickel is much higher than that of stainless steel, reaching up to almost 100% in certain alloys. In addition, they may also contain other metals such as copper, cobalt, aluminum and molybdenum. The metal content in this type of alloys accounts for 2/3 of the total cost of the product and the selling price of these alloys is up to 10 times higher than that of stainless steel. The manufacturing period lasts around three to four months and, accordingly, the Group must purchase metals several months before they are sold.

Currently, with the recent acquisition of the Haynes International Group in the United States, the policies used to hedge these risks are different from those used by VDM.

In the case of VDM, due to the percentage of metals in the total cost of the product and the associated price volatility, customers in this industry always demand fixed prices, which the Group guarantees when orders are received, initially assuming the full risk of commodity volatility. To mitigate this risk, the Group has a metals trading department in this division, which is responsible for entering into derivatives on the LME (London Metal Exchange) to hedge the metal purchases required to manufacture the products demanded by customers. In the case of metals not listed on the LME, natural hedges through physical stock are undertaken.

In the case of Haynes, it negotiates with most of its customers a variable sales price component based on commodity prices, enabling it to transfer part of the risk to them. The Group is currently carrying out the integration process and reviewing all the policies carried out by Haynes, to try to homogenize and find the best way to hedge and reduce risks.

2.3 Risk of price distortion due to the accumulation of stock in the market

The stainless-steel market is characterized by robust demand, which has grown at an annual rate of approximately 6% for over 50 years. The demand for stainless steel for all industrial applications and its presence in all industries guarantee that this growth rate will be sustained in the coming years. Although end consumption continues to grow steadily, the fact that this market is largely controlled by independent wholesalers leads to volatility in apparent consumption, based on their expectations regarding nickel price trends on the London Metal Exchange (LME) and their resulting stockpiling or inventory realization strategies.

Fluctuations in the price of nickel also affect consumer demand. Reductions in the price of nickel tend to go hand in hand with short-term drops in demand. Conversely, a rise in nickel prices tends to go hand in hand with higher demand. To reduce the risk arising from the fact that independent wholesalers control the majority of the market, the Acerinox Group has developed a sales network that enables it to supply end customers on a continuous basis, by means of warehouses and service centers through which the Group's production is channeled. This policy has enabled the Group to obtain a significant market share among end customers, enabling it to stabilize its sales and, therefore, reduce this risk.

2.4 Risk of overvaluation of inventories

The convenience of maintaining sufficient inventory levels at the Group's warehouses entails the risk that these inventories might be overvalued with respect to their market price. The Group mitigates this risk by keeping strict control of its inventory levels.

The valuation of commodities, work in progress and finished goods at average cost also helps to reduce the volatility of costs and, therefore, the impact of nickel price fluctuations on margins.

9.4 Insurance

The geographical diversification of the Company's factories (with three integrated flat product manufacturing plants, one cold rolling plant and three long product manufacturing plants) ensures that an accident would not affect more than one third of total production. This guarantees the continuity of the business, while adequate coordination between the other factories mitigates the consequences of material damage to any of the facilities.

Sufficient coverage has been arranged for the Group's factories through material damage and loss-of-profit insurance policies, which account for over 66.67% of the Acerinox Group's insurance expenditure. Also, all assets under construction are covered by the insurance policies taken out by the respective suppliers as well as the global building and assembly policy.

The Group also has a reinsurance company based in Luxembourg (Inox Re), which manages these risks by assuming a portion as self-insurance and accessing the reinsurance market directly.

The Acerinox Group has also arranged general third-party liability, environmental, credit, transport, cyber-risks and group life and accident insurance policies to reduce its exposure to these various risks.

9.5 Cash

The detail of the amount of cash at December 31, 2024 and 2023 was as follows:

(Amounts in thousands of euros)

	2024	2023
Cash on hand	14	15
Banks	161,424	21,172
TOTAL	**161,438**	**21,187**

Optimal management of the Group's financing and the signing of new financing facilities has enabled the Company to increase its cash position at the end of December by approximately EUR 160 million. This amount was placed in interest-bearing current accounts and term deposits of less than three months in euros at an average interest rate of almost 3% at year-end.

NOTE 10 – EQUITY

10.1 Subscribed capital, issue premium and treasury shares

Acerinox, S.A.'s capital stock solely comprises ordinary shares. All these shares carry the same rights and there are no bylaw restrictions on their transfer.

At the cut-off date the capital stock, as at 2023 year-end, consisted of 249,335,371 ordinary shares of EUR 0.25 nominal value each, yielding capital of EUR 62,334 thousand. The shares have been fully subscribed and paid.

All the Company's shares are listed on the Madrid and Barcelona stock exchanges.

During last year, Acerinox, S.A.'s capital stock was reduced, as approved by the General Shareholders' Meeting held on May 23, 2023, through the redemption of 10,388,974 treasury shares with a value of EUR 2,597 thousand. The purpose of this reduction of capital stock is to increase the value of the shareholders' stake in the Company.

At December 31, 2024, the only shareholder with a stake of 10% or more in the capital stock of Acerinox, S.A. is Corporación Financiera Alba, S.A. with 19.29% (2023: 19.29%).

10.2 Reserves

The detail of reserves at December 31 was as follows:

(Amounts in thousands of euros)

	Legal reserve	Voluntary reserve and prior years' losses	Reserve for redeemed shares	Reserves for revaluation of non-current assets	TOTAL RESERVES
Balance as of December 31, 2022	**13,527**	**897,785**	**3,475**	**5,243**	**920,030**
Depreciation of treasury shares		-88,088			-88,088
Application of retained earnings		332,013			332,013
Dividends paid		-149,562			-149,562
Other changes		-770			-770
Balance as of December 31, 2023	**13,527**	**991,378**	**3,475**	**5,243**	**1,013,623**
Depreciation of treasury shares					
Application of retained earnings		114,187			114,187
Dividends paid		-154,522			-154,522
Other changes		-865			-865
Balance as of December 31, 2024	**13,527**	**950,178**	**3,475**	**5,243**	**972,423**

"Other changes" mainly comprise the difference between the value of treasury shares delivered under the long-term remuneration plan approved and the equity instruments provisioned based on the estimates made. The details of these agreements are explained in **Note 14.3**.

10.2.1. Legal reserve

Appropriations were made to the legal reserve in accordance with Article 274 of the Spanish Corporate Enterprises Act, which requires that 10% of net profit for each year be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the capital stock. The Company has already recorded this reserve for an amount equivalent to 20% of the capital stock, amounting in both periods to EUR 13,527 thousand.

The legal reserve is not distributable to shareholders and can only be used to offset losses, in the event that sufficient other reserves are not available for this purpose, in which case the reserve must be replenished with future profits.

10.2.2. Voluntary Reserves

Pursuant to Article 273 of the Spanish Corporate Enterprises Act, voluntary reserves are unrestricted as to their use, provided that the distribution thereof does not reduce equity to below capital stock.

10.2.3. Redeemed shares reserve and property, plant and equipment revaluation reserve

In accordance with Royal Decree-Law 7/1996, of June 7, on urgent tax measures and measures to foster and deregulate the economy, the Company revalued its items of property, plant and equipment. The amount of the property, plant and equipment revaluation reserve reflects the revaluation gains, net of tax at 3%.

The tax authorities had a three-year period from December 31, 1996 in which to conduct a tax audit. Since such an audit did not take place, the aforementioned balance could be used to eliminate losses or increase the Company's capital stock.

The balance of this account may only be distributed, either directly or indirectly, once the gain has been realized.

10.3 Treasury shares

At year-end, treasury shares amounted to 25,143 with a value of EUR 221 thousand (2023: 106 thousand treasury shares with a value of EUR 1,031 thousand).

In 2024, 100 thousand treasury shares amounting to EUR 961 thousand were acquired to cover the Multi-Year Remuneration Plans for Group executives. This year, Company directors have been awarded 181,000 of the Company's treasury shares in accordance with the conditions and achievement of targets set out in the Multi-Year Remuneration Plan. The amount of shares delivered and retired from treasury stock amounted to EUR 1,770 thousand. The difference between the equity instruments recorded in accordance with the valuation made at the beginning of the plan and the treasury shares delivered were recorded against reserves of the parent company in the amount of EUR -849 thousand.

As detailed in **Note 14.3**, during last year, 213 thousand treasury shares were acquired to cover the Multi-Year Remuneration Plans for Group's senior managers for an amount of EUR 2,084 thousand. In 2023, 110,563 treasury shares were delivered to Company's executives as a result of the completion of the Third Cycle of the First Multi-Year Remuneration Plan. In this way, treasury shares totaling EUR 1,072 thousand were derecognized. The difference between the equity instruments recorded in accordance with the valuation made at the beginning of the plan and the treasury shares delivered has been recorded against reserves of the parent company in the amount of EUR -769 thousand.

The Board of Directors meeting on July 27, 2022, in view of the Company's financial strength, cash generation prospects and the low level of the share price, agreed to initiate a new 4% share buy-back program. This program fulfilled the Company's commitment to redeem the shares that were issued in the years when scrip dividends were made.

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The General Shareholders' Meeting held on May 23, 2023 approved the reduction of Acerinox, S.A.'s capital stock by EUR 2,597 thousand, through the redemption of 10,388,974 treasury shares. The purpose of this reduction of capital stock through the redemption of treasury shares was to increase the value of the shareholders' stake in the Company. This capital reduction was carried out in August 2023.

10.4 Earnings per share

The basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding in the year, less treasury shares.

(Amounts in thousands of euros)

	2024	2023
Net Profit	101,478	114,187
Weighted average number of common shares outstanding	249,335,371	249,260,083
Earnings/(loss) per share (in Euros)	**0.41**	**0.46**

Although there were other equity instruments that gave access to capital at December 31, 2024, as indicated in **Note 14.3**, these do not have a significant effect on the calculation of earnings per share and, therefore, diluted earnings or losses per share are the same as basic earnings or losses per share.

10.5 Distribution of dividends

In 2023, the new Acerinox Dividend Policy, approved by the Board of Directors in December 2022, came into effect. Its purpose is to establish the essential principles that will govern the shareholder compensation agreements submitted by the Board of Directors to the General Shareholders' Meeting for approval, connecting shareholder compensation to the Group's financial results.

Proposals for shareholder compensation must be sustainable and compatible with the maintenance of financial soundness.

Provided that market conditions and the Group's earnings performance, and while net debt does not exceed 1.2x recurring EBITDA for the cycle permit, the Board of Directors may resolve to provide Acerinox shareholders with extraordinary shareholder remuneration through share buyback plans or the payment of extraordinary dividends pursuant to authorization at the General Shareholders' Meeting.

As a general rule, the dividend will be paid in two payments:

- A payment on account in January.
- A supplementary payment in July.

This policy may be revised when there are significant and tangible organic and/or inorganic investments in the short term or when market conditions so advise.

In 2024, Acerinox shareholders received EUR 154,538 thousand in dividends. The General Shareholders' Meeting, held on April 22, 2024, approved the Board of Directors' proposal to pay a dividend for 2023 (to be paid in 2024) totaling EUR 0.62 per share, an increase of 3.3% over the previous year.

As established in Acerinox's Dividend Policy, that we have just explained, the following payments were made in 2024:

- Interim dividend for 2023 of EUR 0.31 per share, paid in January 26, 2024.
- Final dividend for 2023 of EUR 0.31 per share, paid on July 19, 2024.

The Board of Directors of Acerinox S.A., held on December 18, 2024, agreed to propose to the General Shareholders' Meeting the payment of a dividend of EUR 0.62 per share, of which EUR 0.31 gross per share was payed in cash, as an interim dividend, to each of the existing and outstanding shares of the Company entitled to receive such dividend on January 24, 2025.

The provisional accounting statement prepared by the directors in accordance with Article 277 of the Spanish Corporate Enterprises Act, which shows the liquidity status for the payment of the interim dividend, is as follows:

(Amounts in thousands of euros)

		2024
Cash on hand at November 30, 2024		**152,537**
Plus:		
Planned cash increases between November 30, 2024 and January 24, 2025		**19,995**
Dividend collection	11,000	
Receivables from operating activities	8,251	
Collection of tax refunds	744	
Less:		
Planned cash decreases between November 30, 2024 and January 24, 2025		**-52,933**
Payments for operating activities	8,433	
Payments from financial operations	6,500	
Loan repayments	38,000	
Projected liquidity as at January 24, 2025		**119,599**
Credit line capacity		**138,000**
Available liquidity at January 24, 2025		**257,599**

The Group has recognized the dividend payable under "other current financial liabilities" in the consolidated balance sheet amounting to EUR 77,293 thousand.

The General Shareholders' Meeting held on May 23, 2023 resolved to distribute a dividend of EUR 0.60 per share. The amount for the distribution of dividends was the aggregate result of the sum of the following amounts:

The interim dividend payment of EUR 0.30 gross per share agreed by the Board of Directors at its meeting held on December 20, 2022, which was paid on January 27, 2023 and amounted to EUR 74,799; and a supplementary dividend charged to 2022 at an amount of EUR 0.30 gross per share for each of the 259,724,345 existing shares (without prejudice to the provisions of article 148 of the Corporate Enterprises Act with respect to the shares held as treasury stock at the time of vesting). This complementary dividend was paid on July 17, 2023 in the amount of EUR 74,765 thousand.

The amount paid amounted to EUR 149,555 thousand.

NOTE 11 – FOREIGN CURRENCY

The detail of the main items in the balance sheet and income statement denominated in a foreign currency is as follows:

(Amounts in thousands of euros)

	2024		2023	
	USD	MYR	USD	MYR
Trade and other receivables	73,740		140	
Dividend receivable	240,639		298,643	
Payable to suppliers and other payables	272		140	
Loans to Group companies	5,799	23,683		15,761

The detail, by class of financial instrument, of the exchange differences recognized in the income statement is as follows:

(Amounts in thousands of euros)

	2024		2023	
	Realized exchange differences	Unrealized exchange differences	Realized exchange differences	Unrealized exchange differences
Trade and other receivables	-4,499	-2,606	861	-1,223
Cash	58		14	
Payable to suppliers and other payables	3,731		3	
TOTAL	**-710**	**-2,606**	**878**	**-1,223**

Trade and other receivables include dividends receivable and loans granted to Group companies.

Losses are shown as positive figures and gains as negative.

These exchange differences were partly offset by the gain arising from the revaluation of financial instruments at fair value (currency forwards), amounting to EUR -958 thousand (2023: EUR 144 thousand). The differences between the two amounts are mainly due to the interest rate differences between the currencies involved in the exchange rate insurance taken out and the differences between the insurance taken out and the monetary items in foreign currency.

NOTE 12 – TAX MATTERS

Acerinox, S.A. files consolidated tax returns. At December 31, 2024 and 2023, the consolidated tax group was made up of: Acerinox, S.A., Acerinox Europa S.A.U., Roldan, S.A., Inoxfil, S.A., Inoxcenter, S.L.U. and Inoxcenter Canarias, S.A.U.

12.1 Legislative amendments

The most significant regulatory amendments approved during this period are as follows:

- **Pillar 2- GloBE**

In March 2022, the Organization for Economic Co-operation and Development (OECD) approved the new international taxation model known as Pillar 2, within the scope of what are known as GloBE standards. These rules aim to ensure that multinational groups pay a minimum level of tax on their profits in each jurisdiction in which they operate. The Pillar 2 standard apply to all multinational groups with a turnover of more than EUR 750 million. The basic principle of this standard, with some exceptions, is to ensure that the minimum payment in each jurisdiction is at least 15%, requiring the establishment of a supplementary tax system.

A Directive was adopted at European Union level that defines the content of the GloBE standards in order to ensure their consistent and harmonized application in all EU Member States. This Directive should have been transposed by EU member states by December 31, 2023 at the latest, with effect from 2024.

As detailed in the accounting policies of last year's annual accounts, the Group availed itself of the temporary exception for the recognition of deferred tax assets and liabilities arising from the Pillar 2 rules, as well as the expense derived from calculation of the 15% minimum tax. However, since the Directive has been transposed in several countries and the calculation of this minimum payment and the recognition of a current tax when applicable is mandatory, at the end of this period the Group revaluated the possible impact of the application of this rule, which, as explained below, is not expected to be significant.

On December 20, 2024, Spain transposed the aforementioned Directive through Law 7/2024 of December 20, with effect from 2024.

The GloBE standards, and therefore Law 7/2024, provide for the possibility of applying safe harbors, based on a number of established parameters, which are calculated per jurisdiction on the basis of data published in the country-by-country report. Compliance with these parameters allows companies to limit the number of jurisdictions affected by the calculation of the minimum payment. The implementation of safe harbors is a temporary measure applicable for the first three years of implementation of the law, i.e. from 2024 to 2026.

In order to analyze whether it is possible to implement the so-called safe harbors, the Group has analyzed the data to be reported in the country-by-country report for 2024. From the analysis carried out by the Group, it follows that all jurisdictions significant to the Group would be eliminated from the application of the minimum tax, so the Group does not expect the application of this standard to have a significant impact.

- **Corporate income tax**

Law 7/2024 also introduces significant changes affecting corporate income tax, in particular the following.

  – Law 38/2022 of December 27 introduced, among other things, a temporary measure concerning the calculation of corporate income tax for companies taxed under the tax consolidation regime. Commencing with tax periods beginning in 2023, the taxable income of the tax group was determined by integrating the taxable income of the entities forming part of the tax group and 50 per cent of the individual tax losses. **This measure has been extended by Law 7/2024 for fiscal years beginning in 2024 and 2025.**

    Any remaining individual tax losses not accounted for in the tax group's taxable income, as a result of the aforementioned limitation, shall be integrated evenly over the initial ten tax periods beginning in the fiscal year following the year in which this limitation was applied.

    The Group has tax credits for this item amounting to EUR 65,688 thousand to be reversed over 10 years.

– With respect to offsetting tax loss carryforwards, effective for tax periods beginning on or after January 1, 2024, it is established that for taxpayers whose net turnover is at least EUR 60 million during the 12 months prior to the date on which the tax period begins, the limitation will be 25% of the taxable income. This has led to the recording of an impairment of tax loss carryforwards, as described in **Note 12.3.3** on the analysis of the recoverability of deferred tax assets.

– The amount of the deductions to avoid international double taxation may not exceed, jointly, 50 percent of the taxpayer's gross tax liability.

The Group has applied all the amendments described above, although it has had no economic impact as the tax base is negative in any case.

With respect to the regulatory changes relating to 2023 and included in the previous year's annual accounts, the most significant change is in the calculation of the operating profit applicable to the limitation on the deductibility of financial expenses.

The Spanish tax group has accumulated excess operating profits that have not been utilized in previous years and that can be utilized over a period of 5 years, meaning that the application of this standard should have no impact in the medium term.

- On January 18, 2024, the Constitutional Court declared Royal Decree Law 3/2016, of December 2, 2016, to be unconstitutional in the terms described in the report for 2023, agreeing, inter alia, the nullity of the limitation of tax loss carryforwards.

  However, with the limitation on the offsetting of tax loss carryforwards approved by Law 7/2024 and discussed above, the effect of this ruling is limited to 2023 and to those tax returns that had been challenged prior to the Court's ruling.

  The Group, in anticipation of a possible declaration of invalidity, challenged its corporate income tax returns for the years 2016 to 2019 in 2021. These claims are currently before the National High Court, pending a vote and ruling.

  Accordingly, it is considered that over the course of 2025 the claims pending a vote and ruling by the National Court for 2016 to 2019 should be resolved. This will result in additional income for the Group of EUR 7.3 million plus interest. These refunds mainly correspond to the higher application of tax loss carryforwards from 2017 and 2018. The Group has not recognized any asset for this item during the year as it was not applicable at year-end and it has not received any notification from either the National High Court or the Tax Authority regarding the possible enforcement of the judgment.

  In 2022, it also challenged the 2021 corporate income tax return. The status of this procedure is detailed in **Note 12.5**.

12.2 Income tax expense on earnings

The income tax expense recognized was as follows:

(Amounts in thousands of euros)

	2024	2023
Capitalization of tax credits	10,657	
Current tax for the year	-3,371	-5,317
Deferred taxes	-303	-738
Income tax	**6,983**	**-6,055**

The Company has not generated any tax loss carryforwards in this year.

Following impairments from past years, the Company hardly had any recognized tax assets. Although it achieved both a positive result and a positive taxable income this year, it was unable to use the outstanding tax credits from previous years due to the poor results of the tax group.

In the current year the Company has partially reversed the impairment recorded, leaving the balance of tax credits at year-end at EUR 10,671 thousand based on (i) the effect of the nullity of RD 3/2016, (ii) forecast results of future years and (iii) the effect of the limitation of integration in the Group's taxable income of the losses of the companies that compose it and the consequent integration over the following 10 years. In view of the positive results in these financial years, the Company Acerinox S.A. will not be affected by the integration of losses mentioned above (iii). ,

Note 12.3.1 explains in detail the recoverability analyzes conducted this year with respect to tax loss carryforwards.

The amount recognized under "other taxes" in the consolidated income statement includes the taxes paid abroad as a result of the withholdings made on the payment of interest and dividends.

The Company received dividends from its subsidiaries in the amount of EUR 261 million, most of which were exempt from tax withholdings (2023: EUR 306 million, and practically all of them were exempt from taxation).

Withholdings on interest payments are deductible from corporate income tax under the double taxation conventions, and they reduce the income tax expense.

Due to the different treatment permitted under tax legislation for certain transactions, the accounting profit or loss for the year differs from the tax base. Below is a reconciliation of the accounting profit for the year to the tax loss that the Company expects to contribute to the consolidated tax return following the requisite approval of the annual accounts:

(Amounts in thousands of euros)

2024	Income Statement			Income and expenses recognized directly in equity		
Balance of income and expenses for the year			**101,478**			**-7,957**
	Increases	Decreases	Net	Increases	Decreases	Net
Corporate income tax		6,486	-6,486		2,653	-2,653
Permanent differences	160,564	237,783	-77,219			
Temporary differences						
- arising in the year	2,810	3,917	-1,107	13,231	2,621	10,610
- arising in prior years		2,418	-2,418			
Taxable income			**14,248**			**0**
Allocation of positive taxable income to tax group companies:			-14,248			
Taxable income (Tax result)			**0**			**0**

2023	Income Statement			Income and expenses recognized directly in equity		
Balance of income and expenses for the year			**114,187**			**-11,997**
	Increases	Decreases	Net	Increases	Decreases	Net
Corporate income tax	6,201		6,201		3,999	-3,999
Permanent differences	222	281,555	-281,333			
Temporary differences						
- arising in the year	188,277	6,029	182,248	15,996		15,996
- arising in prior years		32	-32			
Taxable income			**21,271**			**0**
Allocation of positive taxable income to tax group companies:			-21,271			
Taxable income (Tax result)			**0**			**0**

The permanent differences include:

- Increases mainly include non-deductible expenses arising from the loss on the sale of the Bahru Stainless company detailed in **Note 9.2.6.**
- During the year, an impairment of shareholdings amounting to EUR 95,698 thousand (EUR 185,997 thousand in 2023) was recorded. However, in the event of a possible liquidation of the companies whose shareholdings have been impaired, these impairment-associated losses would be tax deductible.
- Decreases include dividends from Group companies to which the exemption from double taxation applies, with a limit of 95%. The past financial year also includes the reversal of the impairment of the investment made, which is detailed in **Note 9.2.6** and which was not taxed for tax purposes as the impairments previously made were non-deductible.

The most significant temporary differences are as follows:

– Arising in the year:

Increases:

- An adjustment of EUR 681 thousand was included this year in relation to the expense incurred arising from defined benefit plans to cover the obligations assumed with respect to certain employees, which were non-deductible (2023: EUR 1,315 thousand).
- EUR 2,129 thousand, arising from the long-term incentive plan approved by the Group by means of payments in company shares, which are non-deductible until the time of payment, were also included (2023: EUR 964 thousand).

Decreases:

- Goodwill: a negative adjustment of EUR 3,917 thousand was made to the tax base under Transitional Provision Fourteen of the Spanish Corporate Income Tax Act.
- EUR 1,608 thousand derived from the delivery of treasury shares to certain employees as a result of the settlement of the second cycle of the Incentive Plan (2023: EUR 1,315 thousand).
- EUR 777 thousand for payments made to employees as a result of obligations assumed from defined benefit plans (2023: EUR 798 thousand).

Below is a reconciliation of the tax expense and the accounting profit or loss for 2024 and 2023:

(Amounts in thousands of euros)

	2024		
	Recognized in the Income Statement	**Recognized directly in equity**	**Total recognized income and expenses**
Balance of income and expenses for the year	**101,478**	**-7,957**	**93,521**
Income tax	-6,983	-2,653	-6,636
Other taxes	497		497
Pretax Income	**94,992**	**-7,957**	**87,035**
Tax on profits using local tax rate (25%)	-23,748	2,653	-21,096
Effects on tax charge:			
Capitalization of tax credits	10,657		10,657
Tax incentives not recognized in the income statement	578		578
Tax effect of permanent differences in the taxable income	19,496	-2,653	16,844
Total income tax for the year	**6,983**	**0**	**6,983**

The tax incentives not recognized in the income statement relate mainly to the removal of double taxation tax credits and donations.

(Amounts in thousands of euros)

	2023		
	Recognized in the Income Statement	**Recognized directly in equity**	**Total recognized income and expenses**
Balance of income and expenses for the year	**114,187**	**-11,997**	**102,190**
Income tax	6,055	-3,999	2,056
Other taxes	146		146
Pretax Income	**120,388**	**-15,996**	**104,392**
Tax on profits using local tax rate (25%)	-30,097	3,999	-26,098
Effects on tax charge:			
Tax incentives not recognized in the income statement	208		208
Tax effect of permanent differences in the taxable income	23,834	-3,999	19,835
Total income tax for the year	**-6,055**	**0**	**-6,055**

12.3 Deferred taxes

The changes in deferred tax assets and liabilities were as follows:

(Amounts in thousands of euros)

	Deferred tax assets	**Deferred tax liabilities**
Balance as of December 31, 2022	**5,991**	**24,311**
Temporary differences for the year recorded in the income statement	32	979
Temporary differences from prior years' adjustments	6	
- Changes in value of financial instruments		-3,999
Credits for tax loss carryforwards and deductions	209	
Balance as of December 31, 2023	**6,238**	**21,291**
Temporary differences for the year recorded in the income statement	96	979
Temporary differences from prior years' adjustments	-1	
Temporary differences taken directly to equity		
- Changes in value of financial instruments		-2,652
Credits for tax loss carryforwards and deductions	580	
Capitalization of tax credits	10,657	
Balance as of December 31, 2024	**17,570**	**19,618**

The origin of the deferred tax assets and liabilities is as follows:

(Amounts in thousands of euros)

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Goodwill		18,605	-18,605		17,626	-17,626
Non-deductible depreciation				10		10
Other liabilities for pensions and other incentives	5,809	-773	6,582	5,702	-773	6,475
Financial instruments		1,786	-1,786		4,438	-4,438
Tax credit for tax loss carryforwards to be offset	10,671		10,671	14		14
Deductions pending application	1,090		1,090	512		512
Prepaid / deferred taxes	**17,570**	**19,618**	**-2,048**	**6,238**	**21,291**	**-15,053**

The Company has tax assets not recognized for accounting purposes arising from temporary differences amounting to EUR 60 million (2023: EUR 229 million) as a result of impairment losses recognized for accounting purposes that had not been deducted for tax purposes. These tax assets arise from the impairment losses recognized for accounting purposes on Acerinox, S.A.'s investments in the following affiliates and that are not deductible until the companies giving rise to the related temporary difference are settled.

	Accumulated balance as of December 31, 2023	Period endowment	Reversal of the period	Accumulated balance as of December 31, 2024	Tax credits at December 31, 2024
ACERINOX EUROPA, S.A.U.	67,245	95,697		162,942	40,736
Acerinox SC Malaysia, Sdn. Bhd.	18,081			18,081	4,520
Acerinox Pacific, Ltd.	19,358			19,358	4,840
Betinoks Palanmaz Çelik, A.S.	354			354	89
Bahru Stainless Sdn. Bhd.	772,846		-772,846	0	0
Columbus Stainless Pty, Ltd.	38,668			38,668	9,667
TOTAL	**916,552**	**95,697**	**-772,846**	**239,403**	**59,851**

12.3.1 Analysis of the recoverability of deferred tax assets

The Company has tax credits of EUR 65,433 thousand, which corresponds to tax loss carryforwards of EUR 261,731 thousand.

At Group level, after recording the tax credit derived from the tax loss carryforwards of the tax group for 2024 (EUR 34 million), and having performed the recoverability analysis explained below, an impairment of EUR 61,548 thousand has been recorded. The Company has not been affected by the aforementioned impairment as it has practically no capitalized tax credits derived from unused tax loss carryforwards from previous years; in fact, the analysis conducted this year revealed tax credits amounting to EUR 10,657 thousand.

The Company has partially reversed the impairment recorded, leaving tax credits capitalized at the year-end in the amount of EUR 10,671 thousand as a result of (i) the effect of the nullity of RD 3/2016, which will allow it to apply higher tax loss carryforwards when the claims are admitted (ii) forecast results of future years and (iii) the effect of the limitation of integration in the Group's taxable income of the losses of the companies that compose it and the consequent integration over the following 10 years. In view of the positive results in these financial years, the Company Acerinox S.A. will not be affected by the integration of losses mentioned above (iii).

As already mentioned, the Company files consolidated tax returns and, accordingly, when assessing the recoverability of its tax assets, takes into account the results of the whole tax group.

As stated in the accounting policies, the Group recognizes deferred tax assets in the consolidated statement of financial position provided that those assets are recoverable within a reasonable period, also taking into consideration the legally established limitations on their use. The Group considers a period of approximately ten years to be reasonable if permitted by tax legislation.

To assess the recoverability of the unused tax assets, the Group prepares a five- to ten-year budget for each of the companies with recognized tax assets, based on which it performs the tax adjustments necessary to determine the tax bases. The Group also takes into account the limitations on the offset of tax bases established by the Spanish law, as well as the minimum payment regulations and other applicable regulations. In addition, the Group assesses the existence of deferred tax liabilities against which tax losses may be offset in the future.

In preparing budgets, the Group considers the financial and macroeconomic circumstances and those of the stainless-steel market itself, adapted to the entity's operating environment. Parameters such as expected growth, use of installed production capacity, prices, etc. are projected on the basis of the forecasts and reports of independent experts, as well as historical figures and the targets set by management. Relevant key assumptions such as exchange rates, commodity prices or energy prices are extrapolated using highly conservative criteria, always tied to the most recent values recorded in the pertinent markets at the date of the analysis.

In the case of the Spanish tax group, the 5-year budgets are projected to 10 years on a prudent basis by repeating a 5-year cycle that takes into account the business volatility.

No tax planning actions are taken into account beyond the reversals of deferred taxes as determined by law.

Tax assets arising from tax loss carryforwards from the consolidated tax group in Spain amounted to EUR 218 million at year-end, of which EUR 158 million were not recognized as deferred tax assets.

This year, the drop in demand along with the strike at the Acerinox Europa factory as a consequence of negotiation of the labor agreement, which led to the factory shutting down for five months and also affected the other companies that form part of the Spanish group consolidated for tax purposes, have caused most of the Spanish companies of the Group to post losses. These losses have increased the tax credits generated in the year. In addition, the regulatory amendments introduced by Law 7/2024 of December 20, which reintroduced limitations, applicable as from 2024, on the deductibility of tax loss carryforwards, have led the Group, after the appropriate recoverability analysis, to consider it reasonable to record an impairment on the tax credits for EUR 61.5 million, reaching a total accumulated impairment of EUR 158 million, based on the assumptions described below.

On January 18, 2024 the Constitutional Court declared the unconstitutionality of Royal Decree 3/2016 which introduced an amendment to the Corporate Income Tax Law, whereby the possibility of offsetting tax losses was limited to 25% of the taxable income generated in a fiscal year, which meant that during the year, as in the previous year, the Tax Group could have capitalized the taxable income generated in the fiscal year. This ruling, as a consequence of the approval of new Law 7/2024, will only have practical effect for 2023 and the tax returns challenged prior to the aforementioned ruling.

In the case of the Group, as described in **Note 12.1**, the Constitutional Court's ruling will apply to the corporate income tax returns for 2017, 2018 and 2021. In summary, it will entail the immediate offset of tax credits amounting to EUR 18,042 thousand (EUR 72,167 thousand of tax loss carryforwards).

On the other hand, as explained in **Note 9.2.6**, in this financial year, the Group has updated the five-year results forecasts based on the new circumstances and taking into account the future strategic plans approved by the management team, which have been designed with the aim of trying to improve the results of Acerinox Europa, the main component of the Spanish fiscal Group, redirecting a greater part of its sales towards end customers and towards products with higher added value. The Group has also engaged an independent expert to perform an impairment analysis.

To analyze the recoverability of the tax credits capitalized in the Spanish tax group, the Group has taken into account the budgets of Acerinox Europa prepared by the independent expert, in addition to the five-year budgets of the other companies in the consolidated tax group.

The variables considered in the preparation of the budgets are based on demand estimates, commodity and selling prices, exchange rates, consumer price increases, energy costs estimates and the Company's strategy itself.

In view of all these aspects and taking into account the new limitations on the application of tax loss carryforwards, the 5-year budgets extrapolated to 10 years along with the effect of the annulment of RD 3/2016, has led, on the one hand, to an impairment of EUR 61 million, as the credit derived from the losses of the tax group corresponding to fiscal year 2024 (34 million) had already been recorded and, on the other hand, to maintain the recovery of all the deductions pending application.

Sensitivity analyses were performed on these estimates to determine the risk that a change in the assumptions may require an additional impairment loss to be recognized on these deferred tax assets. The capitalized tax credits have a recovery period of 10 years based on the cyclical repeatability of the 5-year budget carried out by the independent expert. This year, as tax credits have impaired to the maximum with the budgets carried out, any downward sensitivity of these forecasts would force further impairment.

12.4 Current tax

The current tax asset recognized at year-end amounts to EUR 591 thousand, which corresponds to the withholdings made and which the Company will receive back when the tax is settled from July 2025. At the end of 2023, EUR 13 thousand corresponding to withholdings were pending collection.

As a result of the consolidated tax regime, Group companies generated net balances in the amount of EUR 3,371 thousand receivables (2023: EUR 5,323 thousand receivables). The total net amount of loans with companies in the tax consolidation Group as a result of tax loss carryforwards amounts to EUR 4,479 thousand receivable and EUR 3,702. thousand payable (2023: EUR 7,850 thousand receivable).

12.5 Tax audits and years open for review

Pursuant to the Spanish Income Tax Law, tax loss carryforwards declared in the tax returns for years open for review become statute-barred ten years from the day following the final day of the period established for filing the tax return or self-assessment for the tax period in which the right to offset arose. Once this period has elapsed, taxpayers must demonstrate that the carry-forward tax losses that they wish to offset, and the amount thereof, are appropriate by submitting the assessment or self-assessment and the accounting records, together with evidence that they were filed at the Companies Registry within the aforementioned period.

At December 31, 2024 and 2023, Acerinox, S.A. had all the taxes applicable to them open for review by the tax authorities in relation to the following years:

Type of tax	2024	2023
Corporate income tax	2017-2023	2017-2022
Value added tax	2021-2024	2020-2023
Customs duties	2021-2024	2020-2023
Personal income tax	2021-2024	2020-2023

On December 21, 2023, the companies Acerinox, S.A., Acerinox Europa, S.A.U. and Roldan, S.A. received notification of the commencement of partial verification and investigation proceedings limited to the verification of the request for rectification of corporate income tax for the year 2021 submitted by the Group, as well as the deductions for technological innovation (TI) expenses pending application, generated in the years 2017 to 2021.

The inspection proceedings concluded on January 17, 2025 by means of an assessment in which the tax authorities agreed to rectify the self-assessment in the terms requested by this party, i.e. (i) increasing the limitation of the offsetting of tax loss carryforwards to 70%, which involves reducing the Tax Loss Carryforwards pending offsetting, (EUR 22,782 thousand), (ii) reducing the deductions applied that year, increasing therefore the deductions pending application, and (iii) rectifying the amounts declared as deductions for R&D&I corresponding to 2021 based on the valuation report issued by the Ministry of Science and Innovation.

As a result of the foregoing, the amount of EUR 2,012 thousand will be returned, plus interest. The conformity certificate becomes final on February 17, 2025. The refund is expected to be made during the first quarter of 2025.

12.6 Balances with the Public Administrations

At December 31, 2024 and 2023, the following were the Company's balances with the Public Administrations (except corporate income tax balances):

(Amounts in thousands of euros)

	2024		2023	
	Receivables	Payables	Receivables	Payables
Social Security payable	7	232	4	193
Personal income tax		592		441
Value added tax	706		406	
TOTAL	**713**	**824**	**410**	**634**

NOTE 13 – INCOME AND EXPENSES

13.1 Staff costs

The detail of "staff costs" is as follows:

(Amounts in thousands of euros)

	2024	2023
Wages, salaries and similar	21,042	17,656
Social security	2,166	1,848
Other employee benefits	606	599
Staff costs	**23,814**	**20,103**

13.2 Revenue and other operating income

The detail of revenue is as follows:

(Amounts in thousands of euros)

	2024	2023
Dividends received from Group companies	260,535	306,131
Provision of services	61,968	39,325
Interest on loans to Group companies	37,552	31,668
Revenue	**360,055**	**377,124**

"Other operating income" in the income statement includes mainly lease income amounting to EUR 365 thousand (2023: EUR 356 thousand).

13.3 Outsourced services

The detail of outside services is as follows:

(Amounts in thousands of euros)

	2024	2023
Repairs and maintenance	1,343	1,950
Freelance services	32,484	9,345
Supplies	72	79
Travel expenses	933	851
Communications	834	964
Insurance	2,516	1,930
Advertising	244	168
Other	2,619	2,164
Outside services	**41,045**	**17,451**

The heading independent professional services includes EUR 20,577 thousand from the acquisition of the Haynes Group by the US subsidiary North American Stainless.

NOTE 14 – PROVISIONS AND CONTINGENCIES

14.1 Long-term provisions

There are no long-term provisions at December 31, 2024 or December 31, 2023.

14.2 Contingent liabilities

Guarantees

At December 31, 2024 and 2023, the Company had provided guarantees to third parties totaling EUR 1.7 million, which correspond mainly to guarantees presented to the Public Administration and suppliers.

Company management does not expect any significant liabilities to arise as a result of these guarantees and, accordingly, no provision was recognized in these annual accounts in this connection.

14.3 Share-based payment transactions

The Company has multi-year Long-Term Incentive Remuneration Plans (LTIP) for certain Group executives, which are instrumented through payment in shares of Acerinox S.A. The plans consist of three cycles of three years each. The delivery of the shares and the number to be delivered are contingent upon the fulfillment of certain vesting requirements relating to the employee remaining in service and the achievement of individual corporate objectives, certain of which depend on market circumstances.

The Company presumes that the services are to be provided over the irrevocability or vesting period as consideration for the future delivery of the shares. Accordingly, the services rendered are recognized on a straight-line basis over the period in which the rights to receive those shares become irrevocable.

The Company measures the goods or services received, as well as the corresponding increase in equity, at the fair value of the equity instruments granted at the grant date.

To calculate this theoretical number of shares, the shares of Acerinox, S.A. are measured at their quoted price 30 trading days prior to commencement of the Plan, and their subsequent increase or decrease in value is assumed by the employee. The resulting number of performance shares is used as the basis for determining the actual number of Acerinox, S.A. shares to be delivered (if any) at the end of each cycle, depending on the extent to which objectives are achieved and subject to compliance with the requirements set out in the regulations governing each plan.

The Group engages an independent expert to calculate the percentage of objectives achieved, subject to market conditions. Using accepted valuation techniques (the Monte Carlo method), the expert calculates the reasonable percentage of shares attributable to each employee subject to the remuneration plan. According to this valuation, the number of shares to be delivered in the execution of each cycle of the plan would be 78,853 shares for the first plan, which ended last year, 203,830 shares for the second plan and 309,427 for the one approved for the 2024-2028 period.

During this year, 181 thousand treasury shares were delivered to senior manager of both the Company and the Group as a result of the application of the Plan for the current year (2023: 110,563 treasury shares delivered). The difference between the value of the treasury shares delivered (2024: EUR 1,770 thousand and 2023: EUR 1,072 thousand) and the equity instruments provisioned on the basis of the estimates made (2024: EUR 848 thousand and 2023: EUR 940 thousand), after deducting withholdings on account, was moved to reserves in the amount of EUR -849 thousand and EUR -768 thousand, respectively.

The expense incurred this fiscal year amounted to EUR 964 thousand (2023: EUR 1,105 thousand), the balancing entry of which was recognized under "other equity instruments". The amount recognized at year-end under "other equity instruments" in the balance sheet totaled EUR 5,778 thousand (2023: EUR 4,288 thousand).

14.4 Employee benefits and other obligations

On the other hand, there are obligations for retirement commitments agreed with Senior Management and arising from certain contracts amounting to EUR 19.5 million (2023: EUR 18.8 million). Since these obligations were appropriately insured in both 2024 and 2023, and their estimated amount was covered by cash flows arising from the insurance policies taken out for this purpose, no liabilities were recognized in this connection.

The assumptions used to calculate the fair value are detailed below:

	2024	2023
Mortality table	PER2020_Col_1er.orden	PER2020_Col_1er.orden
CPI	2.00%	2.00%
Salary growth	2.00%	2.00%
Growth in social security	IPC+0.115%	IPC+0.115%
Retirement age	65 years	65 years
Accrual method	Projected Unit Credit	Projected Unit Credit

NOTE 15 – RELATED PARTY BALANCES AND TRANSACTIONS

15.1 Related parties

The Company's annual accounts include transactions performed with the following related parties:

- Group companies
- Affiliates
- Key executives of the Group and members of the Boards of Directors, as well as persons related thereto, of the various Group companies
- Significant shareholders of the Company.

All the transactions performed with related parties are performed under market conditions.

15.2 Balances and transactions with Group companies

The detail of the trade balances with Group companies at December 31 is as follows:

(Amounts in thousands of euros)

COMPANY	2024 Receivables	2024 Payables	2023 Receivables	2023 Payables
Acerinox Australasia PTY. LTD	5		6	
Acerinox do Brasil Representaçoes Ltda.	9		11	
Acerinox Benelux, S.A.-N.V.	9		9	
Acerinox Argentina, S.A.	424		377	
Acerinox Chile, S.A.	37		-68	
Acerinox Colombia S.A.S.	49		36	
Acerinox Deutschland GmbH	147		150	
Acerinox Europa, S.A.U.	3,207	25	6,367	6
Acerinox France S.A.S.	35		34	
Acerinox India Pte. Ltd.	9		38	
Acerinox Italia S.R.L.	116		1,378	
Acerinox Metal Sanayii Ve Ticaret, Ltd Sirketi	22		82	
Acerinox Middle East Dmcc	69		48	
Acerinox Pacific Ltd.	10		8	
Acerinox Polska, SP.Z.O.O.	66		58	
Acerinox Russia Llc			28	
Acerinox Scandinavia, A.B.	79		77	
Acerinox (Schweiz) Ag.	58		12	
Acerinox SC Malaysia Sdn. Bhd.	316		64	
Acerinox Shanghai Co. Ltd.	26		73	
Acerinox (S.E.A.) Pte. Ltd.	211		174	
Acerinox U.K. Ltd.	94		83	
Acerol Comercio e Industria de Aços Inoxidaveis Unipersoal, Ltda.	60		60	
Bahru Stainless Sdn. Bhd.			565	2
Columbus Stainless (Pty) Ltd.	4,081		3,491	
Corporación Acerinox Peru, S.A.C.	6		45	
Inoxcenter, S.L.U.	238		228	
Inoxcenter Canarias, S.A.U.	9		8	
Inoxfil, S.A.	144		136	
Inoxidables Euskadi, S.A.	69	4	63	
Inox Re S.A.			1	
Metalinox Bilbao, S.A.U.	50		44	
North American Stainless, Inc.	18,234	1	2,357	
Roldan, S.A.	558		555	
VDM Metals Holding GmbH	2,525	-11	8,986	
TOTAL	**30,972**	**19**	**25,584**	**8**

The detail of the short- and long-term loans granted to Group companies and affiliates at December 31, 2024 and 2023 is as follows:

(Amounts in thousands of euros)

	Short-term loans granted		Long-term loans granted	
	2024	2023	2024	2023
Acerinox Europa, S.A.U.	217,001	532,209		
Acerinox SC Malaysia Sdn. Bhd.	29,482	15,761		
Acerinox Colombia S.A.S.		117		
Caraban Dunia	31,728			
Corporación Acerinox Perú S.A.		166		
Inoxcenter Canarias S.L.	161	164		
Inoxcenter S.L.U.	21,700	46,647		
Inoxfil, S.A.	662	716		
Roldan, S.A.	35,742	16,274		
TOTAL	**336,476**	**612,054**	**0**	**0**

Information about the variations that occurred this year is included in Note 9.2.3 .

This section also includes the credits arising from the application of the tax consolidation regime between the companies that make up the tax group and which are described in **Note 12.4**.

The detail of the short- and long-term loans received from Group companies and affiliates at December 31, 2024 and 2023 is as follows:

(Amounts in thousands of euros)

	Short-term loans received	
	2024	2023
Acerinox Europa, S.A.U.	3,702	770
Inox Re S.A.	33,852	33,918
Inoxcenter, S.L.U.		109
TOTAL	**37,554**	**34,797**

The interest rates set are in all cases market interest rates which take into account both the currency in which the loans are granted and the risk of the associate, as well as the interest rates on the financing obtained by the Group from banks.

The transactions performed with Group companies are as follows:

(Amounts in thousands of euros)

	2024	2023
Income from services rendered	61,968	39,325
Other operating income	378	479
Interest income	37,552	31,668
Income from ownership interest	260,535	306,131
Interest expenses	1,773	1,590

"Interest income" includes mainly the interest at market rates charged by the Company on the loans granted to Group companies.

"Interest expenses" includes mainly the interest at market rates on loans received from Group companies, primarily Inox Re, S.A.

15.3 Transactions and balances with affiliates

The Company did not perform any transactions or recognize any balances with affiliates in 2024 or 2023.

15.4 Directors and key management personnel

The remuneration received during the year by the nineteen members of the Management Committee and who do not hold a position on the Board of Directors of Acerinox, S.A. amounts to EUR 5,870 thousand. Of this amount, EUR 3,513 thousand relate to salaries, EUR 1,391 thousand to variable remuneration based on the previous year's results and EUR 966 thousand to remuneration in kind. There have been no per diems in this financial year.

In December 2023, at the proposal of the Appointments and Remuneration Committee, a Management Committee was created that included not only those who report directly to the Chief Executive Officer but also those who, without this direct reporting line, perform a corporate function in the company's Central Services and whose remuneration includes a specific retention system.

In 2023, the four senior managers received EUR 2,418 thousand, of which EUR 1,195 thousand related to salaries, EUR 770 thousand to variable remuneration based on the previous year's results and EUR 453 thousand to remuneration in kind.

The members of the Management Committee are those who report directly to the Chief Executive Officer and those who perform a corporate function in the company's Central Services without this direct reporting line, and their remuneration includes a clear system of management by objectives and a specific retention system.

In 2024, the members of the Board of Directors of Acerinox, S.A., including those who also hold senior executive positions and sit on the Boards of Directors of other Group companies, earned EUR 3,889 thousand in fixed allowances, attendance fees, and fixed and variable salaries (based on the previous year's results), of which EUR 2,235 thousand related to salaries and fixed allowances for Directors, EUR 263 thousand to attendance fees, EUR 937 thousand to variable remuneration based on the previous year's results and EUR 454 thousand to remuneration in kind. In 2023, the remuneration received amounted to EUR 4,129 thousand, of which EUR 1,490 thousand related to salaries and fixed allowances of Directors, EUR 679 thousand to attendance fees, EUR 1,500 thousand to variable remuneration based on the previous year's results and EUR 460 thousand to remuneration in kind.

With regard to the breakdown of the Chief Executive Officer's variable remuneration, the annual bonus for 2023 has been settled in this year. The metrics used for their calculation combined financial, environmental and other business aspects specified in the Annual Report on Directors' Remuneration (IARC) for the year.

The Appointments, Remuneration and Corporate Governance Committee considered the different levels of compliance and submitted its proposal to the Company's Board of Directors, which generated a combined achievement coefficient that resulted in a preliminary bonus of EUR 517 thousand and a bonus pool – a percentage to be distributed of 0.591% of EBITDA, shared with the rest of the senior managers – of an additional EUR 420 thousand. As the maximum remuneration for this item is capped, the total bonus received amounted to EUR 937 thousand. This amount was paid during the month of March.

There are obligations arising from certain senior managers retirement benefit arrangements amounting to EUR 19.5 million (2023: EUR 18.8 million), of which EUR 5.5 million correspond to the Chief Executive Officer (2023: EUR 5.5 million). In 2024 and 2023, these obligations were duly covered by insurance contracts, to which EUR 681 thousand were contributed in 2024 (2023: EUR 1,315 thousand). There are no obligations contracted with proprietary or independent directors of Acerinox, S.A. At December 31, 2024 there are no advances or loans granted to or balances with members of the Board of Directors or senior management.

In connection with the Multi-Year Remuneration or Long-Term Incentive (LTI) Plan, the terms and conditions of which are detailed in **Note 14.3**, the expense incurred in the year in relation to the Chief Executive Officer and senior management of Acerinox, S.A., the balancing entry of which is recognized under "other equity instruments", amounts to EUR 2,128 thousand, of which EUR 745 thousand correspond to the Chief Executive Officer (2023: EUR 963 thousand, of which EUR 233 thousand correspond to the Chief Executive Officer). During the year, the shares corresponding to the first cycle of the approved second share-based remuneration plan were delivered. A total of 101,026 shares were delivered (2023: 78,314 shares were delivered), after deducting applicable withholdings, of which 24,254 corresponded to the Chief Executive Officer (2023: 23,498).

The Company's Directors and their related parties were not involved in any conflict of interest that had to be reported pursuant to Article 229 of the Consolidated Spanish Corporate Enterprises Act.

The Group has taken out a third-party liability insurance policy which covers the directors and senior management, as well as Group employees. The premium paid this year amounted to EUR 590 thousand (2023: EUR 754 thousand).

In 2024 and 2023, the members of the Board of Directors did not perform any transactions with the Company or with Group companies that were outside the normal course of business or were not on an arm's length basis.

15.5 Significant shareholders

The Acerinox Group has not entered into any related party transactions with any significant shareholders in 2024 or 2023.

The directors have no conflict of interest with the Company's interests.

NOTE 16 – OTHER DISCLOSURES

16.1 Average number of employees in the year

	2024		2023	
	Men	**Women**	**Men**	**Women**
Senior Vice President	5		6	
Director	10	5	9	5
Manager	15	12	11	10
Analyst / Supervisor	17	14	14	12
Specialist	17	7	10	7
Administrative staff	6	13	11	15
TOTAL	**70**	**51**	**61**	**49**

At December 31, 2024, the Company complies with the provisions of the Spanish General Law on the Rights of Persons with Disabilities and their Social Inclusion.

16.2 Breakdown by gender, of personnel and directors, at December 31, 2024 and 2023

	2024		2023	
	Men	Women	Men	Women
Board Members	6	4	6	5
Senior Vice President	5		6	
Director	10	5	10	5
Manager	15	12	11	10
Analyst / Supervisor	17	14	15	13
Specialist	17	7	10	7
Administrative staff	6	13	13	15
TOTAL	**76**	**55**	**71**	**55**

16.3 Fees paid to auditors

The General Shareholders' Meeting held on May 23, 2024 resolved to reappoint the auditors PricewaterhouseCoopers Auditores, S.L. to perform the review and statutory audit of the financial statements of ACERINOX, S.A. and its Consolidated Group for 2024.

The detail of the fees and expenses incurred for the respective services rendered in 2024 and 2023 is as follows:

(Amounts in thousands of euros)

	2024	2023
For audit services	57	55
For other verification services	260	128
TOTAL	**317**	**183**

The amounts detailed in the foregoing table include the total fees for services rendered in 2024 and 2023, irrespective of when they were billed.

"Other verification services" includes the limited review of the Interim Condensed Consolidated Financial Statements as at June 30, 2024 and 2023, the report on agreed-upon procedures regarding the system of Internal Control over Financial Reporting (ICFR) and the report on agreed-upon procedures relating to the achievement of the financial ratios required by the ICO, as well as the verification of the Non-Financial Information Statement and Sustainability Statement.

NOTE 17 – POST-CLOSING EVENTS

Interim dividend

The Board of Directors of Acerinox, S.A. held on December 18, 2024, decided to propose to the Ordinary General Shareholders' Meeting of the Company a dividend of EUR 0.62 per share charged to 2024 results, of which EUR 0.31 were paid as an interim dividend on January 24, 2025. This dividend will be submitted for approval at the General Shareholders' Meeting to be held in 2025.

Management Report 2024

ACERINOX

In-house translation of the original Spanish version. In the event of any discrepancy, the original Spanish version prevails.

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1. Acerinox S.A.

Acerinox S.A. is the holding company that establishes and monitors the strategic lines of the business. In addition, it provides corporate services such as legal, accounting, and advisory services, among others, and is responsible for directing and managing the Group's financing, as well as approving both CAPEX and organic and inorganic growth strategies.

Its headquarters, which are located in Madrid, have 121 employees. and is where the main decision-making and management bodies convene.

Acerinox's shares are admitted to trading on the Madrid Stock Exchange and the company is part of the selective Spanish IBEX 35. Approximately 47,500 shareholders, including individuals and legal entities, own stock in the company.

At December 31, 2024, Acerinox's share capital consisted of 249,335,371 ordinary shares with a par value of EUR 0.25 each.

2. Balance sheet

The most important figures for the year and their change with respect to the previous one are summarized in the following table:

EUR million	12M 2024	12M 2023	% 12M 24/ 12M 23
Revenue	360	377	(5)%
EBIT	134	153	(13)%
EBIT margin	37%	41%	
Pre-tax income	95	120	(21)%
Profit after tax	101	114	(11)%
Net financial debt	1,546	1,403	10%

(*) The net financial debt is calculated based upon the following items in the annual accounts: Long-term and short-term borrowings with financial institutions + Liabilities and other long-term and short-term marketable securities - Treasury

Acerinox, S.A.'s results are mainly derived from dividends from its affiliates, income from management fees and financial interest on loans granted to certain Group companies. During this fiscal year, the Company received dividends in the amount of EUR 261 million.

Statement of financial position and financing

ASSETS

EUR million	2024	2023	Variation
Non-current assets	**2,071**	**1,725**	**20%**
Current assets	**850**	**972**	**(13)%**
Receivables	32	26	24%
Cash	161	21	662%
Other current financial assets	656	925	(29)%
Total Assets	**2,921**	**2,697**	**8 %**

LIABILITIES

EUR million	2024	2023	Variation
Equity	**1,070**	**1,130**	**(5)%**
Non-current liabilities	**1,430**	**1,198**	**19 %**
Bank borrowings	1,409	1,177	20 %
Other non-current liabilities	21	21	(1)%
Current liabilities	**421**	**369**	**14 %**
Bank borrowings	298	248	20 %
Trade payables	4	4	10 %
Other current liabilities	119	118	1 %
Total Liabilities	**2,921**	**2,697**	**8 %**

The Acerinox Group's Consolidated Management Report provides a summary of the main milestones that have marked this fiscal year, many of which have had an impact on the parent, such as:

• Haynes acquisition: triple A investment (Americas Alloys Aerospace):

This year, Acerinox, through its subsidiary North American Stainless, acquired the Haynes Group, based in the United States.

Acerinox is holding firm to a strategy focused on the development and expansion of higher-value-added solutions. Haynes International provides access to new markets and industrial sectors such as aerospace and contributes its strength in the research and development of new alloys. The integration of Haynes will generate synergies for the Group in terms of expenses, sales, efficiency and process optimization. This American company was acquired by the Group's US subsidiary, NAS. It will become part of the High-Performance Alloys Division (HPA), created in 2020 with the acquisition of VDM Metals.

Acerinox will invest around USD 200 million over the next four years in the new platform in the US to increase capacity and develop synergies.

The transaction was finalized nine months after its announcement via a cash payment of USD 799 million, after receiving the green light from all pertinent regulatory authorities.

Acerinox incurred expenses for this transaction amounting to EUR 21 million.

• New organizational model at Acerinox Europa.

Acerinox Europa, in light of the market conditions and financial results of recent years, decided to implement a new organizational and production model at the Acerinox Europa factory, located in Campo de Gibraltar (Cadiz, Spain).

After almost five months of strike action, Acerinox Europa and the Works Council signed the IV Collective Bargaining Agreement for the plant. This agreement will remain valid until December 31, 2027, The agreement seeks to strengthen the relationship between the company and its employees, promoting flexibility and a positive and collaborative work environment. All of this was necessary to implement the Group's strategy of creating high value-added products and increasing its presence for the end customer.

In addition, this agreement included, among other conditions, the commitment to sign a social pact agreement for employment. On December 20 of this year, together with the main labor unions, the principle of this agreement was signed. Among other aspects, it includes an employment rejuvenation program based on the voluntary adhesion of persons who meet the requirements specifically agreed therein. On the same date, the conditions of the rejuvenation plan applicable for 2025 were agreed upon. This agreement will allow the employees included in the plan to opt for early retirement under the conditions established in the plan, once they reach a certain age.

Acerinox has had to undertake a non-cash capital increase in Acerinox Europa in the amount of EUR 430 million through partial capitalization of the loan, leaving the loan drawn down in EUR 217 million.

In this fiscal year, Acerinox has had to record an impairment of its shareholding in this company amounting to EUR 96 million, according to the valuation made by the independent expert.

• Shut-down and sale of Bahru Stainless in Malaysia

Bahru Stainless was incorporated in 2008, aimed at supplying the Asian market, in addition to adding to the Group's global production through the purchase of semi-finished products from other factories. Strong Asian competition, some of it unfair, and market shifts hindered the development and profitability of this asset, which ceased to be strategic for the Group.

On October 10, a contract was signed with Worldwide Stainless Sdn. Bhd, a Malaysian company, to sell Bahru Stainless for USD 95 million. The transaction closed on December 3. This was an important strategic decision for Acerinox and presented the best possible formula for the various stakeholders.

The impact of this sale on Acerinox, S.A.'s results amounted to a loss of EUR 65 million.

• Approval of expansion plans at North American Stainless, VDM and Haynes

Acerinox, S.A. as the parent company of the Group and responsible for the strategy, decision making, and approval of the Group's strategy and investment plans. The main investments recently approved, aside from the acquisition of Haynes, have been:

- In January 2023, the Group announced an investment of USD 244 million in NAS to increase production capacity by 20%. The new equipment will be aimed at increasing the volume of flat products, with a special focus on increasing those with higher added value.
- In January 2024, the Group announced investments in VDM Metals valued at EUR 67 million with the goal of increasing sales by 15%.

This document is not required to include in its entirety the Statement of Non-Financial Information (NFIS), which is presented as a separate document and to which reference is made for further consultation.

3. Average supplier payment period

The average payment period to suppliers, both domestic and foreign, is as follows:

	2024	2023
Average supplier payment period	44 days	54 days
Ration of operations settled	45 days	55 days
Ratio of transactions pending payment	35 days	39 days
(Amounts in thousands of euros)	Amount	Amount
Total payments made	52,958	27,389
Total outstanding payments	2,774	2,139

Details of the volume and number of invoices paid are as follows:

	2024	2023
a) Monetary volume of invoices paid within a period equal to or less than the maximum established in the regulations on late payment (in thousands of euros)	36,732	14,482
Percentage share of total monetary payments to its suppliers	69%	53%
b) Number of invoices paid within a period equal to or less than the maximum period established in the late payment regulations	4,515	5,797
Percentage share of total number of invoices of payments to its suppliers	80%	84%

The table includes, the same as above, the payments made to any supplier, whether domestic or foreign.

4. Human resources

At December 31, 2024, the Acerinox's parent company had an average of 121 employees, including the CEO.

The breakdown by category shows no significant variations with respect to the previous year.

Below is a table summarizing the average number of employees of the company, broken down by category:

	2024		2023	
	Men	Women	Men	Women
Senior Vice President	5	0	6	
Director	10	5	9	5
Manager	15	12	11	10
Analyst / Supervisor	17	14	14	12
Specialist	17	7	10	7
Administrative staff	6	13	11	15
Total	**70**	**51**	**61**	**49**

5. Acerinox shares

Acerinox's capital stock amounts to EUR 62,333,843 and is represented by 249,335,371 shares with a par value of EUR 0.25 per share.

All shares are admitted to official trading on the Madrid and Barcelona stock exchanges and are traded on the continuous market.

At December 31, 2024, Acerinox had a total of 47,000 shareholders:

	No. of shares	% capital
Corporación Financiera Alba SA	48,101,807	19 %
Danimar 1990 SL	14,224,988	6 %
Industrial Development Corporation of South Africa LTDA	8,809,294	4 %
Other shareholders	178,174,139	71 %

Acquisition of treasury shares

In the year 2024, a total of 181,224 shares were delivered from treasury shares for Acerinox senior managers for their participation in I.L.P. programs.

The number of shares acquired as treasury shares in 2024 was 100,000 shares. The par value of the acquisitions was therefore EUR 25,000.

At December 31, 2024 Acerinox held a total of 25,143 treasury shares.

Share price performance

Throughout 2024, stock markets were characterized by high volatility, mainly affected by the following circumstances:

- Interest rate adjustments implemented mainly by the US' Federal Reserve (Fed) and the European Central Bank (ECB).
- The interruption of crude oil production, geopolitical conflicts, and OPEC decisions.
- Uncertainty due to geo-strategic conflicts.
- Election seasons in the US and Europe

The Acerinox share decreased by 11% during the year. On January 2 reached a high of EUR 10.59/share and its lowest value was EUR 8.41/share on October 31. Our performance, relative to other manufacturers that were treated more harshly by the stock market, shows the successful strategy followed by Acerinox in recent years, with diversification towards higher value-added alloys.

Throughout 2024, Acerinox shares experienced significant movements. The first of these took place in February, following the Haynes International takeover bid and its positive reception by the market.

Low demand during the year and the Acerinox Europa strike led to a prolonged slump for much of the year. At the end of 2024, the sector as a whole was penalized for various "profit warnings" issued by companies in the sector, and by a worsening of expectations for 2025. However, in the case of Acerinox, this was offset by the revaluation of the stock due to the electoral change in the US.

Analysts' recommendations regarding Acerinox did not change significantly during the year. 85% issued a "buy" recommendation at the beginning of the year, as did 88% at the close; 6% of analysts advised holding and 6% selling.

The average target price of analysts following Acerinox was EUR 12.8/share.

In 2024, Acerinox shares traded on the 256 days the continuous market was in operation. The total number of shares traded amounted to 207,558,363 with average daily trading of 810,774 shares.

In 2024, trading totaled EUR 2,010,376,045, entailing a daily average of EUR 7,853,031.

6. Risks

Acerinox has implemented a risk management model backed by the Board of Directors and senior management. It aims to identify, evaluate and mitigate the risks inherent to the industry in which the Company operates, as well as their impact on financial goals and strategic objectives to the continued benefit of all its stakeholders.

Acerinox's entire organization is actively committed to this, starting with senior management, which is responsible for the design, implementation, and monitoring of the Risk Management System. This program, which is overseen by the Board of Directors, is aligned with the COSO ERM three-line model to cover all the Group's business areas:

- The first line of defense comprises operational profiles in charge of identifying and assessing specific risks related to their operations.
- The second line of defense is formed by the Group's Corporate Risk department, which is in charge of developing and monitoring risk management processes, as well as coordinating with the business units to evaluate these properly.
- The third line of defense is the responsibility of the Internal Audit department, which ensures that both previous lines are effective.

To support compliance with the Risk Management System, Acerinox has established the General Risk Monitoring and Management Policy of Acerinox S.A. and its Group of companies. This policy sets out the basic principles and the general framework to monitor and manage the risks faced by the Group.

Integrating risk management at all levels of the company fosters a proactive mindset that helps identify and assess potential threats, reflecting a strong risk culture that translates into:

- **More resilience**: a solid risk culture allows for better preparation to face crises and adapt to unforeseen changes.
- **Improved decision-making**: by systematically considering risks, decisions are made in a more informed and strategic manner.
- **Loss reduction**: identifying and mitigating risks early avoids financial and reputational losses.
- **Regulatory compliance**: a strong risk culture facilitates compliance with regulations and industry standards.
- **Fostering innovation**: the analysis of own risks stimulates innovation and growth, in turn generating new techniques and products.

The Group's risk management model, based on the COSO ERM framework, makes it possible to simplify, unify, and homogenize risk handling, with the Board of Directors as the main driving force and the last line of defense (annual audits) involved. Established risk management provides a solid framework for dealing with risks effectively. The Group, through at least two annual reviews, is able to systematically identify, assess, address, monitor and communicate risks, enabling more informed decisions and improved long-term performance.

The main risks that affect the entity directly or indirectly through its affiliates are as follows:

Category	Main risks	Description and examples	Main responses
External	Economic cycles	The uncertainty associated with political changes following elections in many countries and new policies could lead to new trajectories for inflation, indebtedness, trade flows, and production costs.	Strategic plans focused on higher value-added products with the goal of having a more stable volume and margin base in low price cycles.
	Geopolitical	In an increasingly complex and rapidly changing world, social divisions have deepened, geopolitics is multipolar, and politics is veering toward protectionism, hindering both trade and investment. International military conflicts add stress to supply chains.	Constant global monitoring to mitigate and/or anticipate economic impacts and potential supply chain disruptions.
	Trade barriers	As a result of geopolitical changes and the shift towards protectionist policies, there is uncertainty about potential impacts due to the Group's global nature.	Monitoring of global trade trends with an active presence in the main local and international organizations and institutions.
ESG	CO_2 emissions	In matters relating to environmental, social and corporate governance (ESG), the most significant risks are those related to the reduction of CO_2 emissions, energy and occupational health and safety. Acerinox has targets for 2030 linked to these three areas; the specific action plans can be found in the corresponding sections of this report.	Sustainability Master Plan, called Positive Impact 360° It establishes 5 pillars, including eco-efficiency and climate change mitigation, as well as LTIFR / TIR accident rates reduction.
	Energy		
	Health and safety		
	Labor unrest	The year 2024 was marked by a strike lasting almost 5 months at the Algeciras factory.	Signing of a new collective bargaining agreement effective to December 31, 2027.
	Climate change in the medium and long term	An analysis of transition risks and physical risks was performed following the TCFD. The analysis takes into account the climate-related risks identified in the CSRD.	Decarbonization plan. Implementation of energy efficiency measures, increased use of renewable energies and greater use of sustainable fuels.
Financial	Raw material price volatility	The production of stainless steel and high-performance alloys requires raw materials, mainly nickel, ferrochromium and scrap. The prices of these raw materials are subject to significant volatility.	Alloy surcharge mechanisms and/or, if applicable, financial hedges to try to minimize the impact of the volatility linked to raw materials.
	Macroeconomic, market and third-party insolvency variables	This same context may put special stress on different macroeconomic and market variables, such as interest rates, exchange rates and commodity prices, and likewise the insolvency of third parties. These are risks that the Group faces in its daily operations in order to achieve its financial targets.	Partially insure the risk through financial hedging mechanisms and commercial credit insurance policies. There is an internal commercial credit risk management instruction as well as a global Commercial Risk Committee.
Technological	Cybersecurity	While cybersecurity has always been present as a risk factor, the irruption of new technologies (AI) has increased this. threat. This could lead to business interruption, loss of critical information, loss of customers and supplier trust or the imposition of fines by the authorities.	The Cybersecurity Master Plan is underway; this will increase our protection capacity and improve our response to potential threats
Operational	Supply chain. Availability of raw materials / basic supplies	The availability of raw materials and basic supplies are fundamental to the Company's production process. Their timely and proper availability, as well as the quality and reliability of the products supplied, are fundamental to our work.	Through the implementation of corporate tools, the Group strives to maintain adequate stability in the supply chain, monitoring the quality and reliability of its raw materials suppliers, and other basic supplies necessary to ensure the continuity of our production process
Strategic	Strategic plans	The execution and correctness of the strategic plans implemented by the company always comes with a risk of not achieving the targets set. Strategic investments, M&A processes, plans for improvement and target achievement, etc.	Non-strategic divestment plans for the Group (sale of Bahru Stainless), as well as investments focused on higher value-added products (high performance steels) and strategic markets (purchase of Haynes International).

7. Research, Development and Innovation (R&D&i)

Acerinox is strongly committed to research, development, and innovation; this is one of the Group's fundamental pillars. The Group's factories are the ones who really drive and carry out our various projects. They are supported by an Innovation and Technology Committee headed by the Group's CEO and made up of managers from various parts of the business, located at different facilities, whose main objective is to coordinate the R&D&i strategy, alongside managing and monitoring the funds for the same.

Among the different projects, it should be highlighted that the first cycle of the "Materials for the day after tomorrow" project was successfully completed under the motto "Energy of the future." Groups of experts met at Acerinox Europa to develop the ideas generated in the cycle. The teams organized workshops focused on hydrogen storage, combustion, fuel cells, and electrolysis, aiming to incorporate these into the Group's development processes.

The projects underway allow the Group's common portfolio to be expanded, deepening synergies and taking advantage of complementary facilities.

Another key synergy consists of the opportunity to have the high-performance alloys and stainless steel R&D teams both simultaneously involved in new funded projects with a high potential impact for Acerinox.

The addition of Haynes International made it possible to start a new line of R&D work, collaborating with VDM Metals to further strengthen innovation capacity. With it, key synergies are expected in the exchange of knowledge and mutual use of patents on high-performance alloys, cooperation on significant R&D projects to drive innovation, integration of process modeling expertise, and mutual use of Group-wide research facilities, including also the Stainless Steel Division.

Even though the parent company, Acerinox, S.A., did not carry out any R&D&i-related activities during 2024, the fostering of these activities is a pillar of its strategy.

8. Sustainability

Acerinox is committed to best practices in governance and sustainability to contribute to economic and social development. To this end, it has a responsible management model that structures, coordinates and strengthens the activities necessary to make this a reality.

In order to guide targets and ensure the sustainability of the business, a Sustainability Committee was created in 2020 within the Board of Directors. The Head of Sustainability reports to the Sustainability Committee. Its purpose is to supervise and promote actions related to the Group's commitment in this area.

For the deployment and implementation of our commitment to sustainability, the company has a sustainability plan, 360° Positive Impact, which responds to the ESG risks and materiality analysis, identifies the levers of value generation, and establishes long-term objectives to make this a reality.

Positive Impact 360° sets out the Group's main environmental, social and corporate governance initiatives. This multi-year plan is implemented through annual sustainability programs defined and agreed with the Group's different areas and factories. These programs are a legitimate tool for achieving continuous improvement in responsible execution.

The sustainability plan is structured around five strategic pillars:

Ethical, accountable and transparent governance	Eco-efficiency and climate change mitigation	Circular economy and sustainable products	Committed team, culture, diversity, and safety	Supply chain and community impact
Promote the development of a responsible and transparent management model and solid corporate governance, with a sustainable and long-term vision, which identifies and proposes responses to new ESG challenges and opportunities.	Establish commitments and objectives in climate change mitigation and develop an action plan to achieve them that includes energy efficiency measures, which are the bedrock of the climate change model.	Integrate circular economy processes into all operations by driving the development of sustainable and low-emission products.	Strengthen the alignment of people with the values of Acerinox, boosting their commitment to sustainability, promoting equality, the development of talent and the improvement of the climate, guaranteeing safety, health and well-being.	Manage the supply chain responsibly and be a company recognized for its commitment to local society and creating positive community impact.

This Plan includes the sustainability targets as a company with a 2030 horizon. In 2024, these targets have been revised, updating the carbon emissions reduction target, seeking to be compatible with limiting global warming to 1.5°C and based on science (SBTi); and the water consumption intensity target, focusing on improving the blue water footprint intensity.

Our targets for 2030

45.28%	15%	7.5%	3%	90%	10%	15%
reduction of CO_2 emissions (Scopes 1 and 2) vs 2021 (intensity and absolute value)	reduction of CO_2 emissions (Scopes 2 and 3) vs 2021	reduction in energy intensity compared to 2015	annual reduction in the intensity of the blue water footprint	recycled waste	annual reduction in LTIFR	women in staff

Section 7.1 of the Consolidated Management Report, general information on the Consolidated Statement of Non-Financial Information and Sustainability Statement, details the sustainability targets for the year 2030.

The targets are monitored monthly by the sustainability managers at each factory and are then reviewed by the corporate sustainability team. Likewise, changes are assessed on a quarterly basis by the Sustainability Committee, which subsequently reports to the Board of Directors. In each case, the necessary measures are taken.

The annual variable remuneration of the Group's main senior managers is linked to the achievement of these targets, which are being deployed in the different organizational areas. The specific objectives included in variable remuneration for 2024, in line with the 2030 Group road map, are as follows:

The identification and management of environmental risks is a matter of critical importance to Acerinox, in line with the risk model detailed in section 5. Risks of this report. In addition to legal obligations, the Group's own factories also have procedures in place to control environmental risks with appropriate assessment of likelihood and severity. All Acerinox factories have an environmental management system in accordance with the ISO 14001 standard.

To meet all these challenges, the Group believes that the innovation and R&D&i strategy must go hand in hand with the environmental challenges in order to produce a sustainable product. The implementation of eco-efficient management of production processes, from the source to the end of the product life cycle, supports these competitiveness and sustainability targets.

9. Anti-corruption and bribery

In all its actions, Acerinox takes into account its commitment to zero tolerance of corruption, bribery, fraud or similar illegal activities. The Board of Directors, through the Chief Compliance Officer and whistleblowing channels, ensures compliance with and observance of the Crime Prevention Model, which provides for the application of sanctions and referral to the competent jurisdiction in extreme cases.

The information and measures to combat corruption and bribery within the Group are mainly based on the provisions of the Code of Conduct and best practices, the Crime Prevention Model, and the instructions on prevention of bribery, which set out the obligations and ethical responsibilities. These are the main tools for compliance and prevention of crime by the Group, which also establish measures to prevent money laundering.

To encourage the application of the Code of Conduct, the Company has a whistleblowing channel, a communication tool accessible to all Acerinox employees and stakeholders to report behavior that breaches the provisions of the code.

The Group's whistleblowing channel was modified per Law 2/2003 of February 20, 2003, on the protection of persons who report regulatory violations and the fight against corruption. The aforementioned legislation incorporates the Whistleblower Directive into Spanish law.

No cases of corruption or bribery were detected in 2024. However, there were four substantiated cases, classified as fraud and petty corruption, related to the misuse of company assets or theft. Two of these cases were reported to the police or authorities. One of the cases resulted in a dismissal. In all cases, corrective measures were implemented to prevent future incidents.

Acerinox advanced further in its continuous improvement efforts to prevent and mitigate risks by subjecting the Crime Prevention Program to an external audit conducted by AENOR. The acquisition of the UNE 19601 certification confirms the good practices the Company has implemented in this area.

Lastly, the 2025-2028 Compliance Master Plan includes plans to obtain ISO:37001 certification for anti-bribery management systems.

10. Equality, diversity, and inclusion

The Group has an Equality, Diversity and Inclusion Policy, which applies to all companies. This policy, which includes merit and ability principles, aims to foster an environment that guarantees equal opportunities, eliminates discrimination, and encourages diversity and inclusion for all employees. It adheres to the legislation of each country and aligns with international best practices.

The Acerinox Group has a General Board Diversity and Director Selection Policy for Acerinox, S.A.

Acerinox understands equality, diversity, and inclusion as the sum of different potentials and personal and professional characteristics that enable it to multiply opportunities and achieve unique results in a changing and agile environment in order to succeed in the markets in which it operates.

Acerinox has been working for years to promote parity throughout its workforce, which has led to the integration of a cultural change in the Company. This process is leveraged by the implementation and annual development of the Acerinox Group equality plan and the eight vectors on which it is based (communication and awareness raising; selection and recruitment; classification, promotion, and under-representation of women; training and professional development; gender pay gap; co-responsibility and work/life balance; prevention of occupational risks and all types of harassment; and vigilance in gender-based violence).

Acerinox has equality plans negotiated with the representatives of workers at all the Group's companies in Spain and continues to promote specific initiatives adapted to the reality of each country where it is present.

In 2024, 93% of the measures established in the equality plans were carried out. These included initiatives in the areas of work-life balance, as well as training, development and promotion.

The Group's diversity and inclusion policy is supported by the Board of Directors and senior management, which have enshrined this concept as a strategic priority. The challenges of recent years, digital transformation, the coexistence of different generations and an increasingly uncertain and volatile environment have led the Company to pay particular attention to the strategic management of diversity, which is not just focused on reasons of age, gender, race, or disability.

Given the Company's global footprint, making the most of the diversity of available talent has become an asset and an undeniable business opportunity. Diversity management is therefore a strategic pillar and a fundamental criterion in the Group's decision-making process.

The percentage of women stands at 46% as a result of the initiatives implemented to attract and retain female talent.

Cultural diversity and vulnerable groups

Since the 2008 financial crisis, especially in Spain, employment loss for people aged over 45 has become an unfortunate reality. This age group experiences major difficulties in accessing the labor market. A stumbling block that becomes chronic after the age of 50, which means that a group that stands out for its experience and the knowledge that it can pass on to the new generations is not integrated into the labor market.

Acerinox offers complete careers where young people can shape their career plan with opportunities and have access to experiences in other countries and cultures that have high value for their professional trajectory. This allows them to interact with peers of different ages and 65 different nationalities. It is undoubtedly one of the main sources of enrichment and development of skills compared to traditional training.

To manage diversity and non-discrimination due to any kind of personal or social circumstances, Acerinox considers the specific conditions at the locations where it operates, which, in view of their geographical dispersion, present major cultural differences. Specifically, the promotion of workplace inclusion of people with different abilities is reflected in the 258 persons with some form of disability that are employed at Group level.

CEO for Diversity

Bernardo Velázquez, the Company's CEO, has joined the CEO Alliance for Diversity backed by the Adecco Foundation and the CEOE Foundation. This initiative's mission is to unite companies around a common and innovative vision of diversity, equity, and inclusion (DEI). Its focus is also on accelerating the development of strategies that contribute to business excellence, the competitiveness of talent in Spain, and the reduction of inequality and exclusion in Spanish society.

11. Corporate governance

Corporate governance

Corporate governance is the set of rules, principles, and procedures that regulate the Company's governing bodies.

In 2024, the following modifications were made in the area of corporate governance:

- The Acerinox General Shareholders' Meeting held on April 22, 2024, agreed to the Board of Directors' proposal to amend Article 24 of the Company Bylaws to regulate the position of Lead Independent Director. The change was approved with 99.67% of the subscribed voting capital present or represented at the Meeting voting in favor.

- The General Shareholders' Meeting held on April 22, 2024, at the proposal of the Board of Directors, approved the amendment of Article 25 of the Company Bylaws. The aforementioned amendment was approved to eliminate per diems for attending Board and committee meetings from the remuneration system of Acerinox's Board of Directors. Instead, Directors shall receive only fixed annual allowance, payable monthly in arrears and prorated on a daily basis in the event that they do not occupy the corresponding position during the entire year. The determination of the remuneration of each Director shall be made by the board and following a report from the Appointments, Remuneration and Corporate Governance Committee, within the framework of the Bylaws and the Remuneration Policy in force, respecting the maximum annual amount and other criteria contained therein. The amendment of this article of the Company Bylaws was approved with 99.6% of the voting capital in attendance and represented at the Meeting voting in favor.

- The General Shareholders' Meeting held on April 22, 2024 approved a new Directors' Remuneration Policy, applicable from the moment of its approval for fiscal years 2025, 2026 and 2027. This Policy eliminates Directors' per diems for Board and Committee attendance, establishes individual remuneration for Board Members in their capacity as such in accordance with their duties and dedication, modifies the remuneration system for the Chief Executive Officer in relation to his fixed and variable remuneration, and improves the alignment of the Policy with trends in Corporate Governance. This Policy was approved by the General Shareholders' Meeting with 95.19% of the voting capital in attendance and represented at the Meeting voting in favor.

- At its meeting held on April 22, 2024, the Board of Directors approved an amendment to the Regulations of the Board of Directors in order to adapt the aforementioned Regulations to the Directors' Remuneration Policy, eliminating from the directors' remuneration system per diems for attending Board meetings and establishing, in their place, a fixed annual allowance payable monthly in arrears and prorated on a daily basis in the event that the position of Director is not occupied during the entire year.

The Acerinox Board of Directors carried out an annual evaluation of its performance and that of its Committees in 2024 through the Company's internal services.

The 2024 Acerinox Annual Corporate Governance Report, the Directors' Remuneration Report, the Financial Statements and the Management Report are available on the Spanish National Securities Market Commission and Acerinox websites from the date of publication of the 2024 Annual Accounts. The Annual Directors' Remuneration Report for the 2023 fiscal year was approved by the General Shareholders' Meeting held on April 22, 2024,with 95.13% of the shares present or represented.

The Board of Directors, in collaboration with its Committees, approves the Group's policies. In addition, the Board and its Committees, monitor the Company's targets, including those related to sustainability.

Board of Directors

In 2024, the Acerinox Board of Directors, composed of 11 Directors, met on 12 occasions. During the year, there were no changes in the composition of its members.

Board of Directors

CARLOS ORTEGA ARIAS-PAZ

Chairman

Proprietary Director representing Corporación Financiera Alba, S.A.

Member of the Board of Directors since May 2022.
Elected with the favorable vote of 91.99% of the subscribed voting capital attending the 2022 General Shareholders' Meeting.

Holder of 22,222 shares at December 31, 2024.

LAURA G. MOLERO

External Independent

Member of the Board of Directors since 2017, re-elected in 2021.

She chairs the Appointments, Remuneration and Corporate Governance Committee and is a member of the Audit Committee.

Re-elected with the favorable vote of 97.24% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

BERNARDO VELÁZQUEZ HERREROS

Chief Executive Officer

Executive

Member of the Board of Directors since 2010, re-elected in 2014, 2018 and 2022.

Chief Executive Officer since July 2010. He is a member of the Executive Committee.

Re-elected with the favorable vote of 92.55% of the subscribed voting capital attending the 2022 General Shareholders' Meeting.

Holder of 118,944 shares at December 31, 2024.

GEORGE DONALD JOHNSTON

Lead Independent Director

Member of the Board of Directors since 2014; re-elected in 2019 and 2023.

He is a member of the Audit Committee and the Executive Committee.

Holder of 6 shares at December 31, 2024.

Re-elected with the favorable vote of 87.76% of the subscribed voting capital attending the 2019 General Shareholders' Meeting.

ROSA MARÍA GARCÍA PIÑEIRO

External Independent

Member of the Board of Directors since 2017, re-elected in 2021.

She chairs the Sustainability Committee and is a member of the Executive Committee.

Re-elected with the favorable vote of 97.32% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

FRANCISCO JAVIER GARCÍA SANZ

External Independent

Member of the Board of Directors since 2020.

He is a member of the Executive Committee and the Appointments, Remuneration and Corporate Governance Committee.

Elected with the favorable vote of 92.78% of the subscribed voting capital attending the 2020 General Shareholders' Meeting.

TOMÁS HEVIA ARMENGOL

External Proprietary, representing Corporación Financiera Alba, S.A.

Member of the Board of Directors since 2016, re-elected in 2021.

Sits on the Sustainability Committee and the Audit Committee.

Re-elected with the favorable vote of 99.13% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

MARTA MARTÍNEZ ALONSO

External Independent

Member of the Board of Directors since 2017, re-elected in 2021.

Member of the Sustainability Committee.

Re-elected with the favorable vote of 98.05% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

LETICIA IGLESIAS HERRAIZ

External Independent

Member of the Board of Directors since 2020.

Chairs the Audit Committee and is a member of the Sustainability Committee.

Elected with the favorable vote of 92.59% of the subscribed voting capital attending the 2020 General Shareholders' Meeting.

SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN

External Proprietary, representing Corporación Financiera Alba, S.A.

Member of the Board of Directors since 2002, re-elected in 2006, 2010, 2014, 2018 and 2022.

He is a member of the Executive Committee and the Appointments, Remuneration and Corporate Governance Committee

Re-elected with the favorable vote of 91.57% of the subscribed voting capital attending the 2022 General Shareholders' Meeting.

Holder of 9,997 shares at December 31, 2024.

PEDRO SAINZ DE BARANDA RIVA

External Independent

Member of the Board of Directors since 2023.

He is a member of the Appointments, Remuneration and Corporate Governance Committee, as well as the Sustainability Committee.

Elected with the favorable vote of 92.05% of the subscribed voting capital attending the 2023 General Shareholders' Meeting.

LUIS GIMENO VALLEDOR

Secretary of the Board and General Secretary of the Acerinox Group.

Holder of 32,472 shares at December 31, 2024.

The Company Bylaws establish that the board may have between five and 15 Directors. Although the maximum number has been reached in the past, there are currently 11 Directors after the former chairman stepped down in 2022. This number is considered adequate to understand the needs of the company, although it is subject to change in the future if the circumstances so require.

			Director			Committee				Other
Name	Position	Gender	Executive	Proprietary	Independent	Executive	Audit	Appointments and remuneration	Sustainability	First Appointment as Board Member
Carlos Ortega Arias-Paz	Chairman	Men		●		● *C				2022
Bernardo Velázquez Herreros	Chief Executive Officer	Men	●			●				2010
Laura G. Molero	Director	Women			●		●	● *C		2017
Rosa María García Piñeiro	Director	Women			●	●			● *C	2017
George Donald Johnston	Lead independent director.	Men			●	●	●			2014
Francisco Javier García Sanz	Director	Men			●	●		●		2020
Tomás Hevia Armengol	Director	Men		●			●		●	2016
Leticia Iglesias Herraiz	Director	Women			●		● *C		●	2020
Pedro Sainz de Baranda Riva	Director	Men			●			●	●	2023
Marta Martínez Alonso	Director	Women			●				●	2017
Santos Martínez-Conde Gutiérrez-Barquín	Director	Men		●		●		●		2002
Luis Gimeno Valledor	Secretary	Men				SEC	SEC	SEC	SEC	–

Men Women

*C: Chairman

The proportion of women on the Board at the end of 2024 was 36%

	Men	Women
Board of Directors	7	4
Executive Committee	5	1
Audit Committee:	2	2
Appointments Committee	3	1
Sustainability Committee	2	3

Board Committees

Executive Committee

Composed of six members, it held two meetings.

Audit Committee:

Composed of four members, it held eleven meetings.

Appointments, Remuneration and Corporate Governance Committee

Composed of four members, it held ten meetings.

Sustainability Committee

Composed of five members, it held seven meetings.

Management Committee

At December 31, 2024, the following members sat on the Acerinox Management Committee:

Lucía Alonso de Noriega	Internal Audit
Esther Camós	Chief Financial Officer
José Campuzano	Health, safety and environment
Carlos Castillo	Legal Advice
Marisa Dafauce	Human resources
Antonio Fernández de Mesa	Financial
Miguel Ferrandis	Chief Corporate Officer
Cristóbal Fuentes	CEO of North American Stainless
José Manuel Garcelán	Compliance
Juan García	Risks
Antonio Gayo	Strategy
Luis Gimeno	Secretary General and Secretary of the Board

Fernando Gutiérrez	CEO of Acerinox Europa
Alexander Kolb	Deputy Secretary General
Carlos Lora-Tamayo	Investor Relations, Communication, Consolidation, and Reporting
Carlos Marqués	Raw material purchases
Niclas Müller	CEO of VDM Metals
Deniza Puce	Indirect Purchases
Alberto Ruiz	Cybersecurity
Carlos Ruiz	Sustainability
Johan Strydom	CEO of Columbus Stainless
Isabel Vaca	Information Systems
Bernardo Velázquez	Chief Executive Officer

At December 31, 2023, the following members sat on the Acerinox Management Committee:

General Shareholders' Meeting

The Acerinox General Shareholders' Meeting was held on April 22, 2024 in Madrid with the physical attendance of the Company's shareholders. A total of 1,874 shareholders, either in person or by proxy, were in attendance, representing 58.44% of the subscribed voting capital. All items on the agenda were approved with the sufficient majorities required by the Corporate Enterprises Act and the Company Bylaws.

12. Subsequent events

Interim dividend

The Board of Directors of Acerinox, S.A. held on December 18, 2024, decided to propose to the Ordinary General Shareholders' Meeting of the Company a dividend of EUR 0.62 per share charged to 2024 results, of which EUR 0.31 were paid as an interim dividend on January 24, 2025. This dividend will be submitted for approval at the General Shareholders' Meeting to be held in 2025.

(The attached External Auditor’s Report, Consolidated Annual Accounts and Consolidated Management Report for the fiscal year ended 31 December 2024, have been originally issued in Spanish. The English version is not considered official or regulated financial information. In the event of discrepancy, the Spanish-language version prevails.)

Acerinox, S.A. and its subsidiaries

Auditor´s report
Consolidated annual accounts at December 31, 2024
Consolidated management report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the shareholders of Acerinox, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Acerinox, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2024, and the profit or loss account, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2024, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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 annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	How our audit addressed the key audit matters
Haynes International Group Business Combination	
Business combinations are complex processes and, as detailed in note 2.5.d) of the accompanying consolidated report, they are agreements that determine significant accounting impacts under the applicable financial reporting regulatory framework, both in the consolidated balance sheet and in the consolidated income statement for the current and future years of the Group. since they require the identification, valuation and accounting record of the assets acquired and the liabilities and commitments assumed, and the consequent goodwill. In 2024, the Group has acquired the Haynes International Group, as described in note 6.1 of the accompanying consolidated financial statement. According to this note, the consideration delivered has been 768,896 thousand euros. The accounting record, at fair value, of the assets acquired and the liabilities assumed has required the use of different valuation methodologies based on complex judgments and estimates. To this end, the Group's management has hired an expert on whom it has relied to carry out this exercise. The valuation criteria, as well as the judgments and estimates made, have a significant impact on the Group's consolidated financial statements for the 2024 financial year, which has led to it being considered a key audit matter for our audit.	First, we have obtained a complete understanding of the terms of the acquisition agreements, including the consideration transferred, and the financial statements related to the acquisition, and we have proceeded to review the value assignments and valuations of the acquired assets and the recorded obligations provided by the Group's management, as well as the final goodwill determination process. With the support of our firm's business combination experts, we have analyzed the accounting treatment and methodology used for the valuation of recorded assets and liabilities, as well as the discount rates applied. We have also evaluated the competence, capacity, objectivity and conclusions of the expert hired by the Group's management, as well as the suitability of his work as audit evidence. As a result of our analysis, we have been able to verify the consistency of the criteria applied by the Group's management and the amounts recorded in the accounting for the business combination carried out in 2024, as well as the adequacy of the information disclosed in the accompanying consolidated financial statements.
Sale of Bahru Stainless	
As indicated in note 6.2 of the accompanying consolidated report, on October 10, 2024, the Group entered into a purchase agreement with Worldwide Stainless Sdn. Bhd, a company registered in Malaysia, to sell 100% of the shares of the Group's subsidiary Bahru Stainless for an amount of USD 95 million. The final closing of the transaction took place on December 3, 2024. The impact of this sale on the Group's consolidated income statement was €146,260 thousand, recognized under the heading "Profit on the sale of shares".	Firstly, we have reviewed the contractual and legal documentation relating to the sale, as well as compliance with the agreed conditions above. We have also analysed the accounting implications associated with the transaction, including, among others, the revision of the calculation of the accounting profit estimated by the Group's management. Finally, we have reviewed the breakdowns included in the Group's consolidated report required by the applicable regulatory framework for financial reporting.

Key audit matters	How our audit addressed the key audit matters
We have considered this fact to be a key audit matter as it is a significant transaction for the year and has had a significant impact on the Group's consolidated financial statements.	As a result of the above procedures, we have obtained sufficient and adequate audit evidence to conclude on the proper accounting record of the transaction and its breakdown in the Group's consolidated financial statements.
Recovery of property, plant and equipment	
As indicated in notes 2.11 and 9.1 of the accompanying consolidated report, the Group's management assesses at the end of each financial year whether there are indications of impairment of property, plant and equipment. In the event of such an indication, the Group's management estimates its recoverable amount in order to analyse the need to record impairment. When the asset under analysis does not generate cash flows independent of other assets, the recoverable value of the cash-generating unit (CGU) in which the asset has been included is estimated. Note 9.1 details the CGUs that show signs of impairment for which the recoverable value of their assets has been estimated. For the calculations of recoverable value through value in use, the Group's management uses cash flow projections based on financial budgets that require relevant judgments and estimates. In the case of Acerinox Europa, S.A., the Group's management has relied on an independent expert. The most significant assumptions and sensitivity analyses carried out are summarised in note 9.1 of the attached consolidated report. As a result of the analysis carried out, it has not been necessary to record any deterioration. Deviations in the variables and estimates indicated above may determine significant variations in the conclusions reached and, therefore, in the recovery analysis of property, plant and equipment. This fact, together with the relevance of this heading, has led to it being a key audit matter for our audit.	As a starting point for our procedures, we have understood the relevant processes and controls linked to the assessment of impairments in property, plant and equipment by the Group's management, including those linked to the preparation of budgets and the analysis and monitoring of projections, which constitute the basis for the main judgments and estimates made by the Group's management. In relation to the estimated cash flows, we have analysed the methodology of the calculations made, we have compared the projected annual flows with those actually achieved in the 2024 financial year and we have contrasted the key assumptions considered, with historical results, available comparables, relevant industry factors and other external sources. To do this, we have relied on valuation experts from our firm. In addition, we have analysed the future plans approved by the Board of Directors. In addition, we have assessed the reasonableness of the sensitivity analyses detailed in the accompanying consolidated financial statements. As a result of the analyses carried out, we consider that the conclusions of the Group's management on the estimates made, as well as the information disclosed in the accompanying consolidated financial statements are adequately supported and consistent with the information currently available.

Key audit matters	How our audit addressed the key audit matters
Recovery of the goodwill of the VDM Metals Group	
As indicated in notes 2.7.a), 2.11 and 8.1 of the accompanying consolidated financial statements, as of December 31, 2024, there is goodwill arising from the acquisition in previous years of 100% of the stake in VDM Metals Holding, Gmbh for an amount of €49,829 thousand. The Group's management has estimated the recoverable value of this goodwill (note 2.11 of the accompanying consolidated report). For the calculations of the recoverable value of VDM Metals Holding, Gmbh's goodwill, the Group's management has used cash flow projections based on financial assumptions that have required relevant judgments and estimates including, but not limited to, operating profit on sales and long-term discount and growth rates. The most significant assumptions used by the Group's management and the sensitivity analyses carried out are summarized in note 8.1 of the accompanying consolidated report. As a result of the analysis carried out, it has not been necessary to record any deterioration. Deviations in these variables and management estimates can determine significant variations in the calculations made and, therefore, in the goodwill recovery analyses. This fact, together with the relevance of the heading, has led to it being a key audit matter for our audit.	First, we have proceeded to understand the relevant processes and controls linked to the assessment of goodwill impairment by the Group's management, including those related to the preparation of budgets and the analysis and monitoring of the projections, which constitute the basis for the main judgments and estimates made by the Group's management. In relation to the estimated cash flows, we have analysed the methodology of the calculations made, we have compared the projected annual flows with those actually achieved in the 2024 financial year, and we have contrasted the key assumptions used by the Group's management with historical results, available comparables, relevant industry factors and other external sources. To do this, we have relied on valuation experts from our firm. In addition, we have assessed the reasonableness of the sensitivity analyses detailed in the accompanying consolidated financial statements. As a result of the analyses carried out, we consider that the conclusions of the Group's management on the estimates made and the information disclosed in the accompanying consolidated financial statements are adequately supported and consistent with the information currently available.
Recognition of deferred tax assets	
As of December 31, 2024, the accompanying consolidated financial statements reflect an amount of €177,683 thousand of deferred tax assets, net of €94,786 thousand of deferred tax liabilities, the recovery of which depends on the generation of positive corporate income tax bases in future years (notes 2.19, 3.h and 20.3 of the attached consolidated report), in accordance with the applicable tax regulations.	Firstly, we have proceeded to understand and evaluate the criteria used by the Group's management to estimate the possibilities of using and recovering deferred tax assets in the following years, affected by the business plans.

Key audit matters	How our audit addressed the key audit matters
Likewise, note 20.3.2 of the attached consolidated report breaks down the tax credits not recognised for not complying with the recognition requirements. The recognition of these deferred tax assets is analysed by the Group's management by estimating the taxable bases for the coming years, based on the business plans of the different companies of the Group and on the planning possibilities allowed by the tax legislation applicable to each company and to the consolidated tax group headed by the Parent Company. Consequently, the conclusion on the recognition of deferred tax assets shown in the accompanying consolidated balance sheet is subject to significant judgments and estimates by the Group's management, both with respect to future tax results and the tax regulations applicable in the different jurisdictions where it operates. Given the relevance of the amount recognized and pending recognition, the significant judgments required and estimates necessary for the calculation of future tax bases, the recognition of deferred tax assets has been a key audit matter in our audit.	Based on the business plans prepared by the Group's management, we have compared the projected annual cash flows with those actually achieved in the 2024 financial year and we have contrasted the key assumptions, estimates and calculations made for their preparation, comparing them with historical performance, available comparables, relevant industry factors and other external sources. As part of the analyses, we have also evaluated the tax adjustments considered for the estimation of tax bases, the applicable tax regulations, as well as the decisions regarding the possibilities of using the tax benefits corresponding to the different companies of the Group. The analyses carried out have made it possible to verify that the calculations and estimates made by the Group's management, as well as the conclusions reached, in relation to the recognition of deferred tax assets, are consistent with the current situation, with the Group's expectations of future results and with its tax planning possibilities available in current legislation.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2024 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2024 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit commission for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group'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 the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit commission is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor’s responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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 legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can 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 of users taken on the basis of these consolidated annual accounts.

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' 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 Group'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 consolidated annual accounts 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit commission 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.

We also provide the Parent company's audit commission with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

From the matters communicated with the Parent company’s audit commission, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Acerinox, S.A. and its subsidiaries for the 2024 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

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

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit commission of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit commission of the Parent company dated 26 February 2025.

Appointment period

The General Ordinary Shareholders' Meeting held on 22 April 2024 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2024.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2017.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 22 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Ignacio Rodríguez-Guanter Asporosa (24231)

27 February 2025

ACERINOX, S.A. AND SUBSIDIARIES

Annual Accounts
of the Consolidated Group

for the year ended 31 December 2024

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Note 2). In the event of a discrepancy, the Spanish-language version prevails.

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1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Figures in thousands of euros at December 31, 2024 and 2023)

ASSETS	Note	2024	2023
Non-current assets			
Goodwill	8	181,482	51,064
Other intangible assets	8	136,433	41,339
Property, plant and equipment	9	1,852,632	1,471,899
Investment property	10	32,067	9,668
Rights of use assets	11	22,542	18,851
Investments accounted for using the equity method	6.3	390	390
Financial assets at fair value through other comprehensive income	13	413	381
Deferred tax assets	20	177,683	169,266
Other non-current financial assets	13	13,085	14,231
TOTAL NON-CURRENT ASSETS		**2,416,727**	**1,777,089**
Current assets			
Inventories	12	2,061,560	1,860,535
Trade and other receivables	13	619,107	626,273
Other current financial assets	13	91,292	27,683
Current income tax assets	20	17,827	13,506
Cash and cash equivalents	14	1,262,806	1,793,683
TOTAL CURRENT ASSETS		**4,052,592**	**4,321,680**
TOTAL ASSETS		**6,469,319**	**6,098,769**

The accompanying Notes 1 to 23 are an integral part of these Consolidated Annual Accounts.

(Figures in thousands of euros at December 31, 2024 and 2023)

LIABILITIES	Note	2024	2023
Equity			
Subscribed capital	15	62,334	62,334
Issue premium	15	268	268
Reserves	15	2,260,462	2,199,849
Profit/(loss) for the year	15	224,946	228,128
Interim dividend	15	-77,286	-77,261
Translation differences	15	51,248	-7,990
Other equity instruments	15	5,591	4,157
Shares of the Parent	15	-246	-1,055
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**2,527,317**	**2,408,430**
Non-controlling interests	15	47,754	54,696
TOTAL EQUITY	15	**2,575,071**	**2,463,126**
Non-current liabilities			
Deferred income	16	45,891	36,347
Bank borrowings	13	1,464,314	1,291,156
Long-term provisions	17	233,180	179,994
Deferred tax liabilities	20	250,415	205,901
Other non-current financial liabilities	13	23,533	19,799
TOTAL NON-CURRENT LIABILITIES		**2,017,333**	**1,733,197**
Current liabilities			
Issuance of debentures and other marketable securities	13	–	76,584
Bank borrowings	13	918,737	767,147
Trade and other payables	13	817,226	951,118
Current income tax liabilities	20	46,532	12,601
Other current financial liabilities	13	94,420	94,996
TOTAL CURRENT LIABILITIES	13	**1,876,915**	**1,902,446**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13	**6,469,319**	**6,098,769**

The accompanying Notes 1 to 23 are an integral part of these Consolidated Annual Accounts.

2. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Figures in thousands of euros at December 31, 2024 and 2023)

	Note	2024	2023
Revenue	**18**	**5,413,128**	**6,607,978**
Other operating income	18	35,148	92,198
Work performed by the Group on non-current assets	18	2,991	7,825
Changes in inventories of finished goods and work in progress		-133,174	-152,080
Supplies		-3,423,060	-4,282,109
Staff costs	18	-670,957	-636,546
Depreciation and amortization charge	8,9,10,11	-159,910	-171,130
Other operating expenses	18	-865,213	-935,776
Gain (loss) on sale of shares	6	146,064	–
Impairment of assets	8.9	3,086	-156,207
OPERATING INCOME		**348,103**	**374,153**
Finance income	19	91,605	79,646
Finance costs	19	-108,114	-101,044
Exchange differences	19	1,183	2,273
Revaluation of financial instruments at fair value	19	8,825	317
PROFIT FROM ORDINARY ACTIVITIES		**341,602**	**355,345**
Income tax	20	-126,310	-138,105
Other taxes	20	-645	-273
PROFIT/(LOSS) FOR THE YEAR		**214,647**	**216,967**
Attributable to:			
NON-CONTROLLING INTERESTS		**-10,299**	**-11,161**
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**224,946**	**228,128**
Basic and diluted earnings per share (in euros)	15.9	0.90	0.92

The accompanying Notes 1 to 23 are an integral part of these Consolidated Annual Accounts.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Figures in thousands of euros at December 31, 2024 and 2023)

	Note	2024	2023
A) RESULTS OF THE STATEMENT OF PROFIT OR LOSS		**214,647**	**216,967**
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD		**2,681**	**-5,980**
1. Arising from valuation of equity instruments at fair value through other comprehensive income	13.2.5	–	–
2. Arising from actuarial gains and losses and other adjustments	17.1	4,030	-8,906
3. Tax effect	20	-1,349	2,926
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD		**49,856**	**-140,570**
1. Arising from cash flow hedges			
- Valuation gains / (losses)	13.2.6	-8,648	-11,650
- Amounts transferred to the income statement	13.2.6	-7,085	-32,402
2. Translation differences			
- Valuation gains / (losses)		155,611	-109,680
- Amounts transferred to the income statement		-94,408	–
3. Tax effect	20	4,386	13,162
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**267,184**	**70,417**
a) Attributed to the parent company		275,493	89,345
b) Attributed to non-controlling interests		-8,309	-18,928

The accompanying Notes 1 to 23 are an integral part of these Consolidated Annual Accounts.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in thousands of euros at December 31, 2024 and 2023)

		Equity attributable to shareholders of the parent company												
		Subscribed capital	Issue premium	Retained earnings reserves (includes profit/(loss)	Reserves for revaluation of non-current	Cash flow hedge reserves	Reserve for actuarial adjustments	Translation differences	Other equity instruments	Treasury shares	Interim dividend	TOTAL	Non-controlling interests	TOTAL EQUITY
Equity December 31, 2022		**64,931**	**268**	**2,397,345**	**5,242**	**38,769**	**35,451**	**93,923**	**3,695**	**-90,728**	**-74,799**	**2,474,097**	**73,596**	**2,547,693**
Profit/(loss) for the year 2023	Note	**0**	**0**	**228,128**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**228,128**	**-11,161**	**216,967**
Cash flow hedges (net of tax)	13.2.6	–	–	–	–	-30,890	–	–	–	–	–	**-30,890**	–	**-30,890**
Actuarial valuation of employee benefit obligations (net of tax)	17.1	–	–	–	–	–	-5,980	–	–	–	–	**-5,980**	–	**-5,980**
Translation differences	15.4	–	–	–	–	–	–	-101,913	–	–	–	**-101,913**	-7,767	**-109,680**
Income and expenses recognized in equity		**–**	**–**	**–**	**–**	**-30,890**	**-5,980**	**-101,913**	**–**	**–**	**–**	**-138,783**	**-7,767**	**-146,550**
Total comprehensive income		**0**	**0**	**228,128**	**0**	**-30,890**	**-5,980**	**-101,913**	**0**	**0**	**0**	**89,345**	**-18,928**	**70,417**
Interim dividend	15.2	–	–	–	–	–	–	–	–	–	-77,261	**-77,261**	–	**-77,261**
Dividends paid	15.2	–	–	-149,562	–	–	–	–	–	–	74,799	**-74,763**	–	**-74,763**
Transactions with shareholders		**0**	**0**	**-149,562**	**0**	**0**	**0**	**0**	**0**	**0**	**-2,462**	**-152,024**	**0**	**-152,024**
Acquisition of treasury shares	15.1	–	–	–	–	–	–	–	–	-2,084	–	**-2,084**	–	**-2,084**
Depreciation of treasury shares	15.1	-2,597	–	-88,088	–	–	–	–	–	90,685	–	**0**	–	**0**
Long-term incentive plan for senior executives	17.1.3	–	–	-769	–	–	–	–	462	1,072	–	**765**	28	**793**
Hyperinflation adjustments	15.6	–	–	1,028	–	–	–	–	–	–	–	**1,028**	–	**1,028**
Other changes	15.4	–	–	-2,693	–	2	-6	–	–	–	–	**-2,697**	–	**-2,697**
Equity December 31, 2023		**62,334**	**268**	**2,385,389**	**5,242**	**7,881**	**29,465**	**-7,990**	**4,157**	**-1,055**	**-77,261**	**2,408,430**	**54,696**	**2,463,126**
Profit/(loss) for the year 2024		**0**	**0**	**224,946**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**224,946**	**-10,299**	**214,647**
Cash flow hedges (net of tax)	13.2.6	–	–	–	–	-11,347	–	–	–	–	–	**-11,347**	–	**-11,347**
Actuarial valuation of employee benefit obligations (net of tax)	17.1	–	–	–	–	–	2,656	–	–	–	–	**2,656**	25	**2,681**
Translation differences	15.4	–	–	–	–	–	–	59,238	–	–	–	**59,238**	1,965	**61,203**
Income and expenses recognized in equity		**–**	**–**	**–**	**–**	**-11,347**	**2,656**	**59,238**	**–**	**–**	**–**	**50,547**	**1,990**	**52,537**
Total comprehensive income		**0**	**0**	**224,946**	**0**	**-11,347**	**2,656**	**59,238**	**0**	**0**	**0**	**275,493**	**-8,309**	**267,184**
Interim dividend		–	–	–	–	–	–	–	–	–	-77,286	**-77,286**	–	**-77,286**
Dividends paid	15.2	–	–	-154,522	–	–	–	–	–	–	77,261	**-77,261**	–	**-77,261**
Transactions with shareholders		**0**	**0**	**-154,522**	**0**	**0**	**0**	**0**	**0**	**0**	**-25**	**-154,547**	**0**	**-154,547**
Acquisition of treasury shares	15.1	–	–	–	–	–	–	–	–	-961	–	**-961**	–	**-961**
Purchase of non-controlling interests	6.2	–	–	-599	–	–	–	–	–	–	–	**-599**	1,280	**681**
Long-term incentive plan for senior executives	17.1.3	–	–	-864	–	–	–	–	1,434	1,770	–	**2,340**	63	**2,403**
Hyperinflation adjustments	15.6	–	–	1,406	–	–	–	–	–	–	–	**1,406**	–	**1,406**
Other changes	15.4	–	–	-4,246	1	–	–	–	–	–	–	**-4,245**	24	**-4,221**
Equity December 31, 2024		**62,334**	**268**	**2,451,510**	**5,243**	**-3,466**	**32,121**	**51,248**	**5,591**	**-246**	**-77,286**	**2,527,317**	**47,754**	**2,575,071**

The accompanying Notes 1 to 23 are an integral part of these Consolidated Annual Accounts.

5. CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures in thousands of euros at December 31, 2024 and 2023)

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2024	2023
Pretax Income		**341,602**	**355,345**
Adjustments to the result:			
Depreciation of fixed assets	8,9,10,11	159,910	171,130
Impairment losses	9.12	-37,244	122,812
Changes in provisions		2,129	7,033
Allocation of subsidies	16	-7,689	-9,186
Gain or loss on disposal of fixed assets	9.10	590	1,895
Gain (loss) on disposal of financial instruments		-146,064	–
Changes in fair value of financial instruments		-4,374	-4,313
Finance income	19	-91,605	-79,646
Finance costs	19	106,378	97,786
Other income and expenses		5,057	-25,154
Variations in working capital:			
(Increase)/decrease in trade and other receivables		100,590	20,818
(Increase) / decrease in inventories		199,057	294,780
Increase / (decrease) in trade and other payables		-193,047	-235,071
Other cash flows from operating activities			
Interest payments		-101,142	-82,468
Interest income		90,727	78,966
Income tax paid		-131,202	-233,251
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		**293,673**	**481,476**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-202,323	-171,921
Acquisition of intangible fixed assets		-2,462	-2,982
Dependent acquisition net of cash acquired	6	-709,289	–
Acquisition of other financial assets		-593	-848
Proceeds from disposal of property, plant and equipment		596	1,045
Proceeds from disposal of other financial assets		378	5
Dividends received		455	5
Other receivables / (payments) for divestments	6	16,778	–
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		**-896,460**	**-174,696**
Issuance of own equity instruments		-48	–
Acquisition of treasury shares	15	-960	-2,084
Collection of third-party resources	13.2.3	1,010,654	392,687
Repayment of interest-bearing liabilities	13.2.3	-891,136	-246,607
Dividends paid	15	-154,538	-149,562
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		**-36,028**	**-5,566**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**-638,815**	**301,214**
Cash and cash equivalents at beginning of year	14	1,793,683	1,548,040
Effect of changes in exchange rates		107,938	-55,571
CASH AND CASH EQUIVALENTS AT YEAR-END	14	**1,262,806**	**1,793,683**

The accompanying Notes 1 to 23 are an integral part of these Consolidated Annual Accounts.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

NOTE 1 – GENERAL INFORMATION

Name of the Parent: Acerinox, S.A. (hereinafter, "the Company").

Incorporation: the Company was incorporated as a public limited liability company for an indefinite period of time on September 30, 1970.

Registered office: calle Santiago de Compostela, nº 100, Madrid - Spain.

Corporate purpose and main business activities: the Group's main business activities, which coincide with the Corporate purpose, consist of the manufacture, processing and marketing of stainless-steel products and special alloys. These activities are performed through its subsidiaries.

The Acerinox Group is an international manufacturer and distributor of stainless steel and high-performance alloys and is one of the most competitive companies in its industry. Present on all five continents, the Group is a leader in the United States and Africa and one of the best positioned companies in the sector in Europe. It is also the world's leading company in terms of turnover in the high-performance alloys sector.

On November 21, it completed the acquisition of Haynes International, strengthening Acerinox's position in the high-performance alloys segment, as well as in the attractive US market and aerospace sector. **Note 6** includes detailed information on this transaction. Haynes, together with VDM, is part of the Acerinox Group's high-performance alloys segment. Haynes is headquartered in Kokomo, Indiana, where its main plant is located, and has other plants in Louisiana and North Carolina. It also has sales subsidiaries and service centers in other European countries and in Asia.

The Acerinox Group has five stainless-steel factories on three continents, located in Campo de Gibraltar, Ponferrada and Igualada (Spain), Ghent (Kentucky, USA) and Middelburg (Mpumalanga, South Africa). The High-Performance Alloys Division, consisting of VDM Metals and Haynes International, operates 10 production centers across Germany and the United States: five in Germany (Unna, Duisburg, Siegen, Werdohl, and Altena) and five in the United States (New Jersey, Nevada, Indiana, Louisiana, and North Carolina). The Group also has an extensive distribution network that enables it to sell in more than 80 countries.

On the other hand, as also detailed in **Note 6**, on December 3, the Group sold the Malaysia-based subsidiary Bahru Stainless Sdn Bhd Group. This sale has been caused by production overcapacity in this market and price pressure. However, the Group continues to maintain a commercial subsidiary in that country, which will allow it to continue to supply this market with less commodity and high value-added products from other Group plants.

Note 6 details all the companies included in the scope of consolidation of Acerinox and the business activities they each perform.

The Parent's main business activity is that of a holding company, in its condition as the parent of the Acerinox Group. Acerinox, S.A. approves and supervises the strategic business areas. It also provides various corporate services (including legal, accounting and consulting) and is responsible for the management and administration of financing within the Group.

Fiscal year: the fiscal year of Acerinox, S.A. and of all its Group companies covers 12 months. It begins on January 1 and ends on December 31. The companies that comprised the Haynes Group previously operated on a fiscal year starting October 1 and ending September 30. However, starting January 1, 2025, an amendment to the Articles of Association will align the fiscal and accounting years with the calendar year. For 2024, the financial statements include all balances at December 31 and transactions of the acquired Group from the acquisition date to December 31, 2024.

Authorization for issue of the financial statements: these consolidated annual accounts were authorized for issue by the Board of Directors of Acerinox, S.A., on February 26, 2025.

NOTE 2 – ACCOUNTING POLICIES

2.1 Declaration of conformity

These consolidated annual accounts of the Group were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations (IFRICs) adopted by the European Union (EU-IFRSs hereinafter) and with the other provisions of the applicable regulatory financial reporting framework.

Following the acquisition of Haynes, the Group reviewed its accounting policies to ensure they align consistently with those established by Acerinox, as detailed in this note.

In addition, in line with amendments to IAS 1, the Group assessed the disclosures in the report related to its accounting policies to ensure they provide adequate information. It did not find it necessary to make any modifications.

The 2024 annual accounts were prepared using the same accounting principles (EU-IFRS) as for 2023, except for the standards and amendments adopted by the European Union and required to be applied from January 1, 2024. These are the following:

- IFRS 16 (Amendment) - "Lease liability on sale and leaseback": This amendment spells out how a company should account for a sale and leaseback transaction following the transaction date. It has no impact on the Group's Financial Statements since such a transaction has not taken place.

- IAS 1 (Amendment) - "Classification of Liabilities as Current or Non-current": this amendment clarifies that liabilities are classified as current or non-current on the basis of the rights that exist at the end of the reporting period and not on the basis of the entity's expectations or events after the reporting period. It also clarifies the concept of "liquidation" a liability under the standard. Additionally, the amendment aims to improve the information provided when the right to defer payment of a liability is subject to compliance with conditions ("covenants") within twelve months of the reporting period. No impacts have arisen in connection with the application of this standard as the classification within the Group between current and non-current is based on existing contractual rights.

- IAS 7 (Amendment) and IFRS 7 (Amendment) - "Supplier finance arrangements (reverse factoring)": these amendments aim to improve disclosures on supplier financing arrangements (reverse factoring) in order to increase transparency on the nature of such agreements. It requires entities to provide both quantitative and qualitative information, allowing users of the Financial Statements to assess the impact of the arrangements on their liabilities, cash flows, and exposure to liquidity risk. To meet the standard's requirements, the Group has included more detailed disclosures in its **Note 13.2.3**. The Group has entered into contracts with various financial institutions to manage payments to suppliers without extending payment terms or changing other conditions.

2.2 Assessment of the main standards, amendments and interpretations that will be mandatorily applicable the coming years

There are new standards and interpretations which will be mandatorily applicable in the coming years and have not been applied early by the Group.

The standards, interpretations and amendments approved by the European Union and applicable as of January 1, 2024 which have not been adopted in advance by the Group and which could have an impact, are as follows:

- IAS 21 (Amendment) - "Lack of exchangeability": requirements are added to assist entities in determining whether a currency is exchangeable for another currency and the spot rate to use when it is not. This can happen, for example, when a government imposes controls on capital imports and exports, or when it provides an official exchange rate, but limits the volume of transactions that can be carried out at that rate. In cases where a currency is not exchangeable, it is necessary to estimate the spot exchange rate on a valuation date in order to determine the rate at which a transaction would take place on that date between market participants under the prevailing economic conditions.

  When an entity applies the new requirements of this standard for the first time, it is not allowed to restate the comparative information. However, the affected amounts are required to be translated at estimated spot exchange rates at the date of initial application of the change, with an adjustment against reserves.

The Group does not foresee any impact from the application of this standard as it does not carry out significant transactions in these currencies.

The standards, interpretations and amendments published by the IASB and the IFRS Interpretations Committee that have not been adopted by the European Union and which have not been adopted in advance by the Group, but which could have an impact, are detailed below:

- IFRS 18 – Presentation and Disclosure of Financial Statements. The aim of this new standard is to establish requirements for the presentation and disclosure of Financial Statements, replacing the currently effective IAS 1. While many existing principles from IAS 1 remain, the main changes introduced are as follows:

  - Introduction of mandatory subtotals in the income statement, specifically: i) operating profit, ii) profit before finance costs and tax, and iii) profit for the period.
  - Introduction of five categories of income and expenses in the income statement: i) operating, ii) investing, iii) financing, iv) tax, and v) discontinued operations.
  - Mandatory disclosures related to Management performance measures.
  - Enhanced principles for aggregation and disaggregation applicable to the primary Financial Statements and the notes to the Financial Statements.
  - Changes to improve comparability among entities in the Statement of Cash Flows.

  This new standard is effective for annual periods beginning on or after January 1, 2027, including interim Financial Statements, and requires retrospective application. Early application is allowed.

  The Group will adopt the necessary presentation formats and disclosures when they become mandatory.

- IFRS 19 – Disclosures for subsidiaries not subject to public reporting: the aim of this new standard is to outline the disclosures that a subsidiary may optionally include in its individual Financial Statements. Generally, it allows for a reduction in the disclosures typically required by other IFRS standards. Explicit mention must be made if this standard is applied.

- Amendments to IFRS 10 and IAS 28: these amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures. The amendments only apply when an investor sells or contributes assets to its associate or joint venture. The Group does not expect the application of this standard to have any impact as the investments in affiliates are insignificant and no such contributions have been made to date.

- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments. These amendments include:

  - Settlement of financial liabilities through electronic payment systems: clarification is provided on when a financial asset or liability can be derecognized if settled through these means. The standard allows a financial liability settled in cash via an electronic payment system to be derecognized before the settlement date if certain conditions are met: i) a payment order has been initiated that cannot be canceled, ii) there is no access to the cash used for the payment, or iii) the risk of the transaction not being settled is insignificant.
  - Classification of non-recourse financial assets: An asset is considered “non-recourse” if an entity’s right to receive cash flows is contractually confined to the cash flows generated by specific assets.
  - Additional criteria have been clarified and introduced to determine if an asset satisfies the principal and interest payment criteria.
  - Enhanced principles for aggregation and disaggregation applicable to the primary Financial Statements and the notes to the Financial Statements.
  - New disclosure requirements are established for equity instruments designated at fair value through other comprehensive income.
  - There is now a requirement to provide a qualitative description of contractual terms that might alter the timing or amount of cash flows, as well as the carrying amount of financial assets or the amortized cost of liabilities.

2.3 Basis of presentation of the consolidated annual accounts

These Consolidated Annual Accounts of the Group were formally prepared by the Parent’s directors to present a fair view the Group’s consolidated equity and consolidated financial position as at December 31, 2024 and 2023, and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows of the Group for the years then ended.

The figures for 2024 are presented for comparison purposes with last financial year’s figures for each item in the Annual Accounts. In this financial year, the scope of consolidation changed due to the acquisition of the Haynes Group and the sale of Bahru Stainless, Sdn. Bhd, which may affect some comparisons.

These consolidated annual accounts were prepared in euros, rounding the figures off to the nearest thousand, and were prepared on a historical cost basis, except for the following assets and liabilities which were measured at fair value: derivative financial instruments and the defined benefit plans. Inventories were measured at the lower of cost and net realizable value. For the Group's company in Argentina (Acerinox Argentina, S.A.), the rules relating to hyperinflationary economies are applied, as established in **Note 15.6**.

These consolidated annual accounts were prepared on the basis of the separate accounting records of the Parent and of each of the subsidiaries that make up the Acerinox Group. The consolidated annual accounts include certain adjustments and reclassifications made to unify the accounting and presentation policies applied by the Group companies with those applied by the Company. The consolidation principles applied are detailed in **Note 2.5**.

For the fiscal year beginning on January 1, 2024 and ending on December 31, 2024, the three German companies of the High-Performance Alloys Division (VDM Metals Holding GmbH, VDM Metals GmbH and VDM Metals International GmbH) as well as the stainless steel division German distributor Acerinox Deutschland Gmbh have availed themselves of the exemption permitted under section 291.1 HGB (Handelsgesetzbuch, German Commercial Law) and section 264.3 of the same Law. These exemptions free them from the obligation to present consolidated financial statements of the VDM subgroup, as they are part of a Group that consolidates and publishes its financial statements, and also allow them certain simplifications in the authorization for issue of separate financial statements.

Preparation of the consolidated annual accounts in accordance with EU-IFRS standards requires the parent Company's directors to make certain judgments, estimates and assumptions that affect the application of the accounting policies and, therefore, the figures presented in the consolidated statement of financial position and consolidated income statement. The estimates made are based on historical experience and other factors that are considered reasonable. The Group could revise such estimates if changes were to occur in certain events or circumstances. The areas requiring the greatest degree of judgment in applying EU-IFRSs and those involving estimates that are significant for the consolidated financial statements are disclosed in **Note 3**. Also, **Note 5** provides qualitative and quantitative information on the risks assumed that could affect future years.

The Consolidated Annual Accounts for 2023 were approved by the shareholders at the General Shareholders' Meeting held on April 22, 2024. The Group's Consolidated Annual Accounts for 2024 have not yet been approved by the shareholders at the General Shareholders' Meeting. The Company's Board of Directors considers that these consolidated annual accounts will be approved by the shareholders at the General Shareholders' Meeting without any changes.

2.4 Going concern and accrual bases of accounting

The consolidated annual accounts were prepared in accordance with the going concern basis of accounting. Revenue and expenses are recognized on an accrual basis and not on the basis of their dates of collection or payment.

2.5 Basis of consolidation

a) Subsidiaries

Subsidiaries are companies over which the Company directly or indirectly exercises control. The Company is deemed to exercise control when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Also, the Company is deemed to have power when it has existing substantive voting rights that give it the current ability to govern the financial and operating activities and policies of the subsidiary.

The Financial Statements of the subsidiaries are included in the annual consolidated annual accounts from the date on which the Group obtains control, and are excluded from consolidation on the date that control ceases to exist. During this year, the Group sold Bahru Stainless, Sdn. Bhd, and it is no longer part of the scope of consolidation, as detailed in **Note 6**.

Note 6 provides information on the business combination that occurred this year with the acquisition of the Haynes Group.

The Group assesses the date on which control is obtained, also taking into account the possible restrictions established in the contracts that prevent control from being obtained until circumstances that are beyond the Group's control arise, such as approval by an international body or any other condition precedent provided for in the contract.

The Group took into account potential voting rights to assess the degree of control it exercises over the Group companies.

The accounting policies of the subsidiaries were adapted to the Group's accounting policies.

All the subsidiaries that form part of the Acerinox Group and were included in the scope of consolidation at December 31, 2024 and 2023 are listed in **Note 6**.

b) Non-controlling interests

"Non-controlling interests" represents the portion of the Group's profit or loss and net assets attributable to non-controlling shares. The share of non-controlling shares both in the Group's net assets and in comprehensive income for the year are presented separately in consolidated equity, in the consolidated income statement and in the consolidated statement of comprehensive income.

Non-controlling interests in the subsidiaries acquired are recognized at the date of acquisition at the proportionate share of the fair value of the net identifiable assets.

The profit or loss and each component of other comprehensive income are allocated to the equity attributable to shareholders of the parent and to non-controlling shares in proportion to their relative interests, even if this results in the non-controlling shares having a deficit balance.

When the share of equity held by non-controlling shares changes, the Group adjusts the book value of the controlling and non-controlling shares to reflect the changes that have arisen in its relative interests in the subsidiary. The Group recognizes directly in equity the difference between the amount by which the non- controlling interests are adjusted and the fair value of the consideration paid or received, and attributes that difference to the owners of the parent. The profit or loss attributable to the non-controlling shareholder from the date of acquisition is recognized as profit or loss attributable to non-controlling shares.

The Group assesses whether there are any clauses or financial instruments in contracts with non-controlling shares that could oblige the entity to deliver cash or another financial asset, or to settle it as if it were a financial liability, in order to determine its classification and measurement. For this purpose, all the terms and conditions agreed between the members of the Group and the holders of the instrument are considered. To the extent that there is an obligation or liquidation provision, the instrument is classified as a financial liability in the Consolidated Financial Statements.

These options are occasionally conditional on the occurrence of an uncertain future event beyond the control of both the issuer and the holder of the instrument. If, in addition, the issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset, it is deemed to be a financial liability of the issuer unless, inter alia, the part of the contingent liquidation provision that could require liquidation in cash or another financial asset is not genuine, i.e. is extremely exceptional, highly abnormal and very unlikely.

c) Affiliates

Associates are all entities over which the Group exercises significant influence in relation to financial and operating decisions, but over which it does not have control or joint control. In general terms, the Group is considered to exercise significant influence when it holds more than 20% of the voting power.

The Financial Statements of the affiliates are included in the consolidated Financial Statements using the equity method. The Group's share of the post-acquisition profits or losses of its associates is recognized in the income statement for each year with a credit or charge to "share of results of companies accounted for using the equity method" in the consolidated income statement.

Losses of associates attributable to the Group are limited to the value of the net investment, since the Group has not incurred legal or constructive obligations.

The Group does not have any significant investments in affiliates.

d) Business combinations

The Group applied IFRS 3, "Business Combinations" (revised 2008) to business combinations carried out on or after January 1, 2010.

The Group applies the acquisition method for business combinations.

The acquisition date is that on which the Group obtains control of the acquiree. The Group considers that control is obtained when the investor, due to its involvement with the acquiree, is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over the affiliate. In an acquisition, the Group is generally deemed to have obtained control when the consideration is legally transferred and the assets and liabilities of the acquiree are acquired and assumed, respectively. However, control may be obtained at a prior date if, by means of a written agreement, a prior date of obtainment of control is envisaged. The Group considers all pertinent facts and circumstances in order to identify the acquisition date.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity interests issued and any contingent consideration that depends on future events or the fulfillment of certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any amounts that are not part of the exchange for the acquiree. The costs associated with an acquisition are recognized as expenses on an accrual basis.

The Group recognizes at their acquisition-date the fair value of assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The liabilities assumed also include contingent liabilities to the extent that they represent present obligations that arise from past events and their fair value can be measured reliably. In addition, at the acquisition date the Group recognizes the indemnification assets granted by the seller following the same measurement criteria of the indemnification item of the acquired business, considering, where appropriate, the insolvency risk and any contractual limitation on the indemnified amount.

Until they are settled, canceled or expire, contingent liabilities are measured at the higher of the amount initially recognized less the amounts that should be recognized in the income statement in accordance with the standard on recognition of revenue from customers and the amount that would be recognized in accordance with the standard on measuring provisions.

The following are exempted from the application of the general measurement criteria: non-current assets and disposal groups classified as held for sale, long-term defined benefit obligation liabilities, share-based payment transactions, deferred tax assets and liabilities and intangible assets arising from the acquisition of previously granted rights, which shall be measured in accordance with their respective accounting policies.

The assets acquired and liabilities assumed are classified and designated for subsequent measurement on the basis of the contractual terms, economic conditions, operating and accounting policies and other pertinent conditions existing at the acquisition date, except in the case of lease agreements in which the business acquired is the lessor, and insurance contracts.

The acquirer's application of the recognition principle and conditions may result in recognizing some assets and liabilities that the acquiree had not previously recognized as assets and liabilities in its Financial Statements.

Any excess of the consideration transferred plus the value assigned to the non-controlling shares over the net amount of the assets acquired and the liabilities assumed is recognized as goodwill.

If the business combination can only be provisionally calculated, the identifiable net assets are initially recognized at their provisional amounts, recognizing the valuation adjustments made in the measurement period as if they had been known at the acquisition date and restating, where applicable, the comparative figures for the previous year. In any event, adjustments to provisional amounts only reflect information on facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognized at that date. The measurement period will end as soon as the acquirer receives the information it was seeking about facts and circumstances that existed at the date of acquisition or concludes that no further information can be obtained. However, such measurement period shall not exceed one year from the date of acquisition.

After the measurement period ends, the initial accounting for a business combination is revised only to correct an error.

This year, the Group, through its US subsidiary North American Stainless, Inc., acquired 100% of Haynes International, Inc and its group of entities. This policy was applied by the Group for initial recognition. To establish the fair value of the assets and liabilities acquired, the Group engaged an independent appraiser (Kroll LLC and Kroll Advisory Ltd).

At the date of issuing these annual accounts, although the exercise of allocating the price to the assets acquired and liabilities assumed is at an advanced stage, it has not yet been completed. Accordingly, the values of the assets and liabilities recorded as well as the impacts of the business combination are provisional. No significant changes are expected in terms of valuation. The assets and liabilities of Haynes have been recognized at the fair values estimated by the independent appraiser. The Group is estimating the residual useful lives value of property, plant and equipment resulting from the revaluation of assets at fair value.

e) Balances and transactions eliminated on consolidation

Intra-Group balances and transactions, as well as unrealized gains or losses with third parties arising from such transactions, are eliminated on preparation of the consolidated annual accounts.

2.6 Translation differences

a) Functional and presentation currency

The items included in the annual accounts of each Group company are measured using the currency of the primary economic environment in which the company operates (its functional currency). The functional currency for most of the Group's entities is their local currency, except for NAS Canada, Inc. and NAS Mexico, S.A. de CV, whose functional currency is the USD. Bahru Stainless, Sdn. Bhd was also included in the scope until this financial year.

The consolidated annual accounts are presented in thousands of euros, since the euro is the functional and presentation currency of the parent.

b) Foreign currency transactions, balances and cash flows

Foreign currency transactions are translated to the functional currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date at the exchange rates then prevailing. Any exchange differences that arise from such translation are recognized in the consolidated income statement.

Non-monetary assets and liabilities denominated in foreign currencies and recognized at historical cost are translated to the functional currency using the exchange rates prevailing at the date of the transaction. The historical cost of non-monetary assets belonging to countries considered to be hyperinflationary is remeasured at the end of each reporting period, applying a price index to express them in terms of the measuring unit current at the end of the reporting period. Section d) includes a detailed description of the measurement of line items corresponding to hyperinflationary economies.

Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated to the corresponding functional currency by applying the measurement date exchange rate. Exchange differences on non-monetary items measured at fair value are presented as a component of the fair value gain or loss.

In presenting the consolidated statement of cash flows, cash flows arising from transactions in a foreign currency are translated to the functional currency by applying the exchange rates prevailing at the date of the cash flow.

Exchange differences resulting from the liquidation of foreign currency transactions and from translation to the functional currency of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

c) Translation of foreign operations

For the preparation of the Group's Consolidated Financial Statements, the assets and liabilities of the companies whose functional currency is not the euro are translated to euros by applying the exchange rates prevailing at the reporting date; on the other hand, income and expenses are measured at the average exchange rate for the period. Any exchange differences arising from that measurement are recognized as a separate component of equity and of the consolidated statement of comprehensive income ("translation differences"). The translation differences are reclassified to profit or loss when the company that generates them ceases to form part of the Group.

The Group applied the exemption for first-time application provided for in IFRS 1 in relation to cumulative translation differences and, accordingly, the translation differences recognized in the consolidated annual accounts that were generated prior to January 1, 2004 are shown in retained earnings in reserves.

In presenting the consolidated statement of cash flows, cash flows, including the comparative balances of foreign subsidiaries, are translated to euros by applying the same criteria as those applied for the restatement of the Financial Statements.

d) Restatement of financial information concerning hyperinflationary economies

On July 1, 2018, Argentina was declared to be a hyperinflationary economy, as it met the classification requirements established in IAS 29. The Acerinox Group has an entity in Argentina, as detailed in **Note 6**.

The Financial Statements of an entity that reports in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the reporting date. Both the comparative figures for the previous year and the information for prior periods are restated only when they are significant for the Group, in terms of the measuring unit current at the end of the reporting period. Since most of the non-monetary items are recognized at historical cost, the restated cost of each item is determined by applying to the historical cost and to the accumulated depreciation and depreciation charge the change in a general price index from the date of acquisition until the end of the reporting period. The Group did not restate the balances for prior years since the impact is not significant.

At the beginning of the first period of application of this standard, the components of owners' equity, except retained earnings and asset revaluation surpluses, shall be restated by applying a general price index to the various items from the dates on which they were contributed or from the date on which they otherwise arose. The restated retained earnings shall arise from the remaining amounts in the consolidated statement of financial position. At the end of the first period and in subsequent periods, all the components of equity shall be restated by applying a general price index from the beginning of the period, or from the contribution date, if later.

All the items in the statement of comprehensive income shall be stated in the monetary unit current at the end of the reporting period. For this purpose, all the amounts shall be restated to reflect the change in the general price index from the date on which the income and expenses were included in the Financial Statements.

Gains or losses arising from the net currency position shall be included in the income statement for the year.

Note 15.6 includes the impacts of the measurement of the Financial Statements of Acerinox Argentina pursuant to this standard both in 2024 and 2023.

2.7 Intangible assets

The Group recognizes an intangible asset only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

The Group recognizes all the intangible assets identified in a business combination separately from goodwill, irrespective of whether the acquiree had recognized the asset prior to the business combination occurring.

Intangible assets are initially recognized at cost. The cost of intangible assets acquired in a business combination is equal to the acquisition-date fair value. The fair value of an intangible asset will reflect the expectations of the market participants at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity.

a) Goodwill

Business combinations are accounted for using the acquisition method. Goodwill represents the excess of the cost of acquisition of the Group's interest over the fair value of the identifiable net assets of the acquiree at the acquisition date (assets, liabilities and contingent liabilities).

For the Acerinox Group, the goodwill reported in these Financial Statements includes both the amount arising in 2020 from acquiring 100% of VDM Metals Holding GmbH and the amount from this year's acquisition of the Haynes Group, as detailed in **Note 6.1**.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not depreciated but rather is assessed annually (or more frequently if events indicating a potential impairment loss on the asset are identified) for impairment, pursuant to IAS 36. Accordingly, goodwill is allocated to each of the cash-generating units of the company to which the economic benefits of the business combination synergies are expected to flow. If the recoverable amount of the cash-generating unit is lower than the book value of the goodwill, the corresponding impairment loss shall be recognized. The recoverable amount of the cash-generating units to which the Group's goodwill is allocated is determined based on calculations of their value in use (see **Note 2.11**).

Gains from a bargain purchase arising from a business combination are recognized directly in the income statement, once the assets, liabilities and contingent liabilities of the acquiree have been remeasured, as established in the standard.

Internally generated goodwill is not recognized as an asset.

b) Internally generated intangible assets

Research expenditure aimed at acquiring new scientific or technical knowledge is recognized as an expense in the consolidated income statement when incurred.

Development expenditure relating to research findings applied to produce new products and processes, or to significantly improve existing products and processes, is capitalized if the product or process is considered technically and commercially feasible, if the Group has the resources required to complete the development program and if it is considered that it will generate future cash flows that will enable its recovery.

Development expenditure is capitalized by crediting "work performed by the Group on non-current assets" in the consolidated income statement. The capitalized costs include the cost of materials, direct labor and directly attributable general expenses.

The Group does not capitalize development expenditure in cases in which, following the start-up of the project, the future cash flows of the projects obtained through research and development activities are not monitored.

The costs incurred in performing activities for which the costs attributable to the research phase cannot be clearly distinguished from those corresponding to the intangible asset development phase are recognized in the consolidated income statement.

Capitalized development expenditure is not depreciated when the project is under way. Once these projects have been successfully concluded, the expenditure is depreciated systematically over their estimated useful lives. In the event that the circumstances that permitted capitalization of the project expenditure change, the portion not yet depreciated is taken to the income statement in the year of the change in circumstances.

The findings of the R&D&I activities are patented in some cases, especially in the Group's new division dedicated to the manufacture of high-performance alloys. Due to the new business combination, which also falls within the high-performance alloys segment, the Group has recognized this year an asset for the fair value of certain special alloy patents owned by Haynes, which are expected to generate economic benefits in the coming years. The company currently has a total of approximately 19 published US patents and applications and approximately 253 foreign patents and counterpart applications directed at countries with significant or potential markets for the patented products. The fair value was estimated using the relief from royalty (RFR) method.

In addition, following the provisional allocation of the acquisition price paid by Haynes to the assets and liabilities acquired, an intangible asset has been recognized for the trademark. The Haynes trademark, applied to many of its alloys, is recognized worldwide, especially in the aerospace sector. Haynes has trademarks on the names of many of the Company's alloys in the United States and some foreign countries. It is an asset with an indefinite useful life, which the Group will analyze each year to see if its recoverable value is greater than its book value.

The trademarks and patents on the consolidated balance sheet are those recognized in the allocation of the price paid in the Haynes business combination (see **note 6.1**). Trademarks and patents acquired in business combinations are recognized at acquisition-date fair value. They have a useful life of 15 years and after initial recognition are recorded at cost less accumulated amortization and accumulated impairment losses.

c) Customer portfolio

As part of the business combination with the acquisition of the VDM Group, the Group recognized an intangible asset arising from the acquired company's customer portfolio.

Likewise, this year, following the acquisition of Haynes and after the analysis of the provisional purchase price allocation, an intangible asset has also been recognized for this concept. The valuation used the Multi-period Excess Earnings method.

As in the case of VDM, Haynes also has a long history of enduring relationships with customers, which are formalized through agreements.

The Group considers that the relationship with customers arising from a business combination is an identifiable asset provided that it arises from contractual or other legal rights, the rights are separable and they are expected to generate future economic benefits. It is an asset with a finite useful life.

d) Computer software

Acquired licenses for computer software are capitalized based on the costs incurred to acquire them and prepare them for use of the specific software.

Computer software maintenance costs are recognized as such on an accrual basis.

Costs directly related to the production of unique and identifiable computer software by the Group, provided that they are likely to generate economic benefits exceeding those costs over more than one year, are recognized as intangible assets. The capitalized costs include direct labor and directly attributable general expenses.

e) Depreciation and amortization charge

Intangible assets with finite useful lives are depreciated systematically over the years of their useful life. Intangible assets are depreciated from the date on which they become ready for use.

The estimated useful lives are as follows:

- Industrial property: 5 years
- Patents: 14-15 years
- Customer portfolio: 15 years
- Computer software: 2-5 years

The Group does not have any intangible assets with an indefinite useful life.

The residual value, the depreciation method and the useful life of the assets are reviewed, and adjusted if necessary, at each reporting date. Changes in the criteria initially established are accounted for as a change in estimate.

2.8 Property, plant and equipment

a) Owned assets

Property, plant and equipment are stated at acquisition cost or deemed cost less any accumulated depreciation and any recognized impairment losses. Property, plant and equipment acquired in business combinations are recognized at acquisition-date fair value.

In the event that an item of property, plant and equipment requires a period of time to get ready for its intended use, it is classified as property, plant and equipment in the course of construction. An asset is considered to be ready for its intended use when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Once in use, it is reclassified to the corresponding category of property, plant and equipment, depending on its nature.

The cost of the property, plant and equipment constructed by the Group is determined by following the same principles that would be used had it been acquired, also taking into account the criteria established for the production cost of inventories. The production cost is capitalized by crediting the costs attributable to the asset to accounts under “work performed by the Group on non-current assets” in the consolidated income statement.

Borrowing costs arising from loans directly related to financing the construction of items of property, plant and equipment are capitalized as a portion of the cost until the start-up of the asset. Also, the Group capitalizes certain borrowing costs corresponding to loans that are not directly earmarked for the financing of investments, applying a capitalization rate to the amounts used to finance these assets. This capitalization rate is calculated based on the weighted average of the borrowing costs applicable to loans received by the entity which differ from those specifically designated to finance the asset. The amount of the capitalized costs does not in any case exceed the total amount of borrowing costs incurred in the period.

The cost of property, plant and equipment includes the costs related to major repairs, which are capitalized and depreciated over the estimated period until the next major repair.

After initial recognition of the asset and once it is ready for use, only the costs incurred for improvements that it is probable will give rise to future economic benefits and that can be measured reliably are capitalized. In this connection, the costs of day-to-day servicing of property, plant and equipment are recognized in the income statement as they are incurred.

The Group classifies spare parts as inventories, unless they are expected to be used for more than one year, in which case they are classified as property, plant and equipment and are depreciated over their useful life. Once a spare part has been used to replace a damaged part, the latter is written off at its book value. Property, plant and equipment spare parts are classified under “plant and machinery” in the breakdown of property, plant and equipment in **Note 9**.

Gains or losses on the sale or disposal of property, plant and equipment are recognized in the income statement as operating income or expenses.

b) Depreciation and amortization charge

Items of property, plant and equipment are depreciated systematically on a straight-line basis over the years of their useful life. For these purposes, depreciable amount is understood to be acquisition or deemed cost less residual value. The Group calculates the depreciation charge separately for each part of an item of property, plant and equipment whose cost is significant in relation to the total cost of the item.

The residual value, the depreciation method and the useful life of the assets are reviewed, and adjusted if necessary, at each reporting date. Changes in the criteria initially established are accounted for as a change in estimate.

Land is not depreciated, unless it is acquired in usufruct for a certain number of years, in which case it is depreciated over the term of the usufruct.

Property, plant and equipment are depreciated over the following years of useful life:

- Buildings: 10-50
- Plant and machinery: 3-30
- Other items of property, plant and equipment: 2-10

2.9 Investment property

Investment property is considered to consist of the buildings owned by the Group that are not occupied by it and are held to earn returns, either through rental or for capital appreciation.

The Group only transfers items between “property, plant and equipment” and “investment property” when a change in the use of the property occurs.

Investment property is initially recognized at cost, including transaction costs. After initial recognition, the Company applies the same requirements established for property, plant and equipment.

Lease income is recognized as indicated in **Note 2.20-b**).

2.10 Right-of-use assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

When the Group acts as lessee, it recognizes in the consolidated statement of financial position the assets and liabilities arising from the lease agreement (except in the case of short-term leases and leases for which the underlying asset is of low value). The Group measures the right-of-use asset at cost, corresponding to the present value of the lease payments expected to be made over the lease term.

In order to determine the lease payments, the Group takes into account:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate;
c) the amounts expected to be payable by the lessee under residual value guarantees;
d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Group measures lease liabilities at the present value of the total remaining lease payments, discounted using either the interest rate implicit in the lease, if that rate can be readily determined, or the lessee's incremental borrowing rate, for cases in which the rate is not established in the lease.

The Group considers the lease term to be the non-revocable period of a lease, plus the periods covered by the option to extend the lease, if the lessee is reasonably certain to exercise that option.

In determining the term of the lease and assessing the length of the non-revocable period of a lease, an entity applies the definition of a contract and determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party.

After the commencement date, the Group measures the asset at its initial cost less accumulated depreciation and any accumulated impairment losses, adjusted to reflect any remeasurement of the lease liability.

Also, after the commencement date the Group measures the lease liability at depreciated cost using the effective interest rate method. Whenever there are changes in contracts, the lessee shall remeasure the lease liability in order to reflect the new lease payments. The amount of the remeasurement of the lease liability shall be recognized as an adjustment to the right-of-use asset.

In the case of short-term leases and leases for which the underlying asset is of low value, the Group recognizes the lease payments as expenses on a straight-line basis over the lease term.

Note 11 includes detailed information on the right-of-use assets and lease liabilities recognized by the Group.

2.11 Impairment of non-financial assets

The book value of the Group's non-financial assets other than inventories and deferred tax assets is reviewed at the end of each reporting period in order to assess whether any indication of impairment thereof exists. If such an indication exists, the Company estimates the recoverable amount of the asset.

The Group considers that indications of impairment exist when there is/are a significant decrease in the value of the asset, significant changes in the legal, economic or technological environment that could affect the measurement of assets, obsolescence or physical impairment, idle assets, low returns on assets, discontinuation or restructuring plans, repeated losses at the entity or substantial deviation from the estimates made. That is to say, the assessment of the existence of indications of impairment takes into account both external sources of information (technological changes, significant variations in market interest rates, market values of assets, etc.) and internal sources (evidence of obsolescence, etc.).

As established in **Note 2.7**, the recoverable amount of goodwill, which is not depreciated, and of intangible assets not yet available for use is estimated at the end of each reporting period, unless prior to this date indications of a possible loss of value had been identified, in which case the assets would be tested for impairment.

Impairment losses on an asset are recognized whenever the book value of the asset, or of the corresponding cash-generating unit, exceeds its recoverable amount. Impairment losses on an asset are recognized as an expense in the consolidated income statement.

The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use.

In order to determine the recoverable amount, the Group occasionally may hire an independent expert.

Value in use is the present value of estimated cash flows, applying a discount rate that reflects the present market valuation of the time value of money and the specific risks of the asset in question. For assets that do not generate cash inflows themselves, the recoverable amount is calculated based on the cash-generating unit to which the asset belongs, considered as the smallest identifiable group of assets capable of generating cash inflows for the entity that are largely independent of the cash inflows from other assets or groups of assets.

In estimating the value in use of an asset, the Group takes into account the estimated future cash flows that the entity expects to obtain from the asset, expectations regarding possible variations in the amount or timing of those future cash flows, the time value of money and the risks inherent in the asset in question and any other factors that any other market participant would reflect in pricing the future cash flows derived from the asset. The Group also takes climate risks into account in determining future projections.

The effects of uncertainties in estimating the asset's value in use may be reflected as adjustments to future cash flows or as adjustments to the discount rate, with the result being a weighted average of all possible outcomes.

In determining value in use, the Group bases its cash flow projections on reasonable and well-founded assumptions that represent management's best estimates of the set of economic conditions that will prevail over the remaining life of the asset, giving greater weight to external evidence. Also, these cash flow projections are based on the budgets most recently approved by management. These projections generally cover a maximum period of five years, unless a longer time period can be justified.

The Group estimates cash flow projections beyond the period covered by the budgets, extrapolating such projections using a constant growth rate which does not exceed the average long-term growth rate of the stainless-steel industry, or the rate of the country or countries in which the entity operates.

Management assesses the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past and current cash flow projections, ensuring that the assumptions on which its current cash flow projections are based are consistent with actual past performance, and considering that the effects of subsequent events or circumstances that did not exist when those actual cash flows were generated justify those differences.

Future cash flows for assets are estimated based on their current condition and do not account for cash inflows or outflows from restructurings not yet committed or improvements in asset performance.

Notes 8.1 and **9.1** describe the variables and assumptions used by the Group to calculate recoverable amounts of both goodwill and tangible assets of the Group for which there is evidence of impairment, as well as to identify the cash-generating units.

Except in the case of goodwill, impairment losses on an asset which were recognized in prior years are reversed through profit or loss only if there has been a change in the estimates used to determine the asset's recoverable amount since the most recent impairment loss was recognized. However, the new book value may not exceed the book value (net of depreciation and amortization) that would have been determined had no impairment loss been recognized.

2.12 Financial instruments

The Group recognizes a financial asset or financial liability in its consolidated statement of financial position when, and only when, it is a party to the contractual terms and conditions of the instrument in question.

2.12.1 Classification

The Group classifies financial assets in the following categories on the basis of their measurement either at depreciated cost or at fair value through profit or loss or other comprehensive income. The basis for classification depends on the entity's business model and the characteristics of the financial asset's contractual cash flows.

Financial liabilities are classified on the basis of their measurement. In general terms, they are classified as being measured at depreciated cost, except for financial liabilities measured at fair value through profit or loss or other comprehensive income.

The Group does not generally reclassify any financial assets or liabilities from their original category, unless the business model changes.

2.12.2 Financial assets

A financial asset is any contractual right to receive cash or another financial asset.

Financial assets are initially recognized at fair value plus the transaction costs that are directly attributable to their acquisition or issue.

They are subsequently measured on the basis of each of the categories in which they have been classified:

a) Financial assets at fair value through profit or loss

The Group includes derivative financial instruments in this category, unless they are designated as hedge accounting instruments and meet the effectiveness conditions to be accounted for as such.

The derivative financial instruments included in this category are classified as current assets and are measured at fair value. Transaction costs that are directly attributable to the acquisition are recognized as an expense in the income statement.

The changes in fair value are recognized in the income statement. The fair value of financial instruments used to hedge items classified in financial profit or loss (mainly exchange differences) is recognized under “revaluation of financial instruments at fair value”. However, for derivatives used to hedge the prices of commodities used by the Company in the production cycle or earmarked for sale and which are not designated as hedges for accounting purposes, such changes are recognized under “other operating income” or “other operating expenses”, depending on whether the measurement gives rise to a profit or a loss.

b) Financial assets at depreciated cost

This category includes non-derivative financial assets with fixed or determinable payments which are not traded in an active market. Specifically, it includes loans granted and accounts receivable. They are classified as non-current only when they mature after more than 12 months from the reporting date. They are initially recognized at fair value which, in the absence of evidence to the contrary, is the transaction price plus any directly attributable transaction costs, and are subsequently measured at depreciated cost using the effective interest rate method, except for accounts receivable measured at their transaction price as they do not have a significant financial component, they are expected to be received in the short-term and the effect of not discounting the related cash flows is not significant.

The Group makes the required valuation adjustments in accordance with the expected credit loss model, which takes into account historical claims incurred and other external factors. The impairment losses are calculated as the difference between the book value of the aforementioned assets and the present value of the estimated future cash flows that they are expected to generate, discounted at the effective interest rate calculated upon initial recognition. These losses are recognized as an expense in the consolidated income statement and are reversed with the recognition of income in the income statement when the causes of their original recognition cease to exist.

The impairment loss model used by the Group is based on a historical analysis of the average credit losses at each of the subsidiaries and on the claims incurred under the credit insurance policies taken out, taking into account any non-recoverable amount and any post-claim recoveries, whether from the insurance company or the customers themselves. These estimates are reviewed within the Group’s credit risk control system, which continuously monitors the particular markets of each subsidiary, receives the input of specialists from insurance companies and reviews future estimates from international organizations of renowned prestige (IMF, OECD, etc.), also taking into account the macroeconomic estimates of each country. The Group takes into account and monitors significant changes in credit risk that may arise during the terms of the loans.

Amounts relating to discounted notes and bills and factoring of trade receivables are classified until maturity as trade receivables and, simultaneously, as current loans, unless substantially all the risks and rewards associated with those assets have been transferred, in which case they are derecognized.

The Group considers that it has transferred a financial asset when it has transferred the rights to receive the cash flows from the asset, or when it has retained the rights but has assumed the contractual obligation to pay those assets to another entity. In this case, the Group also considers the various additional conditions established in the standard (it has no obligation to pay any amount to another entity, unless it receives the cash flows derived from the financial asset; it cannot sell or offer the transferred financial assets as collateral; and it has an obligation to pay the cash flows received without significant delay). Also, if the Group does not retain the risks and rewards associated with those assets, it derecognizes them.

Most of the factoring arrangements entered into by the Group meet this definition and, therefore, are derecognized from the consolidated statement of financial position.

c) **Financial assets at fair value through other comprehensive income**

This category includes the Group's ownership interests in the capital stock of other companies over which it does not have control or exercise significant influence, and which it does not hold for trading.

These assets are generally classified as assets measured at fair value through profit or loss; however, the Group availed itself of the irrevocable option permitted by the standard to choose, on initial recognition, to present subsequent changes in fair value in other comprehensive income, since these assets are not held for trading.

They are initially recognized at fair value which, unless there is evidence to the contrary, is the transaction price plus any directly attributable transaction costs.

These assets are subsequently measured at fair value, provided that this can be measured reliably, recognizing the gain or loss in other comprehensive income.

The fair value of listed securities is determined by reference to the share price. The fair value of financial assets not listed on an organized market is calculated by discounting future cash flows.

Ownership interests in the capital stock of companies included in this category and whose market value cannot be measured reliably are measured at acquisition cost less any impairment losses.

Acquisitions and disposals of investments are recognized at the date on which the Group undertakes to acquire or sell the asset. Investments are derecognized when the rights to the cash flows from the investments expire or have been transferred and the Group has transferred substantially all the risks and rewards of their ownership.

The difference between the selling price and the fair value of financial assets at fair value through other comprehensive income is recognized in other comprehensive income.

2.12.3 Financial liabilities

For measurement purposes, the Group's financial liabilities are classified under the following categories:

a) **Financial liabilities at depreciated cost**

This category includes the accounts payable and bonds issued by the Group.

It includes non-derivative financial liabilities with fixed or determinable payments. They are initially recognized at cost, which matches their fair value, less any transaction costs incurred. They are subsequently measured at depreciated cost using the effective interest rate method. Any difference between the amount paid (net of transaction costs) and the repayment value is recognized in the income statement. However, trade payables maturing within one year which do not have a contractual interest rate and are expected to be paid at short-term are stated at their par value.

The Group derecognizes a financial liability when the obligation specified in the contract is either settled or canceled or expires.

When debt is refinanced, the Company assesses the significance of the variations made to determine whether they are substantially different and, therefore, recognizes the effects of the new agreement as if it were an extinguishment and, simultaneously, the recognition of a new financing. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, qualitative factors will be taken into account in the evaluation. If an exchange of debt instruments or variation of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or variation is not accounted for as an extinguishment, any costs or fees incurred adjust the book value of the liability and are depreciated over the remaining term of the modified liability.

Among the qualitative factors, the Group considers there is a substantial modification of the terms of the debt in the following circumstances: a substantial extension of the maturity; significant modification of the margin; increase in the amount of the outstanding nominal amount of the financing; transfer from a debt at a variable interest rate to another debt at a fixed interest rate or vice versa, and/or the change of currency.

On the other hand, the Group has contracts with several financial institutions for the management of supplier payments. Trade payables payment of which is managed by the banks are recognized under "trade and other payables" until the related obligation is settled or canceled or expires. The Group uses Reverse Factoring as a payment instrument and financial institutions can provide the Group's suppliers with the possibility of financing through Confirming without extending payment terms.

b) Financial liabilities at fair value through profit or loss

The Group includes derivative financial instruments in this category, provided that they are not financial guarantee contracts or designated as hedging instruments.

They are measured at fair value. The amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income. The remaining amount of the change in the fair value of the liability shall be presented in the income statement, unless such treatment would create an accounting mismatch in the income statement, in which case the entire fair value change shall be recognized in the income statement.

The fair value of financial instruments used to hedge items classified in financial profit or loss (exchange differences and interest) is recognized under "revaluation of financial instruments at fair value". However, for derivatives used to hedge the prices of commodities used by the Company in the production cycle or earmarked for sale and which are not designated as hedges for accounting purposes, such changes are recognized under "other operating income" or "other operating expenses", depending on whether the measurement gives rise to a profit or a loss.

At the Acerinox Group, derivative financial instruments are generally used on a short-term basis and, therefore, the change attributable to the credit risk is not significant.

2.12.4 Hedge accounting

The aim of hedge accounting is to represent in the Financial Statements the effect of the Group's risk management activities in which derivative financial instruments are used to hedge exposure to certain risks that might affect the income statement. A hedging relationship qualifies for hedge accounting under IFRS 9 only if the following criteria are met:

a) The hedging relationship consists only of eligible hedging instruments and eligible hedged items.
b) At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
c) The hedging relationship meets the following hedge effectiveness requirements:

   i. There is an economic relationship between the hedged item and the hedging instrument.
   ii. The credit risk does not dominate the value changes resulting from that economic relationship.
   iii. The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

At the inception of the hedge, the Group designates and formally documents the hedging relationship and the objective and strategy for undertaking the hedge.

Derivative financial instruments are initially recognized at acquisition cost, which matches fair value, and are subsequently measured at fair value.

Derivative financial instruments that do not qualify for hedge accounting are classified and measured as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments that fulfill the criteria for cash flow hedge accounting are treated as such. Therefore, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income and subsequently recognized in the income statement in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The Group prospectively discontinues hedge accounting when the hedging instrument expires, is sold or the hedge no longer meets the criteria for hedge accounting. In such cases, the cumulative gain or loss recognized in equity is recognized in the income statement.

The Group only undertakes cash flow hedges.

2.12.5 Fair value measurement

Financial instruments recognized at fair value are classified, based on the valuation inputs, in the following hierarchies:

> LEVEL 1: includes financial instruments the fair value of which is determined by reference to quoted prices in active markets.
> LEVEL 2: includes financial instruments the fair value of which is determined by reference to variables, other than quoted prices, observable in the market.
> LEVEL 3: includes financial instruments the value of which is determined by reference to variables that are not observable in the market.

2.12.6 Renewable Energy Contracts (PPA)

The Group has signed PPA (Power Purchase Agreement) contracts for the purchase of long-term renewable energy. These contracts are concluded through the physical purchase of energy consumed by the Group in its stainless-melting shop production facilities. These contracts do not allow cancellation through the exchange of financial instruments. They are therefore supply contracts for the Group's own use and the Group recognizes the energy purchases in the income statement at the time of delivery for consumption and does not treat them as financial instruments.

This policy also applies to renewable energy certificates, as many are linked to PPA contracts. When the entity acquires only renewable energy certificates not associated with energy delivery, the Group records the cost in the statement of profit or loss when they are delivered.

2.13 Inventories

Inventories are initially recognized at acquisition or production cost. Subsequently, when the net realizable value of inventories is lower than their acquisition or production cost, the appropriate write-downs are made, with the related effect recognized in the income statement.

The Group uses the same cost formula for all inventories that have the same nature and a similar use within the Group. They are measured using the weighted average cost formula.

Finished goods and work in progress are measured at the weighted average cost of raw and other commodities consumed, incorporating the attributable portion of direct and indirect labor and general manufacturing costs based on the higher of normal production capacity or actual production. The Group does not include the cost of underutilization of production capacity in the value of finished goods and work in progress. These are recorded directly as expenses for the period.

Net realizable value is the expected selling price of those goods less costs to sell. In the case of work in progress, the estimated costs of completion are also deducted from this price.

The Group does not write down commodities if the finished products in which they will be incorporated are expected to be disposed of at or above production cost.

Any write-downs that reduce inventories to their net realizable value are reversed, up to the cost of the inventories, if the circumstances that gave rise to the write-downs cease to exist.

2.13.1 Emission allowances

The Group recognizes CO_2 emission allowances as inventories.

CO_2 emission allowances purchased in the market are measured at acquisition cost.

Freely allocated emission allowances are initially recognized at their market value on surrender. Simultaneously, a balancing entry for a grant is recognized for the same amount under "deferred income".

Emission allowances remain classified as inventories until surrendered.

At the end of each reporting period the Group assesses whether the market value of the allowances is lower than their book value in order to determine whether there are any indications of impairment. If such indications exist, the Group determines whether the allowances will be used in the production process or earmarked for sale, and only in the second case shall the appropriate write-downs be recognized. These write-downs are reversed when the causes that gave rise to the write-down of the emission allowances cease to exist.

A provision for contingencies and charges is recognized for expenses relating to greenhouse gas emissions. These expenses are incurred as the greenhouse gases are emitted. The provision is recorded monthly at the average price of the allowances in stock. This provision is maintained until the Group is required to discharge this obligation by surrendering the corresponding emission allowances.

In the case of freely allocated emission allowances, at the same time as the expense is recognized, the corresponding part of the deferred income account is canceled, using an operating income account as the balancing entry.

For emission allowances swaps, the Group uses the accounting treatment applicable to non-commercial swaps. The Group derecognizes allowances surrendered at their book value, and the amount received is recognized at fair value on surrender. For freely acquired emission allowances, the difference between the two values is recognized under “deferred income”.

Note 12, inventories, includes detailed information on the emission allowances allocated and used in 2024 and 2023.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits at banks and other short-term, highly liquid investments, provided that they are readily convertible to cash and are subject to an insignificant risk of changes in value.

In the consolidated statement of cash flows, the Group classifies interest received and paid as cash flows from operating activities, dividends received as cash flows from investing activities and dividends paid as cash flows from financing activities.

2.15 Deferred income

The Group categorizes subsidies and other income to be distributed over several years in this way, as detailed below.

2.15.1 Grants related to assets

Grants related to assets are grants received by the Group for the acquisition of property, plant and equipment and intangible assets. They are recognized under “deferred income” in the consolidated statement of financial position. They are initially recognized at the original amount awarded, provided that there is reasonable assurance that the grants will be received and the Group fulfills all the conditions attaching to them. They are subsequently taken to the income statement on a straight-line basis over the useful lives of the related assets financed by the grants.

2.15.2 Grants related to income

Grants related to income are grants received to finance specific expenses. They are recognized as income as the expenses are incurred. Grants relating to the free allocation of CO2 emission allowances are credited to the income statement when the related greenhouse gas emission expense is recognized.

2.15.2 Other deferred income

As a result of the acquisition of Haynes, the Group has increased this item due to the recognition of an existing liability for this concept, as detailed below.

In 2006, Haynes International received a cash payment from Titanium Metals Corporation (TIMET) under an agreement to provide transformation services exclusively and with priority for 20 years, up to a maximum tonnage specified in the contract. The services are invoiced at the contractually agreed prices.

The cash received is recognized as income evenly over the contract’s duration.

The portion of the initial fee not yet recognized as income is recorded as deferred income in the consolidated balance sheet.

Although the contract includes breach provisions that could lead to termination and compensation for damages, the entity has evaluated each clause and the likelihood of a breach. Based on experience, the nature of potential triggering events, and the presence of cure periods in the agreement, the Company has concluded that such circumstances are unlikely to occur. Therefore, no reduction in recognized revenue over the contract term has been considered.

If a breach does occur and is not remedied within the allowed grace period, the Company would recognize the impact of the liquidated damages in the period of default and reassess revenue recognition for future periods under the Conversion Services Agreement.

2.16 Employee benefits

Employee benefits may comprise both short-term and long-term obligations. Short-term commitments include:

- Short-term compensation: that which is expected to be paid in full within twelve months from the end of the reporting period in which the employees rendered their services. They are recognized as expenses in the year in which the service is rendered. They include wages and salaries, social security contributions, paid annual leave and sick leave, profit sharing and incentive or non-monetary compensation.
- Termination benefits: these are recognized as staff costs only when the Group is demonstrably committed to severing its link to an employee or group of employees prior to the normal retirement date.

Long-term commitments include:

- Post-employment benefits or obligations, such as retirement benefits or any other form of compensation to employees upon termination of their employment.
- Other long-term employee benefits such as length of service awards
- Pension benefits
- Share-based payment transactions
- Collective redundancy procedures: The Group recognizes a liability and an expense for severance payments provided that the entity can no longer withdraw the offer of severance payments and there is a formal and detailed plan, which implies that: the activities and locations affected, the approximate number of employees affected, the disbursements to be made and the dates on which the plan will be implemented have been identified. On July 1, 2024, the Group company Acerinox Europa, S.A.U., signed the IV collective bargaining agreement for its factory in Campo de Gibraltar. This agreement included, *inter alia*, the commitment to sign a social pact agreement for employment. On December 20 of this year, together with the main labor unions, the principle of this agreement was signed. Among other aspects, it includes an employment rejuvenation program based on the voluntary adhesion of persons who meet the requirements specifically agreed therein. On the same date, the conditions of the rejuvenation plan applicable for 2025 were agreed upon. This agreement will allow the employees included in the plan to opt for early retirement under the conditions established in the plan, once they reach a certain age. The Group has recorded a liability reflecting the present value of the commitments resulting from this plan. Severance pay has been recognized as a provision for employee benefits and as a personnel expense since the entity is committed through this agreement to terminate the relationship with a certain group of employees before the normal retirement date.

The accounting policies followed by the Group where there are long-term commitments to its employees are as follows:

a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to the services rendered in the current and prior periods.

Certain Group companies make mandatory, voluntary or contractual pension plan, life or other insurance policy contributions. Once the contributions have been paid, the Group does not have additional payment obligations. The contributions are classified as employee benefits and are recognized in the income statement on an accrual basis. The benefits paid in advance are recognized as an asset to the extent that they may give rise to a cash refund or a reduction in future payments. No provisions are recognized for the defined contribution plans, since they do not give rise to future obligations for the Group.

b) Defined benefit plans and other obligations

A defined benefit plan is an obligation acquired by the Company to its employees to remunerate services rendered. These obligations are established in accordance with the local legislation in certain countries or contracts signed to that effect, or are included in collective bargaining agreements prevailing at certain Group companies.

Accrued obligations are calculated as the present value of the accumulated benefits accrued by the employees until the reporting date, using actuarial assumptions. The calculations are made by independent experts. The Group companies recognize any corresponding provisions to cover these obligations.

The existing obligations may be classified as follows:

- Pension plans: certain Group companies have acquired obligations to certain of their employees when they reach retirement age.
- Early retirement benefits: certain Group companies are required to pay benefits to some of their employees if they opt to take early retirement.
- Supplements: these plans relate to obligations agreed upon with certain Group employees to supplement their remuneration on retirement.
- Other post-employment obligations: certain Group companies offer medical care to their retired former employees. The right to benefits of this nature is usually conditional upon the employee remaining at the Group until retirement and for a specified minimum number of years. The expected expenditure relating to these benefits is accrued over the employees' working lives.

The Group meets the obligations relating to the outsourcing of these commitments in the countries where this is applicable.

The defined benefit liability recognized in the consolidated statement of financial position corresponds to the present value of the defined benefit obligations existing at the reporting date less the fair value of the plan assets at that date. The Group recognizes changes in the actuarial valuation of the obligations in other comprehensive income.

The asset's value is capped at the present value of the economic benefits the entity can gain either through plan reimbursements or by reducing future contributions to the plan.

Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of the insurance policies is considered equal to the present value of the related payment obligations and, accordingly, the Group nets the two positions in the consolidated statement of financial position.

The actuarial value of both the post-employment obligations and the pension benefits that have not been outsourced is calculated by an independent expert. The measurement is performed using the projected unit credit method, taking into account mortality tables, interest rates, discount rates, expected future salary increases and growth rates. In the case of post-employment obligations, estimates of future increases in healthcare expenses are also taken into account.

The Group recognizes as an expense for the year the cost of services rendered, which corresponds to the increase in the present value of the defined benefit obligation resulting from the provision of services by the employee in the current year.

In addition, the Group recognizes as an expense the net interest on the defined benefit obligation, which corresponds to the change during the year in the defined benefit obligation resulting from the passage of time.

c) Share-based payment transactions

The Group applies IFRS 2, Share-based Payment, to equity-settled transactions in which the entity receives goods or services in exchange for shares of the parent.

In accordance with the terms of the share-based payment plans approved by the Group, the equity instruments granted do not vest immediately, and do so when a certain service period is completed, so the Group recognizes an expense on a straight-line basis over the period in which the rights to receive such shares vest, recognizing at the same time the corresponding increase in equity.

The Group measures the goods or services received, as well as the corresponding increase in equity, at the fair value of the equity instruments granted, at the grant date. Fair value is determined by the market price of the entity's shares adjusted to take into account the terms and conditions on which those shares were granted (except for vesting conditions, other than market conditions, which are excluded from the determination of fair value). The Group uses the appraisal of an independent expert, who uses the Monte Carlo method for this valuation.

When the obligation to deliver its own equity instruments is to the employees of a subsidiary, the events must be qualified as a “contribution”, in which case the parent recognizes an increase in the value of its interest in the subsidiary, with a credit to its own equity instruments, and measures it at the fair value of the equity instruments transferred at the grant date.

Upon delivery of the shares, the accounting difference between the equity item canceled and the treasury shares delivered is recognized with a charge to the parent’s reserves.

2.17 Provisions

The Group recognizes a provision when:

(i) it has a present obligation, whether legal or constructive, as a result of past events;
(ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
(iii) the amount can be estimated reliably.

The amounts recognized in the consolidated statement of financial position correspond to the best estimate at the reporting date of the disbursements required to discharge the present obligation, after taking into account the risks and uncertainties relating to the provision and, where significant, the interest cost arising from discounting, provided that the disbursements that are to be made in each period can be reliably estimated. If discount rates are used, the increase in the provision as a result of the time elapsed is recognized as financial expense for the year.

2.18 Current/Non-current assets and liabilities classification

In the consolidated statement of financial position the Group classifies assets and liabilities as current and non- current items. For such purpose, assets and liabilities are considered to be current when they are expected to be realized or settled within 12 months after the reporting date, or when they are cash or cash equivalents. Liabilities are classified as current or non-current on the basis of the rights that exist at the end of the reporting period and not on the basis of the entity’s expectations or events after the reporting period.

2.19 Income tax

The income tax expense comprises current tax and deferred tax.

Current tax is the tax expected to be paid in respect of the consolidated taxable profit or tax loss for the year, using tax rates enacted at the consolidated statement of financial position date and applicable to the current year. Current tax also includes any adjustment to the tax payable or receivable for prior years.

Deferred taxes are calculated using the balance sheet liability method based on the temporary differences that arise between the tax bases of the assets and liabilities and their book values in the consolidated annual accounts. Deferred taxes are determined by applying the tax rates (and laws) enacted, or substantively enacted, at the consolidated statement of financial position date, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The effect of a change in the tax rate on the deferred tax assets and liabilities is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to the consolidated statement of comprehensive income.

Deferred tax liabilities are always recognized. Deferred tax assets are recognized to the extent that it is considered probable that taxable profits or deferred tax liabilities will arise in the future against which the temporary differences can be offset.

The Group recognizes in the consolidated statement of financial position the deferred tax assets arising from tax loss or tax credit carryforwards, provided that they are likely to be recoverable in a reasonable period of time, also taking into account the legally established limits for their use. The Group considered a period of ten years to be reasonable if permitted by tax legislation. For this purpose, the Group performs future earnings projections approved by management, which take into account present macroeconomic and market circumstances, and adjusts these projections based on current tax legislation in order to determine the taxable profit or tax loss.

Deferred tax assets are reduced when it is no longer considered probable that sufficient future taxable income will be generated or there are no deferred tax liabilities against which the assets can be offset. Reductions are reversed if there is renewed expectation that sufficient taxable income will be available against which the derecognized balance can be utilized. Both the deferred tax asset reduction and its subsequent reversal are recognized as an increase or decrease in the tax expense, respectively, in the income statement in the year in which they arise.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to do so, the assets and liabilities correspond to the same tax authority and the Group plans to realize current tax assets or settle current tax liabilities on a net basis.

Deferred tax assets and liabilities are recognized in the consolidated statement of financial position under non-current assets or non-current liabilities, irrespective of the expected date of realization or settlement.

When tax audits result in a tax deficiency to be settled, the Group generally recognizes such amounts as a current expense for the amount payable, and a deferred tax expense for the change in assets or liabilities arising from temporary differences resulting from the related tax assessment. If the amount payable is contested and the Group decides to file an appeal against the tax assessment, and furthermore considers that a favorable outcome for the Group is highly probable, it recognizes an asset for the amounts previously paid and which it estimates will be recovered.

In connection with the limited scope amendments introduced by the IASB related to the new Pillar 2 tax regulations approved by the OECD, the Group has made use of the temporary exemption for the recognition of deferred tax assets and liabilities and the expense resulting from the calculation of the minimum tax rate of 15%. **Note 20** contains detailed information on the above tax standard and the analysis carried out by the Group during the year and its potential impact.

Certain companies forming part of the Consolidated Group have reserves which could be taxable if distributed, since certain legislation envisages withholdings at source that affect the payment of dividends. The Group recognizes the tax effect in this connection whenever it considers that the reserves will have to be distributed in the foreseeable future, which will give rise to the reversal of the temporary difference. That is to say, the parent shall not recognize a deferred tax liability when it considers that such reserves will not be distributed in the foreseeable future. The Group shall also reverse the temporary difference, against profit or loss for the year, when legislative changes eliminate or reduce the tax liability relating to those reserves.

The Company has been taxed under the consolidated tax regime since 1998. As agreed by the shareholders at the General Shareholders' Meeting held on May 28, 2003, Acerinox, S.A. and certain of the subsidiaries with registered office in Spain form part of a consolidated tax group on an indefinite basis, with the exception of Metalinox Bilbao, S.A.U. and Inoxidables de Euskadi, S.A.U., which file tax returns separately. At December 31, 2024 and 2023, the consolidated tax group was made up of: Acerinox, S.A., Acerinox Europa, S.A.U., Roldan, S.A., Inoxfil, S.A., Inoxcenter, S.L.U. and Inoxcenter Canarias, S.A.U. As a result of the consolidated tax regime, reciprocal receivables and payables between Group companies arise, due to the offset of tax bases between them.

2.20 Revenue

Revenue is an increase in economic benefits during the year in the form of inflows or increases in the value of assets or decreases in liabilities that result in an increase in equity and are not related to owners' contributions.

Revenue depicts the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when a customer obtains control of the good or service sold, i.e. when the customer has the ability to direct the use of, and obtain substantially all of the benefits from the good or service.

The Group takes into consideration the five-step model to determine when, and for what amounts, revenue should be recognized:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

A contract is an agreement between two or more parties that creates enforceable rights and obligations. A contract does not exist if each party to the contract has the unilateral enforceable right to terminate an unperformed contract without compensating the other party (or parties).

The main types of the Group's revenue and other income are as follows:

a) Sales and services

Revenue from the sale of goods is recognized in the consolidated income statement when control of the goods is transferred to the buyer. No revenue is recognized if significant doubts exist in relation to the recovery of the amount owed or the possible return of the goods. Sales revenue is recognized at the transaction price, which is the amount of consideration to which the entity expects to be entitled in exchange for transferring the goods or services promised to a customer, excluding amounts collected on behalf of third parties.

A contract is an agreement between two or more parties that creates enforceable rights and obligations. A contract does not exist if each party to the contract has the unilateral enforceable right to terminate a contract without compensating the other party (or parties). The stainless-steel sales process is performed through sales orders. From this perspective, the orders arranged by the Group with customers do not give rise to a right or obligation enforceable in advance, since the parties are entitled to unilaterally terminate an unperformed contract without compensating the other party until such time as the goods are delivered. Therefore, no obligation arises until the goods are delivered.

Depending on the commercial terms and conditions of sale, the control and risk of the goods may be transferred when the materials are shipped from the Group's facilities or when they are delivered to the customer. The Group takes into account these terms and conditions of sale to determine the timing of revenue recognition. Revenue from the sale of goods is recognized in the income statement when control over the goods is transferred to the buyer.

The Group considers all of the following factors when determining the transaction price:

- variable consideration;
- constraining estimates of variable consideration;
- the existence of a significant financing component in the contract;
- non-cash consideration; and
- consideration payable to the customer.

Revenue is recognized net of taxes, returns and discounts that the Group considers probable at the date the revenue is recognized, and after the elimination of intra-Group sales.

b) Lease income

Lease income is recognized in the income statement on a straight-line basis over the term of the lease.

c) Dividend income

Dividend income is recognized when the right to receive it is established.

2.21 Environment

The Group carries out actions the main objective of which is to prevent, reduce or repair the damage that might be caused to the environment as a result of its business activities.

Expenses arising from environmental activities are recognized as expenses in the year in which they are incurred. However, the Group recognizes environmental provisions, where necessary, by applying the general criteria detailed in **Note 2.17**.

The items of property, plant and equipment acquired to be used on a lasting basis in the Group's operations and the ultimate purpose of which is to minimize environmental impact and protect and improve the environment, including the reduction or elimination of pollution, are recognized as assets using measurement, presentation and disclosure criteria consistent with those discussed in **Note 2.8**.

2.22 Changes in accounting estimates and policies and correction of errors

The Group applies IAS 8 to recognize changes in accounting estimates, changes in accounting policies and the correction of errors. In this regard, the Group recognizes changes in accounting estimates in the year in which they occur. Accounting errors are corrected in the year in which they occurred, restating the comparative information presented in the Financial Statements, where the errors are material. Changes in policies are recognized retrospectively, adjusting the opening balances of each affected equity component, from the previous year presented, unless a specific transitional provision exists for the initial application of a standard or interpretation.

2.23 Discontinued operation

An activity is classified as discontinued when it has been disposed of or alternative channels are used, or when it has been classified as held for sale, if the following conditions are met:

- It represents a line of business or geographical area of the operation that is significant and can be considered separate from the rest;
- it is a subsidiary acquired for the purpose of selling it.

The results of discontinued operations are presented separately in the income statement.

NOTE 3 – ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, Group Management is required to make certain judgments, estimates and assumptions that affect the application of the accounting policies and, therefore, the figures presented in these consolidated financial statements.

The accounting estimates and judgments are assessed on an ongoing basis and are based on historical experience and other factors, including expectations regarding future events that are considered to be reasonable. The Company may revise such estimates if changes were to occur in certain events or circumstances.

The Group makes estimates and judgments regarding the future. The resulting accounting estimates may differ from the corresponding actual results. Changes in estimates are recognized in the Group's Financial Statements prospectively, as established in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The main estimates made by the Group are as follows:

a) Impairment losses on goodwill and other non-financial assets

Once a year, the Group tests goodwill for impairment, in accordance with the accounting policy detailed in **Note 2.11**.

At each reporting date the Group reviews whether there is any indication that its property, plant and equipment has become impaired, taking into account the criteria established in the policy. If any such indications exist, the entity estimates the recoverable amount of the asset in question. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use.

The recoverable amounts of the cash-generating units in this year have been determined based on calculations of their value in use. Some estimates were made by an independent valuer.

The calculations of value in use are made using reasonable assumptions based on past returns and future market production and development expectations. Some of these assumptions relate to sales, margins, discount rates and perpetuity growth rates, which involve a high degree of judgment. These assumptions are in line with the Group's climate-related strategy, plans and commitments as detailed in **Note 5.4**. In recent years, energy costs have also become more significant in the estimates, and the Group performs sensitivity analyses on possible changes in energy prices, mainly in European companies (**Note 5.1.3**).

Notes 8.1 and 9.1 detail the analyses conducted by the Group in 2024 and 2023.

b) Business combinations

As described in the valuation standard for business combinations (**Note 2.5**), the Group assesses business combinations according to IFRS 3.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity interests issued and any contingent consideration that depends on future events or the fulfillment of certain conditions in exchange for control of the acquiree.

The Group engaged an independent expert (Kroll LLC and Kroll Advisory Ltd.) to estimate the fair value and determine the resulting goodwill from acquiring the Haynes Group, as detailed in **Note 6.1**.

At the closing date of these accounts, this is a provisional valuation. Although no changes are expected to occur in the future, the Group is in the process of assessing all available information regarding the facts and circumstances existing at the date of acquisition and which are necessary to conclude on the valuations made.

c) Useful lives of plant and equipment

The Group's Management determines the estimated useful lives and related depreciation charges for its plant and equipment based on valuations provided by technical experts. These estimates could change significantly due to technical innovations, changes in factory activity levels, and other factors. Management reviews depreciation charges periodically and adjusts them if the estimated useful lives differ from those previously applied. They also amortize or remove from the books any technically obsolete or non-strategic assets that have been abandoned or sold.

This year, as a result of the acquisition of Haynes, the Group has estimated the fair values of its plant and equipment as well as the depreciation periods to be applied in the future, although the point relating to the useful lives mentioned above is in the process of being revised, as explained in **Note 6.1.**

d) Fair value of derivatives and other financial instruments

The Group acquires derivative financial instruments to hedge its exposure to exchange rate and interest rate fluctuations, as well as to fluctuations in certain commodity prices. The fair value of financial instruments not traded in active markets is determined using valuation techniques based mainly on market conditions existing at each reporting date, and provided that financial information is available to carry out this valuation. **Note 13.2.4** provides further information on the financial instruments measured on the basis of these assumptions.

e) Provisions

As indicated in **Note 2.17**, the provisions recognized in the consolidated statement of financial position reflect the best estimate at the reporting date of the amount expected to be required to settle the obligation, provided that the materialization of this outflow of resources is considered probable. Changes in envisaged circumstances could cause these estimates to vary, and they would be revised if necessary.

In the case of provisions arising from litigation in respect of which there are legal proceedings under way, the lawyers or independent experts determine the likelihood of occurrence of the events giving rise to the need to recognize a provision. In cases in which it is considered possible, although not probable, that an outflow of resources will occur or it is difficult to reliably determine the amount of the provision, the Group shall consider the provision to be a contingent liability and disclose the information in the notes (**Note 17**).

f) Net realizable value

As mentioned in **Note 2.13**, the Group estimates the net realizable values of its inventories in order to recognize the appropriate valuation adjustments. The expected selling prices of the inventories less costs to sell are taken into account when determining the net realizable value.

g) Determination of employee benefit obligations

Pension and similar obligations are determined on the basis of actuarial valuations which take into account statistical rates published by official bodies relating to future valuations such as expectations of salary increases, growth rates, mortality rates, discount rates, etc. These rates may vary significantly depending on economic and market conditions, which would cause variations in the obligations recognized in the Financial Statements. These assessments are carried out by independent experts.

The Group recognizes in the consolidated statement of financial position the amounts arising from its employee benefit obligations, based on the actuarial valuations performed by independent experts.

Note 17.1 includes detailed information on the assumptions used in 2024 to perform the valuations.

h) Recoverability of tax loss and tax credit carryforwards

Separately from tax legislation, which in many cases allows the recovery of tax losses without limitation, as established in the related accounting policy (**Note 2.19**), the Group recognizes in the consolidated statement of financial position the deferred tax assets arising from tax loss and tax credit carryforwards, provided that they are recoverable over a reasonable period of time, which the Group has set at ten years. The Group regularly assesses the recoverability of available tax assets through earnings projections approved by management, to conclude as to whether they will be recoverable in the aforementioned reasonable period.

The Group takes into account the tax laws applicable to the determination of tax bases in the future, the restrictions on offsetting tax bases imposed by certain laws and the impact of minimum payments set in certain countries. **Note 20.3** includes detailed information on the Group's existing tax assets and the bases used to determine the recoverability of recognized tax assets. During this year, due to the regulatory amendments introduced in Spain relating to the limitation in the application of tax loss carryforwards with 25% of the positive results generated, which are explained in **Note 20**, the Group has recorded an impairment of EUR 61,548 thousand.

i) Recognition of a deferred tax liability arising from investments in subsidiaries

As established in the accounting policies (**Note 2.19**), certain companies forming part of the Consolidated Group have reserves which could be taxable if distributed, since certain legislation envisages withholdings at source that affect the payment of dividends, as well as limitations on the deductibility of gains from other countries distributed in the form of dividends. The Group recognizes the tax effect in this connection provided that it considers that such reserves will have to be distributed in the foreseeable future. At the same time, the Group shall also reverse this temporary difference against profit or loss when new legislative changes eliminate or reduce the tax liability of these reserves.

Since 2022, as a result of the entry into force in Spain of the amendment to income tax affecting the tax exemption for dividends received from Group companies, the aforementioned tax exemption for dividends received from qualifying ownership interests applicable to the parent of the Acerinox Group has been reduced to 95%, whereby it will be taxed on 5% of the dividends it receives from its subsidiaries, which will be treated as non-deductible expenses relating to management of the ownership interest. This limitation also exists in other countries such as Germany. As with the distributable reserves mentioned in the previous paragraph, the Group also takes into account the tax effect if it believes that the distribution of reserves from subsidiaries will be required in the foreseeable future.

Although there is no dividend distribution policy for subsidiaries, the Group analyses annually whether retained earnings of Group companies should be distributed to the parent company. The repatriation of dividends made in recent years and the positive results generated by the entities year after year guarantees the equity position of the parent company, meaning that management does not deem it necessary to distribute the reserves of its subsidiaries. In recent years, dividend repatriations have been made against earnings rather than against reserves. The Group expects to continue with the same policy and it does not therefore consider it necessary to recognize a deferred tax liability associated with such retained earnings.

j) Recognition of deferred tax liabilities under Pillar 2 standards

As explained in accounting policies, in December 2021, the Organization for Economic Co-operation and Development ("OECD") published the "Pillar 2" model standards for reforming international corporate taxation. The standard requires affected large multinational companies to calculate their effective GloBE ("Global Anti-Base Erosion") tax rate for each jurisdiction in which they operate. These companies will be obliged to pay an additional tax for the difference between their effective GloBe tax rate per jurisdiction and the minimum rate of 15%. The aforementioned Directive was transposed into Spanish law on December 20, 2024 by Law 7/2024, of December 20, which establishes, among other measures that do not apply to the Group, a Supplementary Tax to guarantee an overall minimum level of taxation for multinational groups and large domestic groups.

While, as permitted by the amendment introduced by IAS 12, the Group has made use of the temporary exemption for the recognition and disclosure of deferred tax assets and liabilities related to income tax arising from Pillar 2, according to the analysis carried out by based on the figures to be declared in the 2024 country-by-country report, the Group is covered by temporary safe harbors, which exempts it from calculating the minimum tax. The analyses performed confirm that in the jurisdictions where the Group's main entities are located, effective taxes exceed the minimum payment of 15%.

NOTE 4 - EVENTS DURING THE YEAR

Below we highlight the most relevant events that occurred this year in both the stainless steel and high-performance alloys divisions, as well as the situation of both markets:

Acquisition of Haynes International

Acerinox is holding firm to a strategy focused on the development and expansion of higher-value-added solutions. In 2024, the Group acquired Haynes International, a leading high-performance alloys business in the US with more than 100 years of history.

Haynes International enables the Group to increase its sales in markets and industrial sectors such as aerospace, as well as its strength in the research and development of new alloys. The result is operational synergies for the Group in terms of costs, efficiency and process optimization. This American company was acquired by the Group's US subsidiary. It will become part of the High-Performance Alloys Division (HPA), created in 2020 with the acquisition of VDM Metals.

Acerinox will invest about USD 200 million over the next four years in the new US platform, primarily at the Haynes International facility in Kokomo, Indiana, to create an integrated platform for high-performance alloys and stainless steel.

The transaction closed nine months after its announcement for a consideration of USD 799 million, having received approval from all the relevant regulatory agencies.

The main benefits for the Group are as follows:

- Reinforcement of Acerinox's leading global position in the high-performance alloys segment.
- Expanded presence in the United States and significant opportunities in the aerospace sector. An attractive, high-growth market and sector.
- Initial estimated synergies of USD 71 million.
- Creation of added value through the combination of complementary businesses, the growth of operational capabilities in the United States, and a local sales and distribution network with 14 new international locations.
- A solid platform to accelerate the growth of the high-performance alloy and specialty stainless steels business in North America.
- Incorporation of extensive research and development capabilities and a significant patent portfolio.
- Expectations of generating significant pro forma growth, as well as margin improvements, supported by Haynes International's financial track record.
- Haynes International's high-quality service lets us get close to customers, increasing loyalty.
- Expansion of the highly talented and experienced US operational and management teams with the proven track record.

Full details of this transaction as well as the result of the business combination in the Group's accounts are included in **Note 6** .

New organizational model at Acerinox Europa.

In light of the market conditions and financial results of recent years, the Group put forward the idea that a new organizational and production model would need to be implemented at the Acerinox Europa factory, located in Campo de Gibraltar (Cadiz, Spain).

After almost five months of strike action, Acerinox Europa's new collective bargaining agreement was signed in June. This agreement, valid until December 31, 2027, will allow the development of a strategy to guarantee the future viability of the factory through greater efficiency, flexibility and diversification.

The agreement seeks to strengthen the relationship between the company and its employees, promoting flexibility and a positive and collaborative work environment. All of this was necessary to implement the Group's strategy of creating high value-added products and increasing its presence for the end customer.

Among other measures, we would like to highlight the following:

- New production bonus aligned with the Group's strategy that rewards quality, the new types of steel, claims and the production of high-performance alloys.
- Voluntary paid availability of employees.
- Voluntary paid polyvalence with workforce training.

- Bank of hours.
- Factory closed for 2 weeks in August, a period of the year when there is less activity. This time will be taken as an opportunity for maintenance shutdowns.
- The new agreement includes a wage increase of approximately 12% over 4 years.

In addition, this agreement included, among other conditions, the commitment to sign a social pact agreement for employment. On December 20 of this year, together with the main labor unions, the principle of this agreement was signed. Among other aspects, it includes an employment rejuvenation program based on the voluntary adhesion of persons who meet the requirements specifically agreed therein. On the same date, the conditions of the rejuvenation plan applicable for 2025 were agreed upon. This agreement will allow the employees included in the plan to opt for early retirement under the conditions established in the plan, once they reach a certain age. The Group has recognized a provision for this item. The details of this agreement are given in **Note 17**.

Bahru Stainless for sale in Malaysia

Bahru Stainless, the Group's plant located in Johor (Malaysia), announced to its customers in May 2024 that it would cease operations. Strong competition in Asia and market shifts hindered the development and profitability of this plant; despite having advanced technology and efficient production processes, it ceased to be strategic for the Group.

Bahru Stainless began operations in 2008, aimed at supplying the Asian market, in addition to contributing to the Group's global production through the purchase of semi-finished products from other factories.

On October 10, a contract was signed with Worldwide Stainless Sdn. Bhd, a company registered in Malaysia, to sell all the shares of Bahru Stainless for USD 95 million. The transaction closed on December 3.

Detailed information on this transaction and its impact on the Group's results is given in **Note 6** .

Stainless steel market

The stainless steel market once again had a year of low activity. Despite inventories remaining at record low levels in both the United States and Europe, demand has remained stagnant in both geographies.

As a result, stainless steel production remained low, with moderate growth compared to 2023, but without bouncing back to the level seen in previous years. The exception was Chinese producers, both in China and Indonesia, which continued to generate surpluses with a very negative impact on markets.

Europe:

Apparent consumption in Europe in tons in 2024 rose slightly versus 2023, with growth of 3% compared to a 21% drop the previous year.

Imports once again increased their market share relative to European producers, largely due to the drop in activity at Acerinox Europa due to the strike at the Campo de Gibraltar plant.

Even so, the market share of imports remained below 20%, due to the weakness of the final demand, low prices and the trade protection measures in place for most Asian materials.

United States:

With dynamics quite similar to those in Europe due to the extension of the inventory adjustment period, apparent consumption in the United States remained flat in 2024, compared to a 20% drop in the previous year.

Imports managed to increase market share, while our subsidiary North American Stainless managed to slightly increase its market share.

High-performance alloys market

The high-performance alloys market maintained a strong position in 2024, although its performance was weaker than in 2023, especially in the chemical process industry (CPI) segment.

However, the oil and gas (O&G) sector continued to show high demand.

The automotive sector remained stronger than the previous year, as did the electronics sector, which exceeded expectations thanks to demand for OLEDs and renewable energy applications.

The aerospace industry, in which Haynes International has a large presence, performed below expectations due to the slowdown in BOEING's backlog.

NOTE 5 – FINANCIAL RISK MANAGEMENT

The Group's activities, in both its stainless steel and special alloy divisions, are exposed to various financial risks: market risk (foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and climate risk. The Group aims to minimize the potential adverse effects on its financial profitability through the use of derivative financial instruments, where appropriate to the risks, and by taking out insurance policies. **Note 13.2.6** includes a detailed analysis of the Group's derivative financial instruments at year-end.

The Group does not arrange financial instruments for speculative purposes.

5.1 Market risk

Market risk arises from changes in market prices due to exchange rate or interest rate fluctuations or changes in prices of commodities and other materials or supplies, which can affect the Company's earnings, its equity and the measurement of its assets and liabilities.

5.1.1 Foreign currency risk

The Group operates internationally and in various currencies, particularly in the US dollar, and is therefore exposed to foreign currency risk. Foreign currency risk arises from commercial transactions as well as from financing and investment operations, and from the translation of Financial Statements the functional currencies of which is not the Consolidated Group's presentation currency (the euro).

Monetary assets and liabilities denominated in foreign currencies are translated to the Group's functional currency at the reporting date at the exchange rates then prevailing. Any exchange differences that arise from such translation are recognized in the consolidated income statement. To avoid fluctuations in the consolidated income statement due to changes in exchange rates, and to ensure the expected cash flows, the Group uses derivative financial instruments to hedge most of its commercial and financial transactions performed in currencies other than the functional currency of each country. To this end, at the beginning of each month and subject to fortnightly review, each company considers its loans in non-local currency, the balances of its trade receivables and payables to suppliers in foreign currency, the sales and purchases in foreign currency forecast for that period and the currency forwards arranged. The Group may take commercial or financial transactions as a whole into account to evaluate its total exposure when hedging foreign currency transactions. The Group hedges balances with third parties and between Group companies.

The Group's business model is to hedge foreign currency risk through the use of derivative financial instruments and there is an economic relationship between the hedged item and the hedging instrument. The Group, mainly in its stainless steel division, hedges cash flow risks for transactions performed in foreign currencies that are recognized in the consolidated statement of financial position; accordingly, any change in the derivative valuation is recognized in the consolidated income statement and is offset by any changes that occur at each reporting date in the monetary items recognized in foreign currencies. The designation of these instruments as hedging instruments does not give rise to any accounting differences in the Group's consolidated income statement.

In the high-performance alloys division, following the incorporation of Haynes into the Group, hedging policies and currency exposure risks are different. In the case of VDM, as the manufacturing period is longer and orders are negotiated at a fixed price and much further in advance than in the stainless-steel division, hedging is performed immediately upon receipt of customer orders to ensure that the cash flow received matches the cash flow of the negotiations performed. The financial instruments arranged are valued at fair value through profit or loss. At year-end, Haynes has no outstanding financial instruments to mitigate foreign exchange risk due to its lower currency exposure. There is a high percentage of purchases and sales in the same currency, giving rise to natural hedges. The Group is currently in the process of integrating Haynes and reviewing its hedging policies.

The derivative financial instruments used by the Group to hedge this risk consist of foreign currency purchase and sale forward contracts in accordance with the policies approved by management.

The fair value of foreign currency forward contracts is equal to their market value at the reporting date, i.e. the present value of the difference between the current forward rate and the contract rate.

Note 13.2.6 details the financial instruments arranged by the Group to hedge this type of risk at December 31, 2024 and 2023.

Lastly, the Group is exposed to foreign currency risk as a result of the translation of the separate Financial Statements the functional currency of which differs from the Group's presentation currency, particularly the US dollar and the South African rand. The USD/EUR exchange rate at 2024 year-end was 1.0389, while at 2023 year-end it stood at 1.1050 (USD appreciation of 5.98% for the year). The exchange rate of the South African rand to the euro at 2024 year-end was 19.6188, while at 2023 year-end it was 20.3477 (rand depreciation of 3.58%).

The Group does not use financial instruments to hedge foreign investments, since these are strategic long-term investments.

Neither the Group's future profits nor the expected dividends are hedged, the latter only being hedged, in any case, as soon as they are approved. **Note 15.4** includes a breakdown of the changes in translation difference items in the year.

Sensitivity to changes in these currencies with respect to the euro, with other variables remaining constant and based on the translation rates at the end of 2024 and 2023, respectively, was as follows:

(Amounts in thousands of euros)

	Profit or loss		Equity	
	10% appreciation	10% depreciation	10% appreciation	10% depreciation
December 31, 2024				
USD	38,734	-30,481	356,967	-292,064
ZAR	-3,603	2,948	22,064	-18,053
December 31, 2023				
USD	43,743	-35,789	250,258	-204,756
ZAR	-3,050	2,496	25,854	-21,154

5.1.2 Interest rate risk

The Group's financing comes from various countries and is provided in various currencies (mainly in the euro, the South African rand, and the US dollar), with a range of maturity dates and with loans mostly tied to variable interest rates.

The Group's financial liabilities and financial assets are exposed to fluctuations in interest rates. To manage this risk, interest rate curves are analyzed regularly and derivatives are occasionally used. These derivatives take the form of interest rate swaps which qualify for recognition for accounting purposes as cash flow hedging instruments. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account interest rates at that date and the credit risk associated with the swap counterparties.

In addition, the Group takes out fixed interest rate loans to reduce its exposure to interest rate fluctuations. During the year, the Group took out two fixed-rate loans for a total of EUR 195 million.

At December 31, 2024, the Group's total gross debt with credit institutions and similar entities amounted to EUR 2,383 million, 52% of which corresponds to fixed-rate debt and the remaining 48% to floating-rate debt. In addition, more than 60% of the Group's total debt has a maturity of more than one year.

If we take into account only loans and private placements (excluding the Columbus Borrowing Base Facility and credit facilities), which totaled EUR 1,806 million at the end of December, the percentage of fixed-rate term debt (including debt contracted at variable interest rates but hedged with interest rate derivatives) rises to almost 70%.

As in 2023, the Group has continued to actively manage its loans during 2024. The majority of the Group's financing at December 31, 2024 corresponded to term loans (around 75%).

Note 13.2.3 explains all new loan contracts undertaken throughout the year.

2024 was characterized by cuts in official interest rates by both the ECB, which implemented four interest rate cuts (from 3% to 4% for the deposit interest rate), and the FED, which implemented three interest rate reductions (from 5.5%-5.25% to 4.50%-4.25%), abandoning two years of increases from more than 20-year highs.

Consequently, to reduce the interest rate risk in a current context of interest rate cuts together with the reduction of cash available in the Acerinox Group, four derivatives (Interest Rate Swap) have been contracted for a total of EUR 260 million.

In 2023, due to the continued increase in interest rates and the high percentage of fixed interest rate loans, the Group decided not to contract new derivatives. In addition, the risk to the Group from rising interest rates was limited, as the Group's net financial debt amounted to EUR 341 million, with gross debt of EUR 2,135 million and cash balances of EUR 1,794 million. Acerinox had also currency deposits in US dollars. These USD deposits provided a remuneration that is higher than the remuneration of the euro interest rates to which most of the Group's variable interest rate loans are referenced, thereby mitigating the risk of an increase in interest rates.

Note 13.2.6 details the financial instruments arranged by the Group to hedge this type of risk at December 31, 2024 and 2023.

In relation to the Group's interest rate sensitivity, had interest rates on its outstanding amount at year-end been 100 basis points higher, with all other variables remaining constant, the consolidated profit after tax would have been EUR 12.7 million lower (2023: EUR 9.2 million lower) due to higher borrowing costs on floating-rate debt not covered by interest rate swaps. The effect on the Group's equity of such an increase in interest rates across the entire interest rate curve would have been an increase of EUR 0.2 million (2023: an increase of EUR 0.1 million), since the higher borrowing costs would have been comfortably offset by increases in the values of its interest rate hedging derivatives held at the reporting date.

5.1.3 Price risk

The Group is exposed to several types of price risk:

1. Risk due to energy price fluctuation

Over the last years, the high volatility in the price of supplies, principally gas and electricity, have acquired special relevance.

As the Group's factories are electro-intensive consumers of energy, these variations pose a risk due to the impact they have on the manufacturing costs of both stainless steel and high-performance alloys.

The steel industry requires an intensive use of energy to melt scrap and ferroalloys in electric furnaces to obtain molten material, as well as the use of fossil fuels such as natural gas in the heating and melting processes. Acerinox is therefore working to continuously improve its production processes, promoting innovation and the development of more efficient and cleaner technologies in melting shop production and supporting advances in less polluting and more sustainable processes. In addition, the Group has exhaustive controls and monitoring methods for all processes, with advanced technologies and systems to achieve efficient energy consumption.

Although swings in energy prices have not been as relevant this year, it continues to be a variable subject to great volatility and with a significant impact on the Group's costs and therefore on its results.

Due to its electro-intensive nature, energy cost management is a strategic area for the Group and a constant element in excellence plans. The Group is constantly analyzing alternative sources of supply in order to reduce costs.

Reducing energy consumption is a key issue for Acerinox. Therefore, Acerinox has set a target of reducing the energy intensity of the stainless-steel division by 7.5% in 2030 compared to 2015 levels.

The Group's plants most affected by energy price volatility are those in Europe. Energy prices in Europe (especially Spain and Germany) continue to be higher than in other countries, which means a loss of competitiveness with respect to other producing countries in the world. The Group has factories in Spain, Germany, the United States, and South Africa.

The Group seeks to mitigate the effects of volatile energy costs by making energy consumption more efficient.

In addition, in the case of the stainless steel mills in Spain, the Group contracts PPAs (Power purchase agreements). As explained in the section on the Group's accounting policies, forward purchase contracts for energy are realized through the physical purchase of energy consumed by the Group in its stainless-melting shop production facilities. They are therefore supply contracts for own use. The expense is recorded in the income statement as the contracted energy is consumed.

The objectives pursued by contracting PPAs are threefold:

- Adequate hedging so that the final price is not so exposed to the fluctuations of the daily market.
- Fulfill the requirements of electricity-intensive consumers and those of indirect CO2.
- The consumption of green and/or renewable energy, as all of the Group's PPAs are linked to guarantees of origin.

The management of the PPAs for the Spanish factories is centralized through Acerinox Europa, which generates the highest consumption, and subsequently assigned to the other factories. The contracted PPAs guarantee 43% of Acerinox Europa's consumption until 2029, considering normal production levels. Acerinox has contracted an annual volume of 380.32 GWh until 2029. These are 10-year contracts that guarantee the contracted supply at a fixed price determined in the contract.

As detailed in the 7.2 Environmental section, specifically in the Climate Change subsection and in Annex 8.2 of the supplementary information of the Non-Financial Information Statement of the Consolidated Directors' Report, the consumption of electrical energy in all the Group's factories in 2024 was 2,378,412 MWh, of which 962,202 MWh are with Guarantees of Origin.

This year, as the Acerinox Europa factory was shut for 5 months due to the strike, the latent consumption did not justify the contracted volume of PPAs for this factory. When energy consumption is lower than the energy received from PPAs, the excess is settled hourly against the grid. Depending on the hourly price at any given time, such settlement may result in an economic gain or a loss.

During the months of the strike, the price of electricity was lower on average than the price of the contracted PPAs, so the shutdown had a negative impact of EUR 4 million from the sale of this excess energy according to the hourly price set by OMIE (Iberian Energy Market Operator).

The Group also purchases renewable energy certificates (GoO and REC). These are in response to its commitment to reducing its carbon footprint and mitigating climate change, and therefore do not constitute an instrument for reducing the risk of energy price volatility. Acerinox has acquired certificates to reduce its carbon footprint by a total of 962,202 MWh with Guarantees of Origin in 2024 (2023: 616,873.53). The impact of the acquisition of renewable energy certificates not linked to energy delivery on the Group's income statement was not material and amounted to EUR 172 thousand (2023: EUR 100 thousand).

There are no commitments for the future acquisition of renewable energy certificates except for those linked to renewable energy supply contracts (PPAs). The decision on the purchase of these certificates is made on an annual basis based on emission reduction needs and market price.

In the case of the Group's plant in the United States, North American Stainless, it has tried to mitigate the effects of the volatility of the cost of gas by contracting derivatives that allow future prices to be fixed. A constant volume has been covered each month from January to November, covering approximately 50% of consumption. Payments made for the difference between the contracted price and the spot price have been taken to income under "revaluation of financial instruments at fair value". At year-end there were no derivatives contracted in this connection. The impact on the income statement was EUR -1,019 thousand. (In 2023 no such derivatives were contracted).

In South Africa, the country's electricity is managed by the government, which sets the prices at the beginning of the year for the entire period. The Group's South African company does not hedge either gas or energy.

As regards the Group's factories in Germany, belonging to the high-performance alloys, the impact of energy price increases this year was limited by the hedging policy applied.

With all these policies, the average prices of energy consumption in the year in the case of Acerinox Europa have remained constant year on year in the case of electricity and have decreased by 13% in the case of gas. At North American Stainless, both gas and energy prices have decreased by 19% and 13%, respectively, while at Columbus, on the other hand, prices have increased by 17% and 18% with respect to the average prices of the previous year's consumption. In VDM, electricity prices fell by 40% with respect to the previous year and gas by 23%.

Due to the impact of energy price fluctuations on the Group's costs, management has included this variable as assumptions of relevant importance in valuations and forward estimates, particularly in Europe, and sensitivity analyses to energy price fluctuations are under way. A 10% fluctuation in the price of energy, both electricity and gas, compared to 2024 prices would have meant an upward or downward change in expenditure of around EUR 25 million, with all other variables remaining constant (19 million for electricity and 6 million for gas). The Group tries to pass these impacts on to sales prices, but as it is a competitive market with producers in different countries, this is not always possible. These variations refer to the net invoice price, including PPAs and GoO, in the case of electricity and maintaining constant consumption in MWh.

This year, the price of emission allowances has fallen from the levels of around EUR 80/allowances of the two previous years to an average price of EUR 65/allowance this year. However, the volatility of the price of allowances has hardly any impact on the stainless steel division, since the Spanish plants have sufficient allowances allocated free of charge and unused allowances from previous years to cover their future needs, so it is not expected that it will be necessary to purchase allowances in the market in the coming years. As described in the accounting policy in **Note 2.13.1**, when the free allocation rights are consumed, income in the same amount is recognized at the same time as the expense is recognized and the corresponding part of the deferred income is reversed. Therefore, any increase in the price of rights allocated free of charge will be offset by income, thus not affecting the Group's income statement.

In the case of the high-performance alloys division of the factories in Germany, the free allocations obtained are lower than plant needs, meaning that rights have to be acquired on the market. The Group systematically monitors price variations and looks for the best purchasing opportunities throughout the year, setting reasonable price targets that enable it to control its consumption. The total cost of the acquisitions made this year amounted to EUR 2.8 million.

2. Risk of changes in commodity prices

The Group's exposure to commodity price fluctuations is different in the Stainless-Steel Division than in the High-Performance Alloys Division, since, although both of the Group's divisions use commodities listed on the London Metal Exchange (LME), the performance of demand and the way in which these commodity price changes affect both markets are substantially different in each division.

2.1. Commodities used for the stainless-steel division

Stainless steel is an alloy of iron, chromium (> 10.5%) and carbon (< 1.2%) to which other minerals such as nickel or molybdenum are added to give it certain properties. Nickel is one of the minerals that are present in all austenitic alloys, the most common on the market, in a variable percentage between 6 and 22%. Both nickel and molybdenum are listed on the LME and their prices are therefore subject to fluctuations in market prices.

The cost of commodities accounts for about 70% of the total cost of the product, and of this, nickel accounts for about 50%. Therefore, nickel price volatility has a direct and significant effect on the cost of stainless steel. Consequently, the strategy in relation to setting selling prices and the repercussion of such fluctuations is one of the most critical functions and requires significant market knowledge. The price of nickel, because of its influence on the cost of stainless steel, ultimately determines the price of the final product, and there is a direct correlation between the two prices.

However, stainless steel is often a "commodity" product where consumers, in many cases metal traders, construction, engineering, automotive, kitchen appliances or industrial machinery, value trust in some manufacturers more than others, but where the final price is ultimately the key to supplier selection.

Producers try to pass on the volatility of commodities in the price of the final product through a variable price mechanism called "alloy surcharge". The alloy surcharge is a mathematical formula, calculated on a monthly basis by each of the market's stainless-steel producers, that takes into account changes in the prices of certain commodities (particularly nickel, chromium and molybdenum) and fluctuations in the EUR/USD exchange rate. The application of this alloy surcharge allows nickel price fluctuations on the LME to be passed on to customers during the order manufacturing phase, as well as fluctuations in the prices of other commodities and in the EUR/USD exchange rate.

While this mechanism is consistently respected in some markets, such as the United States and South Africa, it does not operate in the same way in Asia, where producers offer fixed prices when negotiating, which does not imply that prices are fixed, since they vary according to the commodity costs of these producers. This has repercussions in those markets with higher imports, such as the European market, which prevents the transfer of this price system to the end customer.

As was the case in 2023, in 2024, the mitigating effect of the alloy surcharge on the risk of price changes performed differently in the United States and in Europe. While in the North American market, the alloy surcharge is always respected by the market and provides a price stability factor, in Europe, the traditional base price plus alloy surcharge scheme has been replaced in part by an effective price system due to the pressure from imports and the weak demand, which has kept prices at minimum levels throughout the year.

During this year, although stainless steel inventory levels in the supply chain have remained at historically low levels and imports in Europe have not been the main price disruptor, low demand levels have prevented the expected price recovery, remaining at very low levels during the year.

In the European market, the Group distributes mainly through its factory in Campo de Gibraltar (Acerinox Europa), which this year has been affected by the strike of almost 5 months resulting from the negotiation with the workers of the IV Collective Bargaining Agreement, which has prevented it from taking advantage of the increases that occurred during the second quarter of the year.

In the United States, the Group's dominant position in this market has allowed the Group's price maintenance strategy to contain fluctuations in base prices, despite lower demand.

With respect to the price of nickel, the fluctuations this year have been between 15,000 USD/metric ton and 21,000 USD/metric ton, closing at a price or around 15,200 USD/metric ton.

The Group aims to minimize the impact of fluctuating commodity prices by keeping low inventory levels across the production chain, along with applying an alloy surcharge mechanism. In addition, the Group is rethinking its strategy towards high value-added products, which allows it less exposure to the volatility of commodity steels competing with Asian producers.

Due to all the variables involved in the price mechanism and the influence of the markets, determining the Group's sensitivity to price volatility in the stainless-steel division is very difficult.

2.2. Commodities used for the high-performance alloys division

The high-performance alloys division involves alloys whose content of listed metals such as nickel is much higher than that of stainless steel, reaching up to almost 100% in certain alloys. In addition, they may also contain other metals such as copper, cobalt, aluminum and molybdenum. The metal content in this type of alloys accounts for 2/3 of the total cost of the product and the selling price of these alloys is up to 10 times higher than that of stainless steel. The manufacturing period lasts around three to four months and, accordingly, the Group must purchase metals several months before they are sold.

Currently, with the recent acquisition of the Haynes International Group in the United States, the policies used to hedge these risks are different from those used by VDM.

In the case of VDM, it offers its customers fixed prices which it guarantees upon receipt of orders, thus initially assuming in full the risk of volatility of raw materials. To mitigate this risk, it has a metals trading department, which is responsible for entering into derivatives on the LME to hedge the metal purchases required to manufacture the products demanded by customers. In the case of metals not listed on the LME, natural hedges through physical stock are undertaken.

In order to avoid the volatility caused by the valuation of these derivatives in the income statement, following the incorporation of the High-Performance Alloys Division into the Group, it was decided to carry out an analysis of the economic model and hedging relationships in order to assess the possible application of hedge accounting to these derivatives. At January 1, 2021, hedging relationships for new derivatives entered into from that date were documented and a model to ensure hedge effectiveness was implemented, so the Group started to apply hedge accounting for the recognition of a large number of these financial instruments. **Note 13.2.6** includes detailed information on these instruments.

A 20% increase in the price of listed metals, which the Group hedges through forward purchases and sales, would currently have an impact on the valuation of derivatives of EUR 19 million, which would have a direct impact on other comprehensive income (equity). On the other hand, a 20% drop in the price of these metals would have a negative impact of EUR -19 million on the Group's equity.

In the case of Haynes, it negotiates with most of its customers a variable sales price component based on commodity prices, enabling it to transfer part of the risk to them. The Group is currently carrying out the integration process and reviewing all the policies carried out by Haynes, to try to homogenize and find the best way to hedge and reduce risks.

2.3. Risk of price distortion due to the accumulation of stock in the market

The stainless-steel market is characterized by robust demand, which has grown at an annual rate of approximately 6% for over 50 years. The demand for stainless steel for all industrial applications and its presence in all industries guarantee that this growth rate will be sustained in the coming years. Although end consumption continues to grow steadily, the fact that this market is largely controlled by independent wholesalers leads to volatility in apparent consumption, based on their expectations regarding nickel price trends on the London Metal Exchange (LME) and their resulting stockpiling or inventory realization strategies.

Fluctuations in the price of nickel also affect consumer demand. Reductions in the price of nickel tend to go hand in hand with short-term drops in demand. Conversely, a rise in nickel prices tends to go hand in hand with higher demand. To lessen the risk associated with the predominant market control held by independent stockists, the Group's strategic approach involves emphasizing direct sales to end customers rather than relying on stockists. The Group's commercial network allows for the distribution of products to end customers via warehouses and service centers, facilitating sales stability and mitigating this risk.

2.4. Risk of overvaluation of inventories

The convenience of maintaining sufficient inventory levels at the Group's warehouses entails the risk that these inventories might be overvalued with respect to their market price. The Group mitigates this risk by keeping strict control of its inventory levels.

The valuation of commodities, work in progress and finished goods at average cost also helps to reduce the volatility of costs and, therefore, the impact of nickel price fluctuations on margins.

Due to low prices this year, fundamentally in the European market, and high costs due to low production, it has been necessary to carry out an inventory adjustment to net realizable value of EUR 58 million.

5.2 Credit risk

Credit risk is defined as the possible loss that could be incurred through the non-performance of a customer or debtor to meet contractual obligations.

The Group's exposure to credit risk is determined by the individual characteristics of each customer and, where applicable, by the risk inherent to the country in which the customer operates. Due to the diversity of its customers and the countries in which the Group operates, credit risk is not concentrated in any individual customer, industry or geographical region. None of the Group's customers, whether in the stainless steel or the high- performance alloys division, account for more than 10% of the Group's total sales.

The Group's policy is to hedge commercial and political risks in markets where payment terms and business practices make it advisable to do so. Coverage is provided through credit insurance companies, documentary credits, or bank guarantees confirmed by banks of recognized solvency in countries with a low financial risk. Credit insurance hedges between 90% and 95% of declared commercial risks, depending on the country in which the customer is located and the insurance company, and between 90% and 95% of political risks. The Group's main credit insurer has an A1 credit rating from Moody's and an A (excellent) rating from A.M. Best.

In 2024, payouts of EUR 420 thousand were collected under the credit insurance policy (2023: EUR 351 thousand).

A Risk Committee is responsible for monitoring the Group's credit risk instruction. New customers are analyzed in conjunction with the insurance company, which assigns a covered amount, enabling the Group to offer its general payment terms to those that fulfill the required credit conditions. Where required, the Risk Committee also performs a case-by-case analysis of customers' creditworthiness, setting internal risk limits and payment terms. Otherwise, payment in cash is required.

The Risk Committee consists of representatives from the sales, financial and legal departments. The risks of the companies that make up the Acerinox Group are analyzed and information is, in turn, received from the Delegated Risk Committees of North American Stainless, Columbus, Grupinox (which represents the sales network in Spain), VDM Metals, and Bahru Stainless during its membership in the Group. In the case of Haynes International, as part of the integration process, all its policies in the different areas are being reviewed and its Delegated Risk Committee will soon be put together.

Among other duties, the Risk Committee reviews the status of past-due debts, monitors sales with excessive exposure and authorizes the transfer of internal risk or, depending on the amount, requests approval from the Management Committee. The Group has a formalized internal commercial credit risk management instruction that ensures the control of credit risk in the sales subsidiaries by defining various internal risk levels, which must be approved by the responsible persons named in the instruction.

The Group has long-standing commercial relationships with many of its customers. Delays in payment result in specific monitoring of future deliveries, payment terms and the review of credit limits.

Where permitted under local legislation in the country in which the customer operates, retention of title clauses may exist, to secure recovery of goods in the event of default.

The Group occasionally uses other financial instruments to reduce credit risk, such as factoring operations. The Group derecognizes factored financial assets when the risks and rewards of these assets have been substantially transferred.

The Group makes the valuation adjustments to trade receivables it deems necessary based on an expected credit loss model which analyses the average credit losses at each of the subsidiaries and the claims incurred on the credit insurance policies taken out, as detailed in **Note 2.12.2**.

Note 13.2.1 details the changes in valuation adjustments to trade receivables.

The consolidated balance of trade receivables at December 31, 2024 was EUR 550,715 thousand (2023: EUR 560,002 thousand), and revenue in 2024 amounted to EUR 5,413,128 thousand (2023: EUR 6,607,978 thousand). This implies an average collection period in the Group of 37 days (31 days in 2023), partly due to the incorporation of the debt from the Haynes' customers, but not the 12-month sales.

Credit risk insurance was taken out for 53% of consolidated net sales (2023: 53%). Cash conditions existed for 6% of sales (2023: 4%). Confirmed letters of credit or guarantees were used to hedge credit risk in 1% of consolidated net sales (2023: 1%). Domestic sales by North American Stainless Inc., which entail a very low risk due to the collection period of under 30 days, accounted for 40% of consolidated net sales (2023: 37%), allowing deliveries to be controlled and reducing potential impairment losses.

The analysis of the age of the receivables is as follows:

(Amounts in thousands of euros)

	2024	% receivables	2023	% receivables
Not past due	453,381	82 %	453,770	83 %
Less than 30 days	78,878	14 %	89,062	13 %
Between 30 and 60 days	13,808	3 %	10,985	2 %
Between 60 and 90 days	2,105	0 %	2,028	0 %
More than 90 days	2,543	0 %	4,157	1 %
TOTAL	**550,715**		**560,002**	

The Group has made provisions for EUR 4,292 thousand (2023: EUR 4,107 thousand). A provision was made for EUR 553 thousand in 2024 (2023: EUR 543 thousand), accounting for 0.010% of sales in 2024 (2023: 0.008%); the Group's expected credit loss ratio is 0.017% (2023: 0.018%). The amount of the provision for doubtful accounts that Haynes had recorded at the time of the acquisition amounted to EUR 607 thousand.

Most of the past-due receivables are insured and generally reflect customary delays in trading activity (81% of past-due receivables are aged less than 30 days). At February 18, 2025, over 80% of the aforementioned past-due balances had been collected (2023: 85%).

In view of the default rates in all industries, the Group considers that the above figures are highly satisfactory and confirm the success of its commercial risk instruction.

In short, neither the accident rate nor payment delays are higher than in any other year, even against the backdrop of geopolitical uncertainty. The Group does not expect significant impacts in the future in view of the risk coverage policy in place and the high percentage of risks covered.

Any advances to non-current asset suppliers are hedged through bank guarantees issued by the supplier and confirmed by banks of recognized creditworthiness.

In relation to the credit risk of bank balances, as a general rule only banks and financial institutions that are rated by an independent third party with an "investment grade" credit rating are accepted. The Group has no significant concentration of risk, as the likelihood of default by the banks and financial institutions thus authorized is remote, based on their high credit ratings.

5.3 Liquidity risk

Liquidity risk is the risk of not being able to meet present and future obligations, not having the funds required to perform the Group's activities.

The Group is primarily financed through the cash flows arising from its operations, in addition to loans and other financing facilities.

During this year, good access to liquidity has been maintained through long-term loans and financing facilities in force in amounts greater than those required at any given time, and some long-term loans maturing in 2025 and 2026 have been repaid in advance and new loans contracted as explained below, increasing the volume of financing facilities available.

The acquisition of the Haynes Group for USD 799 million was paid in cash from the Group's US subsidiary, North American Stainless, which increased the Group's net indebtedness. Nevertheless, the Group continues to maintain a strong financial position, enabling it to meet its obligations and its new investment plans.

The Group's cash resources are centrally managed in order to optimize resources. The debt is primarily concentrated within Acerinox S.A. (more than 70% of total gross debt at year-end).

In 2024 and 2023, no defaults occurred on the principal or interest of the Group's various financing facilities.

At year-end the Group had access to short- and long-term financing facilities totaling EUR 3,049 million and approved non-recourse factoring facilities amounting to EUR 530 million. The amount drawn down on the financing facilities at December 31, 2024 amounted to EUR 2,383 million and EUR 240 million on the factoring facilities. In 2023, the short- and long-term financing facilities available to the Group amounted to EUR 2,807 million, and non-recourse factoring facilities amounted to EUR 530 million, while the drawdowns against the financing facilities amounted to EUR 2,135 million and drawdowns against the factoring facilities amounted to EUR 297 million. At December 31, 2024, cash and cash equivalents amounted to EUR 1,263 million (2023: EUR 1,794 million).

Cash and cash equivalent balances are available and there is no restriction on their use.

The Group makes short-term cash placements –never exceeding six months– and only at banks of recognized creditworthiness.

In addition, the Group continuously monitors the maturity profile of its financial debt in order to establish the longest possible annual maturities.

In this regard, the most notable financing operations in 2024 were as follows:

- Signing of 13 new long-term loans with various financial institutions for a total of EUR 855 million, of which EUR 70 million was pending drawdown at year-end
- Renewal and extension of credit facilities up to a total amount of EUR 480 million and USD 135 million
- Signing of a new loan by VDM in the amount of EUR 40 million, not drawn down at year-end
- Extension for an additional year of two of the bilateral financing lines signed with VDM for a total amount of EUR 80 million
- Signing of a USD 20 million credit facility for Bahru Stainless (at the end of December, this policy had expired)

These financing transactions are explained in **Note 13.2.3**.

Haynes has no bank financing at the end of December since it received a loan from its parent company to pay off this debt. Like the other Group companies, its liquidity risk is also monitored centrally.

The most noteworthy financing transactions in 2023 were as follows:

- Renewal of syndicated factoring in Spain until 2026, increasing the maximum amount to EUR 380 million and including a new transferor (VDM Metals International)

- Renewal of the Columbus Borrowing Base Facility in South Africa until 2027 for a total maximum amount of ZAR 3,500 million
- Renewal and extension of credit facilities up to a total amount of EUR 301 million and USD 135 million
- Signing of five new long-term loans with various financial institutions for a total amount of EUR 155 million in Spain
- 1.5 year extension of the loan signed by VDM with Intesa Sanpaolo for EUR 30 million
- Extension of an additional year (until 2025) of the bilateral financing facilities signed with VDM with 5 financial institutions for a total amount of EUR 210 million
- Increase in Bahru's short-term financing facilities (credit facilities and revolving credit facilities) to a maximum of USD 145 million.

The analysis of the Group's payment obligations at the end of 2024 is as follows:

(Amounts in thousands of euros)

		2024						
		Future cash flow maturities (payments)						
	Amount at December 31, 2024	Amount of future payments	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Undetermined maturity
Long-term borrowings	1,464,314	-1,601,325	-29,088	-21,868	-426,536	-1,123,833		
Current payables	918,737	-947,483	-242,348	-705,135				
Payable to suppliers and other payables	787,043	-787,043	-787,043					
Other non-current financial liabilities	22,074	-22,074			-10,182	-1,684	-1,185	-9,023
FINANCIAL DERIVATIVES								
Hedges through interest rate swaps	-10,218	10,393	5,435	1,798	1,931	1,229		
Commodity derivatives - purchases	13,091	-13,091	-13,091					
Commodity derivatives - sales	-523	523	523					
Currency forwards against exports	3,301	-3,301	-3,301					
Currency forwards against imports	-8,762	8,762	8,762					
TOTAL	**3,189,057**	**-3,354,639**	**-1,060,151**	**-725,205**	**-434,787**	**-1,124,288**	**-1,185**	**-9,023**

The first column reflects the closing balances shown in the accounts. Positive amounts are credit balances (liabilities) and negative amounts are debit balances (assets). The following columns reflect the cash outflows that will be carried out to settle liabilities and meet payment terms. Negative amounts represent disbursements (cash outflows), while positive amounts reflect cash inflows.

The balances of "payable to suppliers and other payables" do not include payables to Public Administrations. All the maturities of the debt with suppliers are short-term.

“Other non-current financial liabilities”, which are categorized as liabilities with an indefinite maturity, mainly relate to deposits and guarantees that have no specific maturity date or for which the date of repayment is unknown. The remainder are leasing payments.

Future cash flow maturities include the principal plus interest based on contractual interest rates and the interest rates expected by the market at year-end.

Approved investments not recognized under property, plant and equipment under construction at the reporting date are not included.

5.4. Climate risk

Stainless steel is a sustainable and durable material, and one which is highly resistant and infinitely recyclable. Despite these positive qualities, the steel industry accounts for a considerable proportion of global industrial emissions. This phenomenon is due to the intensive use of energy needed to melt scrap and ferro-alloys in electric furnaces in order to obtain molten material, as well as to the use of fossil fuels, such as natural gas, in the heating and melting processes. Reducing emissions in the steel industry is essential to mitigate climate change and meet global targets.

Similarly, the Group’s industrial activity is subject to the effects of climate change (droughts, floods, etc.), which may affect the operation of its factories due to the difficulty of accessing certain resources (water, raw materials, etc.), impacts on its operations, etc.

Acerinox is aware of the risks it faces that stem from climate change. The company pays special attention to environmental protection and the efficient use of natural resources in the development of its activities.

In 2020, Acerinox committed to decarbonizing its activity by implementing its Sustainability Master Plan Positive Impact 360º. One of its pillars is eco-efficiency and climate change mitigation. The Master Plan sets the target of a 20% reduction in GHG emissions intensity (Scope 1 and 2) by 2030, using 2015 as the base year.

In 2024, we took a further step in this commitment with the development of the Decarbonization Plan to 2030 and the new carbon emissions reduction targets, approved in early 2025 by the Board of Directors.

The Plan includes the main initiatives related to the improvement of energy efficiency, heat recovery systems, system electrification, and the use of electricity and renewable fuels. It is aligned with the Beyond Excellence 2024-2026 plan.

The new emissions reduction targets are more ambitious, aiming to be compatible with limiting global warming to 1.5°C, and based on science (SBTi). They include a 45.28% reduction in Scope 1 and 2 emissions by 2030 over a 2021 baseline, as well as a 15% reduction in Scope 3 emissions by the same year.

The Group has also established a sustainability policy and climate change policy supported by complementary policies defining its commitments to address climate change mitigation and adaptation. These were reviewed during 2024 and approved by the Board of Directors in 2025.

Acerinox’s model for managing climate change follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and includes information on governance, strategy, risk management and opportunities, as well as metrics and targets. Acerinox understands that business management is linked to a commitment to sustainability which takes the form of the specific, ambitious and measurable objectives that are set out in the company’s Sustainability Plan.

The Board of Directors is ultimately responsible for the Group’s climate change management through the sustainability and audit committees within their spheres of influence.

The Group’s climate risk management is integrated into corporate risk management.

Climate risks are overseen by the Audit Committee of the Board of Directors, as part of its function of overseeing the comprehensive risk control system. Likewise, climate risks are examined in the Board’s Sustainability Committee.

The three key areas that may be affected by accounting estimates and judgments related to the effects of climate change are: analysis of recoverability of non-financial assets, determination of useful lives of plant and equipment, and credit valuations. Due to Acerinox’s structure and business model, at the end of this year (short term), no material impacts related to climate change have been identified; accordingly, it is considered that there is no material impact of climate change risk that should be considered in future estimates for the calculation of cash flows.

For the medium and long-term analysis, the climate risk analysis in 2023, which included physical and transition risks following the TCFD methodology, was taken into account. The study considered the impact that climate change would have on each of the Group's facilities over two time horizons, 2030 and 2050, and under two climate scenarios. Detailed information on this analysis and the main risks identified are included in the Consolidated Directors' Report:

- Drought and water stress risk: the facilities with the highest risk are the Acerinox Europa factory in Algeciras (Spain) and the Columbus factory in Middelburg (South Africa). Acerinox has water recirculation and treatment systems in its plants in order to return as much water as possible to the environment in the same conditions of purity and quality as when it was collected. The Group strengthens its measures to secure the necessary water (e.g. in times of drought), while also facilitating access for use by local communities. For further information, see the Water and Marine Resources chapter of the Consolidated Directors' Report.

- Risk associated with the development of mechanisms and liens that tax carbon emissions: as mentioned above, Acerinox has revised its decarbonization plan and objectives for 2030. The Plan includes the main initiatives to achieve the objective (more information in the Climate Change chapter of the Consolidated Directors' Report). In addition, with respect to the European Emissions Trading Scheme (ETS), the Spanish plants have sufficient emission allowances on their balance sheet to cover their future needs; the German plants of the high-performance alloys division need to acquire allowances on the market (**see Note 5.1.3**).

- Changes in customer preferences: the demand for more sustainable products, specifically with a lower carbon footprint, is beginning to be seen in certain sectors and regions. Acerinox has launched the ECO ACERINOX product on the market, guaranteeing a 50% reduction in its carbon footprint compared to the same standard product of the Group, positioning itself as a benchmark in this area.

The new 2025-2030 Decarbonization Plan has the following pillars:

- Improvement of energy efficiency: the adoption of new technologies or machinery that allow better management of process times and more efficient management of consumption.
- Promotion of heat recovery systems from process sources: installation of recovery systems that optimize processes and allow the reuse of the heat generated at the exit of furnaces or boilers. The aim is to increase the efficiency of the recovery process and generate more steam, thus avoiding its production in gas boilers.
- Electrification of systems: replacement of machinery or boilers that use fossil fuels with others that use electricity (e.g. heat pumps).
- Electrification of the vehicle fleet: replacement of the fossil fuel fleet (company cars, vans, forklifts, etc.) with electric vehicles.
- Increased use of renewable energies and, in particular, renewable electricity: signing of green energy purchase contracts with guarantee of origin (GoO), purchase of renewable energy certificates and installation of solar panels for self-supply.
- Use of low-carbon alternative fuels: use of alternative fuels in the production process (e.g. hydrogen/natural gas mix in boilers, use of biomethane, etc.).
- Increased use of scrap: installation or expansion of scrap recovery plants, improved segregation and use of scrap.
- Increased use of low-carbon raw materials or ferroalloys: prioritization of suppliers and purchase of low-carbon raw materials or ferroalloys.
- Others.

The 2025-2030 Decarbonization Plan requires an estimated annual investment of EUR 817 thousand in Capex and EUR 1,711 thousand in Opex.

Planned investments are related to improving the company's competitiveness, renovation processes, maintenance and recurring improvements, including improvements in efficiency and reduction of energy consumption, in turn reducing climate risks.

The Group always requires that investments have a return in order to be approved. In impairment analyses and for the determination of future cash flows, the Group does not take into account cash flows arising from improvements or increases in asset yields. Cash flows are estimated for assets in their current state, and this affects any investment plans made, including those investments that contribute to climate risk mitigation.

On the other hand, the growth rates, discount rates and risk rates used in the impairment tests are market ratios that implicitly reflect the valuation of climate risk. The discount rates used and the growth rates in perpetuity are based on the best estimates of companies or international organizations of recognized prestige (OECD, IMF, international financial institutions, rating companies or independent appraisers), which implicitly include in their estimates factors related to climate change risk, as this affects the following parameters: risk-free premiums, betas, market premiums or expected long-term inflation rates. These rates do not differ significantly from those applied in previous years.

As for the budgeted EBIT margin, which is another key assumption considered in the impairment tests, due to the type of customers and activity, no changes in demand directly related to climate change are expected, nor are changes in operating costs, as explained in the preceding paragraphs.

Acerinox launched the EcoACX product in 2024, which guarantees a reduction of more than 50% of emissions, guaranteeing a more than 50% reduction in CO_2 emissions versus standard material, using 100% renewable energy and more than 90% recovered material. The product is being gradually introduced in the market and at the close of this report there are 44 potential customers interested, which would help to improve the EBIT margin.

In line with the above described, we feel that there is no material impact from climate change risk that would indicate impairment for any of the Group's cash-generating units.

Regarding the determination of useful lives set out in **Note 3**, Group management determines the estimated useful lives and related depreciation charges of its plant and equipment based on valuations carried out by experts, taking into account technical innovations, variations in the activity levels of the plants, regulatory changes, or needs for improvements or replacements due to climate change. Management periodically reviews the depreciation charge, which is modified whenever the estimated useful lives are different from the lives previously applied. The recurrent maintenance plans and investment proposals carried out by the factories take into account efficiency objectives and adaptation to new technologies, thus contributing to climate change and making it unlikely that the Group's assets will become obsolete as a result of climate change.

With respect to credit ratings and the limitation that regulations impose on financial institutions to grant financing to companies that are not sustainable, climate risk also has no material impact on credit ratings. At year-end, there are five sustainable financing facilities with an outstanding amount of EUR 516.7 million, which link the cost of financing to the evolution of established sustainability indicators that are reviewed annually. The first two sustainable loans signed during 2020 and 2021 (with an outstanding amount at year-end of EUR 396.7 million) have a KPI pegged to the annual reduction in CO2e emissions intensity (scope 1 + 2) and the other indicator is pegged to the annual reduction in the frequency rate of lost-time accidents. The latest sustainable loan signed at the end of 2021 and novated in June 2022 (with an outstanding amount at year-end of EUR 50 million) maintains the first KPI pegged to CO2e emissions (Scope 1 + 2) and replaces the KPI for lost-time accidents with a KPI measuring the increase in renewable energy intensity. Finally, the last two sustainable financing facilities with a maximum amount of EUR 70 million that were signed in 2022 by VDM have their spread linked to the rating of the VDM Group issued by EcoVadis. Failure to meet the KPIs would result in a very marginal increase in the cost of these financing facilities, but in no case would it result in the early maturity of these.

Note 9 details the fixed assets whose purpose is the minimization of environmental impact and the protection and improvement of the environment, as well as the environmental expenses incurred by the Group.

5.5 Geopolitical risks

Geopolitical conflicts have continued to create significant changes in the global risk landscape and have a widespread economic impact (uncertainty, economic developments, inflation rates, etc.).

As regards Russia's invasion of Ukraine, the Acerinox Group continues to monitor entities and individuals that may be sanctioned or on blacklists published by the various States and International Organizations. Although the trade sanctions imposed on Russia do not imply a total embargo on imports and exports, the Acerinox Group does not carry out any buying or selling commercial activity with Russia. As explained in **Note 6**, the Group has definitively liquidated the commercial subsidiary in Russia (Acerinox Russia LLC). The only existing representative office in the country, belongs to VDM and is dormant. These decisions have not led to any disruption in the supply chain or significant economic impacts.

As for the war between Israel and Hamas, the main impact is the increase in transport times and freight rates for raw materials that used to pass through the Suez Canal, as shipping lines now go around the Cape of Good Hope. However, in no case have there been any disruptions in the supply chain.

The Group's access to financing has not been altered and its supply chain has not been affected as a result of geopolitical conflicts. There has been no change in the covenants imposed by banks on the granting of debt to the Group.

5.6 Capital management

The aims of the capital management policy are:

- to safeguard the Group's capacity to continue its sustained growth;
- to provide sufficient returns to shareholders; and
- to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustments to it based on changes in economic circumstances. To maintain and adjust the capital structure, the Company can adopt various policies relating to the payment of dividends, the reimbursement of the issue premium, share repurchases, self-financing of investments, non-current borrowings, etc.

Capital structure is controlled using various ratios, such as the net financial debt/EBITDA ratio, understood to be the period necessary for the resources generated by the Company to cover the level of debt; or the gearing ratio, i.e. the relationship between the net financial debt and equity of the Company.

Net financial debt is taken to be the sum of current and non-current loans, plus bonds issued, less cash and cash equivalents. EBITDA reflects profit or loss from operations, less depreciation and amortization, changes in operating provisions and allowances, and impairment losses recognized in the year.

This year, the "net financial debt/EBITDA" ratio is 2.24 times (0.49 times in 2023) due to the acquisition of Haynes International. The consolidation of Haynes International in the Group's figures took place in December. As a result, the Group's debt has increased significantly, but Haynes has contributed only one month's results.

One of the Group's strategic pillars is the maintenance of its financial strength, which is defined as sustainable cash generation over time in order to utilize capital efficiently and generate shareholder value. Cash generation continues to be one of the primary objectives. This year, despite the lower results obtained, operating cash flow amounted to EUR 294 million (EUR 481 million in 2023). Working capital was reduced this year by EUR 71 million (2023: EUR 79 million). The strike at Acerinox Europa and the cessation of activity at Bahru Stainless have slowed down the Group's working capital reduction. In the first half of the year, Acerinox Europa experienced a sharp drop in suppliers (and also in customers) and in the second half of the year a significant increase in customers, which led to end the year with an increase in working capital of EUR 53 million. Bahru Stainless has also made a negative contribution this year to reducing working capital by having to pay all the supplier and bank debt in order to comply with the terms of the purchase and sale agreement established.

It is important to note that the Group is implementing working capital reduction plans to self-finance investments and reduce debt.

After making investments of EUR 205 million (2023: EUR 175 million), the payment for the acquisition of Haynes (EUR 769 million) and the collection of 20% of the sale of Bahru Stainless (EUR 18 million), free cash flow was negative EUR -662 million (2023: EUR 307 million of free cash flow generated). The net financial debt assumed from the acquired company amounts to EUR 51.16 million.

In 2024, the Company invested EUR 154.5 million in shareholder remuneration, representing a payout of 69%. A cash payment of EUR 0.62 per share has been made in 2024 (3.33% higher than in 2023).

In accordance with Acerinox's Dividend Policy, the total shareholder remuneration is maintained, so that the reduction in the number of shares as a result of the last share buyback plan results in a higher payment per share. The Board of Directors of Acerinox, S.A., in a session held in December 2024, agreed to propose to the Shareholders' Meeting to maintain the dividend of EUR 0.62 per share. The interim dividend will be paid on January 24, 2025.

The Group's net financial debt increased by EUR 779 million to EUR 1,120 million (2023: EUR 341 million). The gearing ratio stood at 43.50% (2023: 13.85%). These increases are due to the acquisition of Haynes International, as the Group's debt would have been reduced to EUR 300 million had this acquisition not taken place.

Return on Capital Employed (ROCE) in 2024 was 9.4% (2023: 13.3%). ROCE is calculated by dividing the operating result in the income statement by the capital employed, i.e. equity plus net financial debt.

As of December 31, 2024, the Acerinox Group had liquidity amounting to EUR 1,929 million. Of this, EUR 1,263 million corresponds to cash and cash equivalents and short-term deposits and EUR 666 million to available financing at various Group subsidiaries.

The Group continuously monitors the maturity profile of its financial debt in order to establish the longest possible annual maturities. As explained in both **Notes 5.3** and **13.2.3**, the Group has renewed and extended the financing, both in Spain and in other Group subsidiaries.

At year-end, the Group's outstanding sustainable financing amounted to EUR 516.6 million.

The Group's total debt on December 31, 2024 was EUR 2.383 billion, of which 52% was fixed-rate debt and the remaining 48% was variable-rate debt. More than 60% of the total debt has a maturity of more than one year.

5.7 Insurance

The geographical diversification of the Group's factories (with three integrated stainless-steel flat product manufacturing plants and three long product manufacturing plants) ensures that an accident would not affect more than one third of total stainless-melting shop production. This guarantees business continuity, while adequate coordination between the other factories mitigates the consequences of material damage to any of the facilities.

The high-performance alloys division had seven manufacturing plants, five in Germany and two in the United States. The recent incorporation of Haynes International in this segment, with three manufacturing plants for flat products, long products and pipes, also reduces the consequences of any incident occurring in any of them.

Sufficient coverage has been arranged for the Group's factories through material damage and loss-of-profit insurance policies, which account for over 67.18% of the corporate insurance expenditure. Also, all assets under construction are covered by the insurance policies taken out by the respective suppliers as well as the specific coverage within the material damage policy. When required by the newly constructed entity, a specific construction and assembly policy is taken out.

The Group's adequate coverage of damages and loss of profit has enabled it to offset the losses caused by two accidents at the Group's North American factory in 2022.

The Acerinox Group has also arranged general third-party liability, environmental, cybersecurity, credit, transport and group life and accident insurance policies to reduce its exposure to these various risks.

The Group also has a reinsurance company based in Luxembourg (Inox Re), which manages these risks by assuming a portion as self-insurance and accessing the reinsurance market directly.

Haynes International has a set of insurance policies which is very similar, and in certain cases complementary, to the Acerinox Group's insurance program. In any case, a global review of policies is being carried out in connection with the integration of Haynes International in order to optimize the Group's insurance program.

NOTE 6 – SCOPE OF CONSOLIDATION

6.1 Business combinations

On February 5, Acerinox Group announced the signing of an agreement under which its North American subsidiary, North American Stainless ("NAS"), would acquire Haynes International ("Haynes"), a leading US company in the development, manufacture and commercialization of technologically advanced high-performance alloys.

The Haynes Board of Directors submitted to its shareholders the approval of the sale of 100% of its shares. On April 16, 2024, Haynes' shareholders approved the proposed cash acquisition by NAS for USD 61 per share. However, such transaction was subject to approvals from various authorities: on March 18, approval was obtained from the Department of Justice, on June 27 from the Committee on Foreign Investment in the United States (CFIUS), the European countries that were to review the transaction from a Foreign Direct Investment (FDI) point of view also gave their approval, and finally the competition authorities of the United Kingdom and Austria gave their approval, the latter on November 15, 2024. Therefore, the closing date of the transaction took place within five business days, as established in the contract.

Thus, as explained in **Note 1** to these annual accounts, on November 21, 2024 the Group completed the purchase, through its US subsidiary, North American Stainless, of 100% of the shares of Haynes International, representing 100% of the voting rights. Upon completion of the deal, the Company's common stock ceased trading on the Nasdaq Global Select Market.

This transaction is further evidence of Acerinox's strategy to diversify its activity towards higher value-added products and strengthens Acerinox's position in the high-performance alloys market, the US market and the aerospace sector. Haynes will integrate, together with VDM, the Acerinox Group's high-performance alloys segment.

Haynes, with 112 years' history, is one of the world's largest developers, producers and distributors of high-performance alloys, headquartered in the United States. Products manufactured by Haynes are sold primarily in the aerospace, chemical processing and industrial gas turbine sectors, and consist of high temperature resistant alloys and corrosion resistant alloys. High temperature resistant alloys are used by manufacturers of equipment such as jet engines for the aerospace market, gas turbine engines used for power generation and industrial heating equipment. Corrosion resistant alloys are used in applications requiring resistance to highly corrosive areas such as chemical processing, power plant emission control and waste treatment.

Haynes has manufacturing facilities in Kokomo (Indiana), Arcadia (Louisiana) and Hendersonville (North Carolina). The Kokomo plant specializes in flat products, the Arcadia plant in tubular products and the Hendersonville plant in wire products and small diameter bars. Products manufactured by Haynes are sold primarily through its distribution network, which includes 11 service centers in the United States, Europe and Asia.

The acquired business has generated revenues and income after taxes for the Group for the period from the acquisition date to December 31, 2024 amounting to EUR 42,214 thousand and EUR 381 thousand, respectively. If the acquisition had occurred on January 1, 2024, the Haynes Group's revenue and profit for the period ended December 31, 2024 would have amounted to EUR 547,248 thousand and EUR 19,728 thousand, respectively. These amounts do not include the amortization impact derived from the valuation of assets at fair value as a result of the allocation of the acquisition price.

The detail of the consideration given, the fair value of the net assets acquired and goodwill is as follows:

	Thousands of euros
Cash paid	768,896
Total consideration paid	**768,896**
Fair value of net assets acquired	638,477
GOODWILL	**130,418**

There is no contingent consideration reliant on future events or the fulfillment of certain conditions in exchange for control of the acquired business.

The Group has recognized transaction-related costs in the amount of EUR 20,578 thousand in the consolidated income statement, as indicated in Note 18.

IFRS-3 establishes that the valuation period of the business combination may not exceed one year from the acquisition date. The goodwill in the Group's consolidated statement of financial position at the end of this year is provisional, since the Group is within the valuation period established by the standard to obtain all the data it needs to conclude on such valuation, although it is not expected to undergo significant changes in the future since the process is well advanced.

The Group has engaged an independent valuator to determine the fair values of the assets and liabilities acquired (Kroll Advisory Ltd. and Kroll, LLC). The appraisal is almost complete and no significant changes are expected.

Goodwill represents the excess of the cost of acquisition of the investment in the Haynes Group over the fair value of the identifiable net assets of the acquiree at the acquisition date (assets, liabilities and contingent liabilities). The most relevant factors leading to recognition of goodwill were the Group's diversification, access to new markets with better margins, future potential synergies, as well as the technical expertise of Haynes employees. Goodwill is not deductible for tax purposes.

Goodwill must be allocated to each of the Cash-Generating Units (CGUs) of the Group to which the economic benefits of the business combination synergies are expected to flow. A CGU is the smallest identifiable group of assets capable of generating cash inflows independently.

In allocating goodwill, the Group has taken into account the following aspects:

- The CGU must represent the lowest level of the entity managed by the company's management and on which the entity makes decisions.
- It must not exceed the operating segment recognized for the acquired business.

The Haynes Group consists of 11 companies as listed in **Note 6.2**. Haynes is part of the Acerinox Group's high-performance alloys operating segment, The goodwill generated in the business combination is in the process of allocation, within the provisional period established by the standard, and will be completed within twelve months from the acquisition date.

The Acerinox Group has allocated the provisional acquisition price to the fair values of the assets, liabilities and contingent liabilities determined by the independent expert, who has valued them in accordance with different accepted valuation methods.

	Fair value (EUR thousands)	Book value (EUR thousands)
Non-current assets		
Intangible assets	97,218	8,937
Property, plant and equipment	334,019	141,935
Right-of-use assets	6,727	6,727
Deferred tax assets	4,419	4,419
Other non-current financial assets	29	29
TOTAL NON-CURRENT ASSETS	442,412	162,047
Current assets		
Inventories	351,209	340,094
Trade and other receivables	82,862	82,862
Current income tax assets	6,143	6,143
TOTAL CURRENT ASSETS (excluding cash)	440,214	429,099
Non-current liabilities		
Bank borrowings	-110,764	-110,764
Long-term provisions	-50,414	-50,414
Deferred income	-4,728	-4,728
Deferred tax liabilities	-74,651	-1,453
Other non-current financial liabilities	-8,684	-8,684
TOTAL NON-CURRENT LIABILITIES	-249,241	-176,043
Current liabilities		
Bank borrowings	-2	-2
Trade and other payables	-54,119	-54,119
Current income tax liabilities	-393	-393
TOTAL CURRENT LIABILITIES	**-54,514**	**-54,514**
TOTAL NET ASSETS ACQUIRED (excluding cash)	**578,871**	**360,589**
Amount paid in cash	768,896	
Cash and cash equivalents	-59,607	-59,607
Net cash flow paid for the acquisition	**709,289**	**-59,607**

Following the valuation, the Group has considered that the net book value of the assets and liabilities at the date of acquisition corresponds to their fair value, except for the following items:

- Plant, machinery and equipment
- Patents and technology
- Inventories

The following methods have been used for the valuation of these assets:

- Plant, machinery and equipment - Depreciated replacement cost at date of acquisition. The replacement cost method has been used for the valuation of property, plant and equipment. This method provides the value of an asset by considering the cost that would be incurred to replace the asset with another of similar characteristics using current materials and techniques. Subsequently, the estimated replacement cost is reduced by the accumulated amortization over the economic life of the asset to reflect physical deterioration over time and adjusted to include functional and/or economic obsolescence (if any) to arrive at a conclusion on its fair value. The resulting fair value of tangible fixed assets was EUR 334,019 thousand.

- Patents and technology – Royalty Relief method. Under this method, the value of the asset reflects the savings obtained by owning the patent. The premise associated with this valuation technique is that in the event of having to acquire a license from an independent third party in order to use the patent, the latter would require payment of a percentage of the income obtained from its use. This cost savings, or exemption from royalty payments, represents the value of the patent, consisting of the discounted present value of the revenue expected to be earned from the patent over its remaining useful life. The estimated useful life is 15 years. The pre-tax royalty rate used in the valuation is 7.5% and the discount rate is 13%. The resulting value of this intangible asset amounted to EUR 35,615 thousand.
- Inventories: the top-down valuation approach is used and the expected selling price of the respective inventory is estimated, less all costs expected to be incurred for its completion, i.e. additional production costs for inventories in process as well as the costs for its disposal and sale. The revaluation amounted to EUR 11,115 thousand.

In addition, new intangible assets associated with the following elements have been identified:

- Customer portfolio. Haynes has a long history of customers, a lot of them have been with the company for many years. The multi-period excess earnings method was used to measure this group of assets. Based on this method, the value of the intangible asset is calculated as the present value of the cash flows generated by such asset. As this asset normally generates cash flows in combination with other tangible and intangible assets (fixed assets, working capital, trademark, labor force, etc.), the estimated cost of using the other assets mentioned above ("cost of the contributory assets") must be deducted from the estimated cash flows associated with the asset to be valued. The estimated useful life is 15 years, the customer churn rate is 7.5% and the discount rate 13%. The amount recognized for this item totals EUR 39,465 thousand.
- Trademarks – Royalty Relief method. The amount recognized for this item totals EUR 22,139 thousand.

As a result of the recognized increases in value versus their tax values, a deferred tax liability of EUR 73,198 thousand has been recognized.

No contingent liabilities to be recorded as a result of the business combination have been identified.

Following the acquisition, North American Stainless gave Haynes a loan to pay off the bank debt outstanding at the time of the acquisition and to manage its working capital needs. This transaction is recognized separately from the acquisition of assets and assumption of liabilities in the business combination.

The recoverability of goodwill resulting from this business combination at year-end 2024 is based on the acquisition-date fair value exercise underlying the price paid. The main assumptions in the calculation of this fair value are: a discount rate of 10.8%, a perpetual growth rate of 2.5% and an EBITDA margin over budgeted average sales of 19.91% for the period considered until 2039.

There were no business combinations in 2023.

6.2 Changes in the scope of consolidation

The changes in the Group's scope of consolidation are, on the one hand, the incorporation into the Group of Haynes International and its affiliate companies and, on the other hand, the sale of Bahru Stainless Sdn. Bhd and the liquidation of the Acerinox Group's subsidiary Acerinox Russia, as explained below.

Haynes International, Inc.

As explained in the previous section, on November 21, 2024 the Group company North American Stainless acquired 100% of the shares of Haynes International, Inc. The company has interests in various entities, as shown in the table below, which are included in the Acerinox Group's Financial Statements from the date of acquisition:

Company	Country	% Ownership
HAYNES INTERNATIONAL INC.	USA	100%
HAYNES WIRE COMPANY, MOUNTAIN HOME NC	USA	100%
LAPORTE CUSTOM METAL PROCESSING LLC	USA	100%
HAYNES INTERNATIONAL LTD.	Great Britain	100%
HAYNES INTERNATIONAL SARL	France	100%
HAYNES INTERNATIONAL AG	Switzerland	100%
HAYNES INTERNATIONAL SRL	Italy	100%
HAYNES PACIFIC PTE LTD	Singapore	100%
HAYNES INTERNATIONAL TRADING CO LTD	China	100%
HAYNES INTERNATIONAL CHINA CO LTD	China	100%
HAYNES INTERNATIONAL JAPAN KK	Japan	100%

Bahru Stainless, Sdn. Bhd

On October 10, the Group signed a contract with Worldwide Stainless Sdn. Bhd, a company registered in Malaysia, to sell 100% of the shares of Bahru Stainless, the Company that owns the Group's factory in Johor (Malaysia), for USD 95 million. The transaction closed on December 3.

The impact of this sale on the results of the Consolidated Group was positive, i.e. EUR 146,260 thousand due to the difference between the amount of the sale (EUR 90,493 thousand) and the value of the net assets transferred at the date of the sale (EUR 38,826 thousand) and the translation differences accumulated in equity due to the valuation of the investment in euros at the historical exchange rate. In accordance with IAS 21, "when there is a disposal of a foreign operation, the cumulative amount of exchange differences recognized in other comprehensive income and accumulated in equity should be reclassified to the income statement for the year". The amount of translation differences recognized in Bahru at the time of the sale amounted to EUR 94,593 thousand as shown in the statement of comprehensive income.

Of the amount of the sale of the shares, EUR 17,527 thousand has been received in cash at the time of signing the contract, EUR 70,109 thousand by means of a bank guarantee with Ambank to be collected during the first half of 2025 and which appears under the heading "other financial assets" in the current assets of the balance sheet, and EUR 2,858 thousand which will be paid as the buyer makes use of the tax credits or after the two-year period has elapsed and which appears under "other long-term financial assets".

In its Financial Statements the Group includes the results generated by Bahru up to the date of disposal, amounting to EUR -12,408 thousand.

Pursuant to the applicable accounting policy, the result of the sale has not been considered a "discontinued operation" since neither an operating segment nor a geographic segment has been discontinued. Bahru Stainless belonged to the stainless steel production and sales segment, as do other Group companies that engage in the same activity. The stainless steel segment includes Acerinox Europa, North American Stainless and Columbus, as well as the entire sales network.

On the other hand, this is not a geographic area that will be discontinued. The Acerinox Group has another trading subsidiary in Malaysia (Acerinox SC Malaysia), active in the distribution of stainless steel in the Asian region and which will continue its activity.

Lastly, it is important to note that Bahru Stainless does not meet the definition of "significant component" at a lower level than the segment, given the percentages represented by this component over the Group's two most relevant parameters, sales and total assets.

According to the purchase agreement signed, Acerinox, prior to the sale, had to settle all debts with credit institutions and third parties and Bahru Stainless had to transfer to Worldwide Stainless Sdn. Bhd. all assets existing at the date of sale except for the rights to use the undeveloped land and one piece of machinery. Prior to the sale, both assets were transferred to a new Group company in Malaysia (Cabaran Dunia, Sdn. Bhd) acquired for that special purpose. The sale was at market value as determined by an independent third party, although it is shown in the Consolidated Financial Statements at acquisition cost. The acquisition of this new company has not had any relevant cost for the Group.

As a result of the valuation obtained for these lands, the Group has reversed the impairment loss of EUR 3,086 thousand, since the fair value has turned out to be higher than its carrying value before such impairment.

Prior to the acquisition, Acerinox acquired from Bahru Stainless' minority shareholder (Hanwa, Co. Ltd.) its stake of 1.1874% for EUR 47 thousand. This means that at the time of the sale of Bahru the Group held 100% of the shares. The amount recognized under minority interests at the time of the sale amounted to EUR 458 thousand and therefore the difference has been taken to reserves, as required by the accounting standard,

Cabaran Dunia, Sdn. Bhd.

As indicated in the previous section on the divestment of Bahru. Cabaran Dunia was acquired during the year, which represents a business combination but, given its immateriality, it has no impact on the consolidated annual accounts.

Acerinox Russia, LLC,

As anticipated in the 2023 annual accounts, the Group's trading company in Russia (Acerinox Russia, LLC) has been definitively closed this year. At the end of the last year, this entity was no longer in business and no longer had any employees. In this case it is a liquidation, not a sale. The result from the sale of the Group's subsidiary in Russia resulted in a loss of EUR 196 thousand as a result of translation differences recorded in equity.

For 2023, there was no change in the scope of consolidation.

6.3 Subsidiaries and associates

Subsidiaries

At December 31, 2024 and 2023, in addition to Acerinox, S.A., the scope of consolidation of the Acerinox Group included 65 fully consolidated subsidiaries.

The detail of investments in associates in 2024 is as follows:

		2024			
		OWNERSHIP			
FULLY CONSOLIDATED COMPANIES	COUNTRY	COST (in thousands of euros)*	% NOMINAL VALUE	HOLDER OF OWNERSHIP INTEREST	AUDITORS
ACERINOX (SCHWEIZ) A.G.	Mellingen - Switzerland	327	100%	ACERINOX, S.A.	PWC
ACERINOX ARGENTINA S.A.	Buenos Aires - Argentina	598	90%	ACERINOX, S.A.	Estudio Canil
		13	10%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX AUSTRALASIA PTY. LTD.	Sidney - Australia	385	100%	ACERINOX, S.A.	
ACERINOX BENELUX S.A. - N.V.	Brussels - Belgium	209	99.98%	ACERINOX, S.A.	PWC
		0	0.02%	INOXIDABLES DE EUSKADI S.A.U.	
ACX DO BRASIL REPRESENTAÇOES, LTDA.	São Paulo - Brazil	373	100%	ACERINOX, S.A.	
		0	0.001%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX CHILE, S.A.	Santiago de Chile - Chile	7,545	100%	ACERINOX, S.A.	PWC
ACERINOX COLOMBIA S.A.S.	Bogotá D.C. - Colombia	468	100%	ACERINOX, S.A.	
ACERINOX DEUTSCHLAND GMBH	Langenfeld - Germany	45,496	100%	ACERINOX, S.A.	PWC
ACERINOX EUROPA, S.A.U.	Algeciras - Spain	608,641	100%	ACERINOX, S.A.	PWC
ACERINOX FRANCE S.A.S	Paris - France	18,060	99.98%	ACERINOX, S.A.	PWC
		0	0.02%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX INDIA PVT LTD.	Mumbai - India	155	100%	ACERINOX, S.A.	ISK & Associates
ACERINOX ITALIA S.R.L.	Milan - Italy	78,844	100%	ACERINOX, S.A.	Collegio Sindicale - Studio Revisori Associatti
ACERINOX METAL SANAYII VE TICARET L.S.	Gümüşsuyu / Beyoğlu - Turkey	150	100%	ACERINOX, S.A.	
ACERINOX MIDDLE EAST DMCC (DUBAI)	Dubai - United Arab Emirates	10	100%	ACERINOX, S.A.	HLB Hamt
ACERINOX PACIFIC LTD.	Wan Chai - Hong Kong	7,467	100%	ACERINOX, S.A.	PWC
ACERINOX POLSKA, SP. ZO.O.	Warsaw - Poland	25,178	99.98%	ACERINOX, S.A.	PWC
		0	0.02%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX SCANDINAVIA AB	Malmö - Sweden	31,909	100%	ACERINOX, S.A.	PWC
ACERINOX S.C. MALAYSIA SDN. BHD	Johor - Malaysia	19,476	100%	ACERINOX, S.A.	PWC
ACERINOX SHANGAI CO., LTD.	Shanghai - China	1,620	100%	ACERINOX, S.A.	Shanghai Shenzhou Dalong
ACERINOX (SEA), PTE LTD.	Singapore - Singapore	193	100%	ACERINOX, S.A.	PWC

FULLY CONSOLIDATED COMPANIES	COUNTRY	2024 OWNERSHIP COST (in thousands of euros)*	% NOMINAL VALUE	HOLDER OF OWNERSHIP INTEREST	AUDITORS
ACERINOX U.K, LTD.	Birmingham - United Kingdom	28,504	100%	ACERINOX, S.A.	PWC
ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	Trofa - Portugal	15,828	100%	ACERINOX, S.A.	PWC
COLUMBUS STAINLESS (PTY) LTD.	Middelburg - South Africa	241,725	76%	ACERINOX, S.A.	PWC
CORPORACIÓN ACERINOX PERU S.A.C.	Lima - Peru	794	100%	ACERINOX, S.A.	
INOX RE, S.A.	Luxembourg	1,225	100%	ACERINOX, S.A.	PWC
INOXCENTER CANARIAS, S.A.U.	Telde (Gran Canaria) - Spain	270	100%	INOXCENTER	PWC
INOXCENTER, S.L.U.	Barcelona - Spain	17,758	100%	ACERINOX, S.A.	PWC
INOXFIL, S.A.	Igualada (Barcelona) - Spain	16,545	100%	ROLDAN, S.A.	PWC
INOXIDABLES DE EUSKADI S.A.U.	Vitoria - Spain	2,705	100%	ACERINOX EUROPA, S.A.U.	PWC
INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL, UNIPESSOAL, LDA.	Trofa - Portugal	9,193	100%	ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	
METALINOX BILBAO, S.A.U.	Galdácano (Vizcaya) - Spain	3,718	100%	ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS INC.	Kentucky - USA	546,798	100%	ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS CANADA, INC.	Canada	5,091	100%	NORTH AMERICAN STAINLESS INC.	PWC
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	Apodaca - N.L.Mexico	18,948	100%	NORTH AMERICAN STAINLESS INC.	PWC
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.	Kentucky - USA	15	100%	ACERINOX, S.A.	
ROLDAN, S.A.	Ponferrada - Spain	17,405	100%	ACERINOX, S.A.	PWC
VDM METALS HOLDING GMBH	Werdohl - Germany	313,460	100%	ACERINOX, S.A.	PWC
VDM METALS INTERNATIONAL GMBH.	Werdohl - Germany	51,404	100%	VDM METALS HOLDING, GMBH.	PWC
VDM METALS GMBH	Werdohl - Germany	107,086	100%	VDM METALS HOLDING, GMBH.	PWC
VDM (SHANGHAI) HIGH PERFORMANCE METALS TRAD. CO. LTD.	Shanghai - China	200	100%	VDM METALS, GMBH.	Pan China
VDM HIGH PERFORMANCE METALS NANTONG CO. LTD.	Nantong - China	2,087	100%	VDM METALS INTERNATIONAL GMBH.	Pan China
VDM METALS AUSTRALIA PTY. LTD.	Mulgrave - Australia	1,322	100%	VDM METALS, GMBH.	
VDM METALS AUSTRIA G.M.B.H.	Bad Erlach - Austria	4,515	100%	VDM METALS, GMBH.	
VDM METALS BENELUX B.V.	Zwijndrecht - Belgium	2,535	100%	VDM METALS, GMBH.	BDO
VDM METALS CANADA LTD.	Vaughan - Canada	336	100%	VDM METALS, GMBH.	
VDM METALS DE MEXICO S.A. DE C.V.	Naucalpan de Juarez - Mexico	30	100%	VDM METALS, GMBH.	Rocha Camarillo y Cia
VDM METALS FRANCE S.A.S.	Saint-Priest - France	8,465	100%	VDM METALS, GMBH.	
VDM UNTERSTÜTZUNGSKASSE GMBH	Werdohl, Germany	0	100%	VDM METALS, GMBH.	
VDM METALS ITALIA S.R.L.	Sesto San Giovanni - Italy	10,704	100%	VDM METALS, GMBH.	LawaL Studio Legale e Tributario Associato
VDM METALS JAPAN K.K.	Tokyo - Japan	178	100%	VDM METALS, GMBH.	
VDM METALS KOREA CO. LTD.	Seoul - Korea	103	100%	VDM METALS, GMBH.	Samdo
VDM METALS UK LTD.	Richmond - United Kingdom	100	100%	VDM METALS, GMBH.	Lubbock Fine
VDM METALS USA LLC	Florham Park - USA	27,649	100%	VDM METALS, GMBH.	PWC
HAYNES INTERNATIONAL INC.	USA	768,896	100%	NORTH AMERICAN STAINLESS INC.	PwC
HAYNES WIRE COMPANY, MOUNTAIN HOME NC	USA		100%	HAYNES INTERNATIONAL INC.	
LAPORTE CUSTOM METAL PROCESSING LLC	USA	14,600	100%	HAYNES INTERNATIONAL INC.	
HAYNES INTERNATIONAL LTD.	Great Britain	3,481	100%	HAYNES INTERNATIONAL INC.	
HAYNES INTERNATIONAL SARL	France	2,617	100%	HAYNES INTERNATIONAL INC.	
HAYNES INTERNATIONAL AG	Switzerland	8,499	100%	HAYNES INTERNATIONAL INC.	
HAYNES INTERNATIONAL SRL	Italy	2,617	100%	HAYNES INTERNATIONAL AG	
HAYNES PACIFIC PTE LTD	Singapore	9,924	100%	HAYNES INTERNATIONAL INC.	
HAYNES INTERNATIONAL TRADING CO LTD	China	500	100%	HAYNES PACIFIC PTE LTD	
HAYNES INTERNATIONAL CHINA CO LTD	China	2,195	100%	HAYNES PACIFIC PTE LTD	
HAYNES INTERNATIONAL JAPAN KK	Japan	245	100%	HAYNES PACIFIC PTE LTD	
CABARAN DUNIA, SDN.BHD	Johor - Malaysia	0	100%	ACERINOX, S.A.	

(*) Amounts are shown net of impairments

The activities of the Group companies are as follows:

- Acerinox, S.A.: is the parent company of the Acerinox Group and holds directly or indirectly the shares of the companies comprising the Group. As the parent company of the Group, it assumes the highest level of management and control over the Group's business operations, corporate functions, and overall coordination with other entities. It approves and supervises the strategic business areas. It is responsible for establishing, designing and developing the Group's policies and financial strategy, designing investment and environmental policies, defining the R&D strategy, overseeing the management services provided to subsidiaries and developing corporate governance policies. It also provides a range of corporate services, including legal, accounting and advisory services to all Group companies.
- Acerinox Europa, S.A.U.: manufacture and marketing of flat stainless-steel products.
- North American Stainless, Inc.: manufacture and marketing of flat and long stainless-steel products.
- Columbus Stainless (PTY) Ltd.: manufacture and commercialization of flat stainless-steel products.
- Roldan, S.A.: manufacture and marketing of long stainless-steel products.
- Inoxfil, S.A.: manufacture and marketing of stainless-steel wire.
- VDM Holding Metals GmbH: is the holding company of the group of companies comprising the High-Performance Alloys Division.
- VDM Metals International GmbH, a company wholly owned by VDM Holding Metals GmbH, procures the commodities required for the production of the high-performance alloys, markets the finished products and centralizes the VDM Group's research and development by directly managing and administering the business and outsourcing production to another entity from the subgroup. The company also has a quality assurance department.
- VDM Metals GmbH, the owner of the production facilities, processes commodities into high-performance alloys on behalf of VDM Metals GmbH.
- Haynes International, Inc.: is the parent company of the Haynes Group dedicated to the manufacture of high-performance alloys.
- Haynes Wire Company: this entity, 100% owned by Haynes International and located in North Carolina, engages in the manufacture of high-performance alloy wire cast at the Kokomo plant (Haynes International).
- Inox Re, S.A.: Reinsurance company.
- Inoxplate, Comercio de productos de Aço Inoxidável, Unipessoal Lda: owner of the industrial building in which the Group company in Portugal -Acerol, Comércio e indústria de Aços inoxidáveis- carries out its operating activities, for the lease of which it receives income.
- North American Stainless Financial Investment, Inc.: provision of foreign trade advisory services.
- Cabaran Dunia, Sdn. Bhd: this is a special purpose vehicle acquired in Malaysia, which owns certain land formerly owned by Bahru Stainless and intended for sale.
- The rest of the companies, which are direct or indirect affiliates of Acerinox, S.A., as well as the VDM and Haynes subgroup entities, engage in the marketing of stainless-steel products or high-performance alloys.

The detail of investments in associates in 2023 is as follows:

	2023				
FULLY CONSOLIDATED COMPANIES	**COUNTRY**	**COST (in thousands of euros)***	**% NOMINAL VALUE**	**HOLDER OF OWNERSHIP INTEREST**	**AUDITORS**
ACERINOX (SCHWEIZ) A.G.	Mellingen - Switzerland	327	100%	ACERINOX, S.A.	PWC
ACERINOX ARGENTINA S.A.	Buenos Aires - Argentina	598	90%	ACERINOX, S.A.	Estudio Canil
		13	10%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX AUSTRALASIA PTY. LTD.	Sidney - Australia	385	100%	ACERINOX, S.A.	
ACERINOX BENELUX S.A. - N.V.	Brussels - Belgium	209	99.98%	ACERINOX, S.A.	
		0	0.02%	INOXIDABLES DE EUSKADI S.A.U.	
ACX DO BRASIL REPRESENTAÇOES, LTDA.	São Paulo - Brazil	373	100.00%	ACERINOX, S.A.	
		0	0.001%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX CHILE, S.A.	Santiago de Chile - Chile	7,545	100%	ACERINOX, S.A.	
ACERINOX COLOMBIA S.A.S.	Bogotá D.C. - Colombia	68	100%	ACERINOX, S.A.	
ACERINOX DEUTSCHLAND GMBH	Langenfeld - Germany	45,496	100%	ACERINOX, S.A.	PWC
ACERINOX EUROPA, S.A.U.	Algeciras - Spain	274,234	100%	ACERINOX, S.A.	
ACERINOX FRANCE S.A.S	Paris - France	18,060	99.98%	ACERINOX, S.A.	PWC
		0	0.02%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX INDIA PVT LTD.	Mumbai - India	155	100%	ACERINOX, S.A.	ISK & Associates

ACERINOX ITALIA S.R.L.	Milan - Italy	78,844	100%	ACERINOX, S.A.	Collegio Sindicale - Studio Revisori Associatti
ACERINOX METAL SANAYII VE TICARET L.S.	Gümüşsuyu / Beyoğlu - Turkey	150	100%	ACERINOX, S.A.	
ACERINOX MIDDLE EAST DMCC (DUBAI)	Dubai - United Arab Emirates	10	100%	ACERINOX, S.A.	HLB Hamt
ACERINOX PACIFIC LTD.	Wan Chai - Hong Kong	7,467	100%	ACERINOX, S.A.	PWC
ACERINOX POLSKA, SP. ZO.O.	Warsaw - Poland	25,174	99.98%	ACERINOX, S.A.	PWC
		4	0.02%	INOXIDABLES DE EUSKADI S.A.U.	
ACERINOX RUSSIA LLC	Saint Petersburg - Russia	100	100%	ACERINOX, S.A.	
ACERINOX SCANDINAVIA AB	Malmö - Sweden	31,909	100%	ACERINOX, S.A.	PWC
ACERINOX S.C. MALAYSIA SDN. BHD	Johor - Malaysia	19,476	100%	ACERINOX, S.A.	PWC
ACERINOX SHANGAI CO., LTD.	Shanghai - China	1,620	100%	ACERINOX, S.A.	Shanghai Shenzhou Dalong
ACERINOX (SEA), PTE LTD.	Singapore - Singapore	193	100%	ACERINOX, S.A.	PWC
ACERINOX U.K, LTD.	Birmingham - United Kingdom	28,504	100%	ACERINOX, S.A.	PWC
ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	Trofa - Portugal	15,828	100%	ACERINOX, S.A.	PWC
BAHRU STAINLESS, SDN. BHD	Johor - Malaysia	0	99%	ACERINOX, S.A.	PWC
COLUMBUS STAINLESS (PTY) LTD.	Middelburg - South Africa	241,470	76%	ACERINOX, S.A.	PWC
CORPORACIÓN ACERINOX PERU S.A.C.	Lima - Peru	314	100%	ACERINOX, S.A.	
INOX RE, S.A.	Luxembourg	1,225	100%	ACERINOX, S.A.	PWC
INOXCENTER CANARIAS, S.A.U.	Telde (Gran Canaria) - Spain	270	100%	INOXCENTER	PWC
INOXCENTER, S.L.U.	Barcelona - Spain	17,758	100%	ACERINOX, S.A.	PWC
INOXFIL, S.A.	Igualada (Barcelona) - Spain	6,247	100%	ROLDAN, S.A.	PWC
INOXIDABLES DE EUSKADI S.A.U.	Vitoria - Spain	2,705	100%	ACERINOX EUROPA, S.A.U.	PWC
INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL, UNIPESSOAL, LDA.	Trofa - Portugal	9,693	100%	ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	
METALINOX BILBAO, S.A.U.	Galdácano (Vizcaya) - Spain	3,718	100%	ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS INC.	Kentucky - USA	546,271	100%	ACERINOX, S.A.	PWC
NORTH AMERICAN STAINLESS CANADA, INC.	Canada	5,091	100%	NORTH AMERICAN STAINLESS INC.	PWC
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	Apodaca - N.L.Mexico	18,948	100%	NORTH AMERICAN STAINLESS INC.	PWC
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.	Kentucky - USA	15	100%	ACERINOX, S.A.	
ROLDAN, S.A.	Ponferrada - Spain	17,405	100%	ACERINOX, S.A.	PWC
VDM METALS HOLDING GMBH	Werdohl - Germany	313,315	100%	ACERINOX, S.A.	PWC
VDM METALS INTERNATIONAL GMBH.	Werdohl - Germany	51,404	100%	VDM METALS HOLDING, GMBH.	PWC
VDM METALS GMBH	Werdohl - Germany	107,086	100%	VDM METALS HOLDING, GMBH.	PWC
VDM (SHANGHAI) HIGH PERFORMANCE METALS TRAD. CO. LTD.	Shanghai - China	200	100%	VDM METALS, GMBH.	Pan-China Certified Public Accounts
VDM HIGH PERFORMANCE METALS NANTONG CO. LTD.	Nantong - China	2,087	100%	VDM METALS INTERNATIONAL GMBH.	Pan-China Certified Public Accounts
VDM METALS AUSTRALIA PTY. LTD.	Mulgrave - Australia	1,322	100%	VDM METALS, GMBH.	
VDM METALS AUSTRIA G.M.B.H.	Brunn am Gebirge - Austria	4,515	100%	VDM METALS, GMBH.	
VDM METALS BENELUX B.V.	Zwijndrecht - Belgium	2,535	100%	VDM METALS, GMBH.	BDO
VDM METALS CANADA LTD.	Vaughan - Canada	336	100%	VDM METALS, GMBH.	
VDM METALS DE MEXICO S.A. DE C.V.	Naucalpan de Juarez - Mexico	30	100%	VDM METALS, GMBH.	
VDM METALS FRANCE S.A.S.	Saint-Priest - France	8,465	100%	VDM METALS, GMBH.	
VDM UNTERSTÜTZUNGSKASSE GMBH	Werdohl - Germany	0	100%	VDM METALS, GMBH.	
VDM METALS ITALIA S.R.L.	Sesto San Giovanni - Italy	10,704	100%	VDM METALS, GMBH.	
VDM METALS JAPAN K.K.	Tokyo - Japan	178	100%	VDM METALS, GMBH.	
VDM METALS KOREA CO. LTD.	Seoul - Korea	103	100%	VDM METALS, GMBH.	Samdo
VDM METALS UK LTD.	Claygate-Esher - United Kingdom	100	100%	VDM METALS, GMBH.	
VDM METALS USA LLC	Florham Park - USA	27,649	100%	VDM METALS, GMBH.	PWC

(*) Amounts are shown net of impairments

Affiliates

The detail of investments in associates in 2024 and 2023 is as follows:

AFFILIATES	OWNERSHIP			
	COUNTRY	COST (in thousands of euros)	% NOMINAL VALUE	HOLDER OF OWNERSHIP INTEREST
BETINOKS PASLANMAZ ÇELIK A.S.	Turkey	0	25%	ACERINOX, S.A.
MOL Katalysatortechnik GmbH	Germany	16	20.45%	VDM METALS, GMBH.
Evidal Schmöle Verwaltungsgesellschaft mbH	Germany	15	50%	VDM METALS, GMBH.

The associates are entities which are scantly material for the Group, the ownership interests in which are measured at cost, as the Group is not involved in their management and therefore, does not have their Financial Statements. The entity Betinoks Paslanmaz Celik, A.S., based in Turkey, is in the process of liquidation. MOL Katalysatortechnik, GmbH, based in Germany, engages in the production and distribution of mineral and metal catalysts. On the other hand, EVIDAL Schmöle Verwaltungsgesellschaft GmbH manages the pension funds of one of the former manufacturing companies.

6.4 Capital increases and reductions

The following capital increases were carried out during the year:

Acerinox Europa

On December 12, Acerinox Europa S.A.U. carried out a non-cash capital increase with issue premium by offsetting credits amounting to EUR 430 million from the credit granted by Acerinox, S.A. to its subsidiary. The capital increase was carried out by issuing 2 million shares with a par value of 1 euro each and an issue premium of EUR 428 million (EUR 214 per share). The capital increase is a response to the existence of a situation of equity imbalance of the Company, derived from the decrease in the equity figure, which, according to the latest available financial information, would have been reduced to an amount of less than half of the capital stock. The capital stock after the capital increase amounted to EUR 64,000 thousand and equity amounted to EUR 237,201 thousand at the year-end.

Acerinox Europa S.A.U. has Acerinox S.A. as its sole shareholder.

Acerinox, S.A. has recognized an increase in its investments in Group companies amounting to EUR 430,000 thousand, equivalent to the fair value of the capitalized credit, which does not differ significantly from its carrying amount at that date.

Inoxfil

On December 12, a non-monetary capital increase with an issue premium was carried out in the Group company Inoxfil, S.A., whose sole shareholder is Roldan, S.A. The increase was carried out by offsetting credits amounting to EUR 10,297 thousand corresponding to invoices pending payment by Inoxfil to its parent company Roldan, S.A.

Roldan is Inoxfil’s main supplier, as it provides the wire rod necessary for the manufacture of wire.

The capital increase was carried out by issuing 44,649 shares with a par value of EUR 4.21 each (EUR 188 thousand) and an issue premium of EUR 10,109 thousand (EUR 226.42 per share).

The losses incurred by the company in recent years have led to a progressive decrease in equity. However, according to the latest available financial information, the losses had reduced equity to less than half of the capital stock, the Corporate Moratorium established by Royal Decree-Law 20/2022, of December 27, which allows the exclusion from the calculation of losses for 2020, did not yet make it necessary for the directors to act. Notwithstanding this, the joint directors decided to submit the capital stock increase to the approval of the Sole Shareholder. The capital stock after the capital increase amounted to EUR 5,000 thousand and equity amounted to EUR 10,210 thousand at the year-end.

Roldan, S.A. has recognized an increase in its investments in Group companies amounting to EUR 10,297 thousand, equivalent to the fair value of the capitalized debt and which does not differ significantly from its carrying value at that date.

Bahru Stainless

In accordance with the sale and purchase agreement signed with Worldwide Stainless and as explained in **Note 6.2,** the agreement established a transfer of shares represented by assets and liabilities free of cash and debt, which meant that Acerinox, S.A. had to settle all debts both with credit institutions and third parties. For this purpose, during this year it has been necessary to carry out two capital increases in USD equivalent to EUR 155,692 thousand.

Acerinox, S.A. recognized an increase in its investments in Group companies for the same amount equivalent to the fair value of the consideration given.

Inoxplate

In 2024, as in 2023, the Group company Inoxplate, Lda, based in Portugal and wholly owned by the Portuguese company Acerol, Ltda, made a repayment of additional contributions to its parent company in the amount of EUR 500 thousand (2023: EUR 500 thousand).

Acerinox Colombia, S.A.S.

Acerinox Colombia is a commercial office of the Group in Colombia. The activity of this company is not material for the Group. This company receives commissions on sales made in that country. In August, a capital increase of EUR 400 thousand was carried out in the Group's company in Colombia. The increase was made partly by means of a cash contribution of EUR 229 thousand and partly by offsetting loans granted. The equity of this company at the end of the year amounted to EUR 202 thousand.

Corporación Acerinox Perú, S.A.C.

This is a commercial office of the Group in Peru. This company receives commissions on sales made in that country. In October this year, a capital increase of EUR 480 thousand was carried out in the Group's company in Peru. The increase was made partly by means of a cash contribution of EUR 173 thousand and partly by offsetting loans granted (EUR 307 thousand). The equity of this company at the end of the year amounted to EUR 212 thousand.

6.5 Impairment losses on investments

At the end of each reporting period, the parent company performs impairment tests on those investments in Group companies for which there are indications of possible impairment, in order to verify whether the valuations of the respective companies exceed their recoverable amount.

Following the tests carried out during the year, as explained in **Note 9.1**, it was necessary to recognize impairment of the portfolio investment in Acerinox Europa totaling EUR 95,698 thousand.

Also, in 2023, the Group recorded an impairment of the investment in Bahru Stainless Sdn. Bhd for EUR 96,533 thousand, in Columbus for EUR 22,200 thousand and in Acerinox Europa for EUR 67,245 thousand.

These impairments do not have an impact on consolidated profit or loss as these companies are fully consolidated. A detailed breakdown of the analyses conducted is included in the notes to the parent's separate financial statements.

NOTE 7 – SEGMENT REPORTING

The Group is organized internally by operating segments, the strategic business units, which are made up of different products and services that are managed separately, so that Group management reviews internal reports for each of these segments at least monthly. The Group's operating segments also have separate management.

The operating segments presented by the Group, associated with the types of products it sells, are as follows:

- Stainless steels: includes both flat and long stainless steel products, as well as the production and sale of carbon steel in South Africa, which is not significant in the Group's figures as a whole.
- High-performance alloys: special alloys with high nickel content. This segment includes all the companies in the VDM Metals subgroup, as well as the newly acquired Haynes Group.

Segment results, assets and liabilities include all items directly or indirectly attributable to a segment. There are no significant assets used jointly.

This year, the Group, through its US subsidiary North American Stainless, acquired 100% of the shares of Haynes International, a group dedicated to the manufacture of high-performance alloys. This acquisition enables the Group to expand its activities in the alloys segment as well as in the United States.

The "unallocated" segment includes the activities of the holding company that cannot be allocated to any of the specific operating segments. As described in **Note 1**, the main activity of the holding company, the parent company of the Acerinox Group, is to approve and oversee the strategic businesses. It also provides a range of corporate and advisory services in various areas and manages and administers the Group's financing, which is centralized through Acerinox, S.A.

The result of the "unallocated" segment reflects hardly any revenues as these, in the parent company, are always with Group companies and have therefore been eliminated in the consolidation process. The financial costs of this segment are the highest, due to the centralization of a large portion of the Group's financing.

Revenue and all items reflected in the income statement by segment are presented on a consolidated basis, i.e. after eliminating income and expenses from Group companies, except for sales between segments, which are reflected separately.

Inter-segment transfers and transactions are performed on an arm's length basis, under commercial terms and conditions that would be available for unrelated third parties.

A segment's performance is measured on the basis of its gross profit from operations and net pretax income. The Group considers that this information is the most relevant when assessing the performance of the segment in relation to other comparables in the industry.

7.1 Operational segments

Segment results for the year ended December 31, 2024 are as follows:

(Amounts in thousands of euros)

	2024				
	Stainless steel	**High-performance alloys**	**Unallocated**	**Adjust ments**	**Total**
Income statement					
Revenue	4,102,058	1,347,937	2,558	-1,286	5,451,267
Inter-segment sales		-1,286		1,286	0
Total revenue	**4,102,058**	**1,346,651**	**2,558**	**0**	**5,451,267**
Gross profit from operations	451,074	117,422	-63,569		504,927
Depreciation and amortization charge	-122,412	-36,348	-1,150		-159,910
Impairment losses	3,086				3,086
Finance income	86,965	905	3,735		91,605
Finance costs	-43,136	-23,469	-42,529		-109,134
Exchange differences	-936	9,754	2,210		11,028
Impairment and loss on disposal of financial instruments					0
Pretax Income	**374,641**	**68,264**	**-101,303**	**0**	**341,602**
Income tax	-109,449	-23,234	5,728		-126,955
Consolidated profit (loss) for the year	**265,192**	**45,030**	**-95,575**	**0**	**214,647**
Attributable to:					
Non-controlling interests	-10,299				-10,299
Net profit (loss) attributable to the Group	**275,491**	**45,030**	**-95,575**	**0**	**224,946**
Statement of financial position					
Segment assets	4,212,498	2,044,735	211,696		6,468,929
Investments accounted for using the equity method		390			390
Total consolidated assets	**4,212,498**	**2,045,125**	**211,696**	**0**	**6,469,319**
Segment liabilities	1,141,043	936,350	1,816,855		3,894,248
Total consolidated liabilities (excluding equity)	**1,141,043**	**936,350**	**1,816,855**	**0**	**3,894,248**
Property, plant and equipment	**1,280,024**	**594,393**	**10,282**	**0**	**1,884,699**
Investments in non-current assets	**169,891**	**40,227**	**794**	**0**	**210,912**

Unallocated liabilities essentially comprise the financial debt, which is mainly centralized in the parent company.

The data for 2023 are as follows:

(Amounts in thousands of euros)

	2023				
	Stainless steel				
Income statement					
Revenue	5,279,638	1,445,669	2,031	-19,337	6,708,001
Inter-segment sales	-18,589	-748		19,337	
Total revenue	**5,261,049**	**1,444,921**	**2,031**	**0**	**6,708,001**
Gross profit from operations	569,900	174,797	-43,207		701,490
Depreciation and amortization charge	-137,565	-32,796	-769		-171,130
Impairment losses	-156,207				-156,207
Finance income	78,359	1,027	260		79,646
Finance costs	-39,296	-29,947	-31,801		-101,044
Exchange differences	3,433	-1,211	368		2,590
Pretax Income	**318,624**	**111,870**	**-75,149**	**0**	**355,345**
Income tax	-94,369	-38,786	-5,223		-138,378
Consolidated profit (loss) for the year	**224,255**	**73,084**	**-80,372**	**0**	**216,967**
Attributable to:					
Non-controlling interests	-11,161				-11,161
Net profit (loss) attributable to the Group	**235,416**	**73,084**	**-80,372**	**0**	**228,128**
Statement of financial position					
Segment assets	4,848,248	1,170,936	79,195		6,098,379
Investments accounted for using the equity method		390			390
Total consolidated assets	**4,848,248**	**1,171,326**	**79,195**	**0**	**6,098,769**
Segment liabilities	1,355,914	746,503	1,533,226		3,635,643
Unallocated liabilities					
Total consolidated liabilities (excluding equity)	**1,355,914**	**746,503**	**1,533,226**	**0**	**3,635,643**
Property, plant and equipment	1,220,955	250,176	10,436		1,481,567
Investments in non-current assets	146,286	27,233	1,266		174,785

There are no significant items that have not been reflected in cash flows other than depreciation and amortization and impairment.

7.2 Geographical segments

Revenue from geographical segments is presented on the basis of customer location. Segment assets are determined by the geographical location of those assets.

The data relating to geographical segments in 2024 is presented below:

(Amounts in thousands of euros)

2024	Spain	Rest of Europe	America	Africa	Asia	Other	Total
Revenue by destination of goods	328,206	1,597,160	2,837,610	290,818	351,211	8,123	**5,413,128**
Segment assets	1,367,797	1,363,408	3,187,534	409,498	135,732	5,350	**6,469,319**
Property, plant and equipment	447,872	283,225	985,839	134,854	792	51	**1,852,633**
Investment property	153	9,268			22,646		**32,067**
Investments in non-current assets	34,057	38,114	111,106	27,364	270		**210,912**

The data for 2023 are as follows:

(Amounts in thousands of euros)

2023	Spain	Rest of Europe	America	Africa	Asia	Other	Total
Revenue by destination of goods	468,042	2,137,497	3,116,822	336,514	527,314	21,789	**6,607,978**
Segment assets	1,267,746	1,364,909	2,857,679	408,691	195,061	4,683	**6,098,769**
Property, plant and equipment	453,856	260,455	590,279	117,460	49,796	53	**1,471,899**
Investment property	157	9,511					**9,668**
Investments in non-current assets	49,512	25,238	76,639	21,207	2,190		**174,785**

The Group sells its products in about 80 countries across the five continents. The Group's sales in each of the following countries exceeded 5% of total consolidated sales in 2024: United States 39.36% (2023: 40.47%), Germany 11.40% (2023: 13.85%), Canada 6.26%, Spain 6.06% (2023: 7.08%), Mexico 5.73%, and South Africa 5.25%. These sales also include the sales of the high-performance alloys segment.

No single transaction with an external customer exceeded 10% of the Consolidated Group's total revenue for 2024 or 2023.

NOTE 8 – INTANGIBLE ASSETS

The detail of the main classes of intangible assets and of the changes therein is as follows:

(Amounts in thousands of euros)

COST	Development expenses	Industrial property	Computer applications and others	Customer portfolio	Trademarks	SUBTOTAL	Goodwill
Balance as of January 1, 2023	**18,600**	**32,206**	**54,427**	**29,200**		**134,433**	**118,953**
Acquisitions	1,030	72	2,010			3,112	
Transfers			36			36	
Disposals		-13	-216			-229	
Translation differences			-340			-340	
Balance as of December 31, 2023	**19,630**	**32,265**	**55,917**	**29,200**		**137,012**	**118,953**
Business combinations		35,615		39,465	22,139	97,219	130,418
Liquidation through sale			-1,403			-1,403	
Acquisitions	1,520	176	1,944			3,640	
Disposals		-35	-568			-603	
Translation differences			241			241	
Balance as of December 31, 2024	**21,150**	**68,021**	**56,131**	**68,665**	**22,139**	**236,106**	**249,371**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSS	**Development expenses**	**Industrial property**	**Computer applications and others**	**Customer portfolio**	**Trademarks**	**SUBTOTAL**	**Goodwill**
Balance as of January 1, 2023	**9,787**	**26,457**	**49,236**	**5,516**		**90,996**	**-67,889**
Allocation	606	539	2,064	1,947		5,156	
Allowance for impairment losses			28			28	
Disposals		-19	-215			-234	
Translation differences			-273			-273	
Balance as of December 31, 2023	**10,393**	**26,977**	**50,840**	**7,463**		**95,673**	**-67,889**
Business combination							
Allocation	990	555	2,159	1,957		5,661	
Liquidation through sale			-1,403			-1,403	
Disposals		-35	-434			-469	
Translation differences			209	2		211	
Balance as of December 31, 2024	**11,383**	**27,497**	**51,371**	**9,422**		**99,673**	**-67,889**
NET VALUE	**Development expenses**	**Industrial property**	**Computer applications and others**	**Customer portfolio**	**Trademarks**	**SUBTOTAL**	**Goodwill**
Cost as of December 31, 2022	18,600	32,206	54,427	29,200		134,433	118,953
Accumulated amortization and impairment losses	-9,787	-26,457	-49,236	-5,516		-90,996	-67,889
Carrying amount as of December 31, 2022	**8,813**	**5,749**	**5,191**	**23,684**		**43,437**	**51,064**
Cost as of December 31, 2023	19,630	32,265	55,917	29,200		137,012	118,953
Accumulated amortization and impairment losses	-10,393	-26,977	-50,840	-7,463		-95,673	-67,889
Carrying amount as of December 31, 2023	**9,237**	**5,288**	**5,077**	**21,737**		**41,339**	**51,064**
Cost as of December 31, 2024	21,150	68,021	56,131	68,665	22,139	236,106	249,371
Accumulated amortization and impairment losses	-11,383	-27,497	-51,371	-9,422	0	-99,673	-67,889
Carrying amount as of December 31, 2024	**9,767**	**40,524**	**4,760**	**59,243**	**22,139**	**136,433**	**181,482**

The amortization charge for the year is included under “depreciation and amortization charge” in the consolidated income statement.

At December 31, 2024, the Group had entered into agreements to acquire intangible assets amounting to EUR 2,475 thousand (2023: EUR 433 thousand).

Research and development expenses, patents and trademarks

Due to the nature of its activity and as stated in its mission, the Acerinox Group considers research, development and innovation to be strategic in nature. R&D&I projects are focused on three main areas: development of new products, improving processes to further improve quality, productivity and costs, and adapting processes to new technologies and sustainability through projects that contribute to the circular economy, decarbonization and waste recycling. With the addition of the high-performance alloys division, first with the acquisition of VDM Metals and now with the acquisition of Haynes, efforts are integrated to leverage the available resources together in line with the company’s overall purpose and strategy of fostering sustainable innovation and providing comprehensive solutions to its customers. The high-performance alloys division is a leader in R&D&I and patent creation, and focuses its R&D&I activities mainly on the development of tailor-made products in collaboration with its customers. This includes the development of new materials, as well as the identification of alloys with high performance potential and the optimization of key properties that can be classified for other applications. Most of the projects are carried out in collaboration with customers and research institutes which take part in the projects. The Group is improving the adaptability of the R&D&I departments by creating joint work structures and more agile and flexible processes. In 2023, collaboration in R&D tasks among the various units of the Group strengthened, leading to enhanced synergies in generating knowledge and adding value to our products.

The high-performance alloys division holds 72 patents following the merger of these two business groups (56 VDM and 19 Haynes). In the case of Haynes, the company has an approximate total of 19 published US patents and applications and approximately 253 foreign patents and counterpart applications targeted at countries with significant or potential markets for the patented products. Patents or other proprietary rights are an important element of the company’s business. The company’s strategy is to file patent applications in the United States and any other country that represents a significant commercial market. In addition, the company seeks to protect technology that is important to the development of its business. The company also relies on trade secret rights to protect its technologies and its development of new processes, applications and alloys. Trademarks have also been applied for or granted over the names of many of the company’s alloys in the United States and some foreign countries. Haynes’ purchase price allocation exercise has determined a value for the technology and patents of EUR 35,615 thousand and EUR 22,139 thousand for the trademarks.

Certain research and development expenses incurred by the Group do not meet the criteria for capitalization and are therefore expensed as incurred, according to their nature. The total research, development and technological innovation (R&D&I) expenses recorded directly as expenses for the year and charged to the Group’s income statement stood at EUR 18,357 thousand (2023: EUR 17,652 thousand).

The high-performance alloys division does, however, capitalize costs relating to certain R&D&I projects in which the research findings are used to produce new products and processes, or to significantly improve existing products and processes, provided that the product or process proves to be technically and commercially feasible, the Group has the resources required to complete the development program and it is considered that they will generate future cash flows that will enable their recovery. The total R&D&I expenditure capitalized in the year amounts to EUR 1,520 thousand, relating to 12 projects (2023: EUR 1,029 thousand, relating to 8 projects). VDM has 53 employees working on 163 R&D&I projects.

Customer portfolio

The allocation in 2020 of the acquisition price of the VDM Group to the net assets and liabilities identified led to the identification of new intangible assets, arising from the valuation of the customer portfolio, which had not been recognized for accounting purposes to date in the individual Financial Statements of the VDM Group. This is in addition to the additional recognition arising from the business combination carried out this year with Haynes. The Multiperiod Excess Profit methodology has been used for the valuation of this intangible asset.

In accordance with applicable regulations, the Group recognizes customer relationships as one of the most important intangible assets resulting from a business combination. Both assets were valued jointly in the acquisition price allocation process. The estimated fair value at the acquisition date was EUR 29,200 thousand with regard to VDM and EUR 39,465 thousand recognized in this year and corresponding to Haynes.

Goodwill

During this year, as a result of the business combination explained in **Note 6.1**, new goodwill in the amount of EUR 130,418 thousand has been recognized, which is added to the goodwill already existing to date derived from the purchase of the VDM Group.

As explained in the 2023 accounts, the goodwill from the purchase of the VDM Metals Group in the amount of EUR 49,830 thousand was attributed to the cash-generating unit (CGU) of the VDM subgroup, which as a whole belongs to the high-performance alloys segment.

With regard to the goodwill arising in 2024 as a result of the Haynes acquisition, the group is currently in the valuation period and is analyzing the cash-generating unit or group of cash-generating units on which the benefits of the synergies of the business combination are expected to fall.

In allocating goodwill, the Group takes into account the following aspects:

- The CGU must represent the lowest level of the entity managed by the company's management and on which the entity makes decisions.
- It must not exceed the operating segment recognized for the acquired business.

The Group currently has a High-Performance Alloys Division separate from the stainless steel division and is in the process of integrating and deciding on the future model for special alloys.

At December 31, 2024, the goodwill recognized in the balance sheet amounted to EUR 181,482 thousand, of which EUR 49,829 thousand relates to VDM and EUR 130,418 thousand to the acquisition of Haynes. .

8.1 Impairment of goodwill

The Group estimates the recoverable amount of goodwill on an annual basis, or more frequently where indications of possible impairment are identified. Accordingly, goodwill is allocated to each of the cash-generating units (CGUs) of the company to which the economic benefits of the business combination synergies are expected to flow. A CGU is defined as each of the Group's subsidiaries. In the case of the Haynes International Group and the VDM Metals Group, each of these groups is defined as a CGU, as this is the lowest level of cash generation managed by the Company's management and on which the company makes decisions.

The recoverable amount of a CGU is determined on the basis of the calculation of its value in use. During the year, the recoverable value of Haynes was determined by the independent expert based on the fair value less costs to sell method (see **Note 6.1**).

The value in use calculations use cash flow projections based on five-year financial budgets approved by management. Cash flows beyond this five-year period are extrapolated using the estimated growth rates indicated below. The terminal value is calculated by taking into consideration average amounts calculated on the basis of figures achieved in the past and also in the budgeted period, which enables bull and bear cycles to be standardized.

The book value of the CGU is calculated by considering intangible assets, property, plant and equipment, operating working capital (inventories plus customers minus suppliers).

VDM

The goodwill resulting from the acquisition of the VDM Group in 2020, amounting to EUR 49,829 thousand, has been allocated to the cash-generating unit (CGU) of the VDM subgroup, which belongs as a whole to the high-performance alloys segment.

The Group prepares annual five-year budgets. The estimated sales and production volumes rely on current capacities determined by existing machinery and equipment, approved investment projects, and considerations of anticipated future demand and market prices. These estimates are verified against projections provided by independent industry experts, including SMR (Steel Metals and Market Research). Management determines production costs by taking into account the current situation, the efficiency plans implemented and future price developments. Commodities are estimated at constant prices.

The discount rates used are pre-tax values and reflect specific risks relating to the relevant segments. Other significant assumptions such as commodity prices are tied to the most recent values recorded in the pertinent markets.

With a sales volume exceeding 40.5 thousand metric tons in 2024 (2023: 40 thousand metric tons), VDM Metals continued to be the leading global manufacturer of nickel alloys.

The high-performance alloys market maintained a strong position in 2024 although it performed worse than in 2023, in particular in the chemical process industry (CPI) segment. The oil and gas (O&G) sector continued to enjoy high demand. Meanwhile, the automotive sector performed stronger than in 2023, as did the electronics market, which outperformed expectations thanks to demand for OLEDs and renewable energy applications.

The Group has revised its five-year estimates to adapt them to new market circumstances, price levels.

The Group is confident that the flows to perpetuity will materialize, mainly in terms of its use of production capacity and margins, using a perpetuity growth rate (g) of 2% in line with expected long-term inflation for the main markets in which VDM operates.

The key assumptions used to calculate the value in use were as follows:

	2024	2023
Planned EBIT margin (*)	9.5%	9.7%
Weighted average growth rate, g (**)	2.0%	2.2%
Pre-tax discount rate (***)	11.2%	13.1%
After-tax discount rate (***)	8.0%	9.2%

(*) Five-year budgeted average EBIT margin. EBIT is defined as profit or loss from operations and expressed as a margin or percentage of revenue.
(**) Rate used to extrapolate cash flows beyond the budgeted period.
(***) Discount rate: weighted average cost of capital (WACC).

The discount rate (WACC or weighted average cost of capital) was calculated on the basis of the interest rates of the German sovereign debt (twenty-year treasury bond) and a capital structure, market risk premiums and ratios of similar companies.

With respect to the terminal value, adjustments were performed to obtain flows to perpetuity, depreciation and amortization were matched to the investments and changes in working capital were also calculated based on average amounts, deemed consistent in the long term, increased by the growth rate (g). The EBIT margin projected to perpetuity does not differ from that achieved by VDM in previous years.

Another assumption is the price of commodities, particularly nickel, which is set when drawing up the budget. This is extrapolated and remains constant during the period of analysis.

The residual value determined by the tests represents 65% of the total recoverable amount (2023: 56%).

The impairment test performed on December 31, 2024 showed a recoverable amount of EUR 1,224,794 thousand (2023: EUR 1,198,380 thousand), higher than the book value, EUR 943,006 thousand (2023: EUR 1,003,342 thousand) by EUR 281,788 thousand (2023: EUR 195,038 thousand). Consequently, it is not necessary to recognize any impairment losses on goodwill.

To achieve an impairment of the carrying amount, the discount rate (WACC) would have to be increased by 28.9% to 10.3% (2023: 11.1%), while maintaining the growth rate (g). The planned average EBIT margin would have to be reduced by 29.8% to 6.8% (2023: 20.4% to 7.7%), with the other two assumptions remaining unchanged.

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

The detail of the various items of property, plant and equipment and of the changes therein in 2024 and 2023 is shown in the following table:

(Amounts in thousands of euros)

COST	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	TOTAL
Balance as of December 31, 2022	**1,016,484**	**4,787,377**	**193,298**	**71,850**	**6,069,009**
Hyperinflation adjustments	319	57	114		490
Additions	2,770	51,672	15,348	101,883	171,673
Impairment	6,871				6,871
Transfers	4,825	24,897	17,146	-46,087	781
Disposals	-2,812	-30,169	-22,989	-59	-56,029
Translation differences	-19,892	-126,157	-2,408	-2,107	-150,564
Balance as of December 31, 2023	**1,008,565**	**4,707,677**	**200,509**	**125,480**	**6,042,231**
Business combinations	98,771	468,910	2,150	21,132	590,963
Hyperinflation adjustments	457	82	169		708
Additions	2,107	38,718	16,428	150,019	207,272
Decommissioning provision	-7,308				-7,308
Transfers	-6,024	-105,100	7,098	-83,075	-187,101
Liquidation through sale	-158,805	-492,766	-9,414	-387	-661,372
Disposals	-269	-13,011	-2,003	-179	-15,462
Translation differences	32,917	171,161	2,957	4,336	211,371
Balance as of December 31, 2024	**970,411**	**4,775,671**	**217,894**	**217,326**	**6,181,302**

ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSS	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	TOTAL
Balance as of December 31, 2022	**487,860**	**3,789,474**	**142,068**	**0**	**4,419,402**
Allocation	22,361	122,856	14,340		159,557
Allowance for impairment losses	98,339	56,462	1,005	373	156,179
Hyperinflation adjustments	197	46	109		352
Transfers	62	2,960	-2,497		525
Disposals	-1,802	-26,513	-22,865		-51,180
Translation differences	-11,698	-100,786	-2,010	-9	-114,503
Balance as of December 31, 2023	**595,319**	**3,844,499**	**130,150**	**364**	**4,570,332**
Business combinations	35,622	220,692	631		256,945
Allocation	18,837	120,193	8,022		147,052
Reversal of impairment losses	-3,086				-3,086
Hyperinflation adjustments	294	67	158		519
Transfers		-165,962	6		-165,956
Liquidation through sale	-136,121	-490,089	-9,414	-387	-636,011
Disposals	-213	-8,969	-1,702		-10,884
Translation differences	21,904	145,356	2,476	23	169,759
Balance as of December 31, 2024	**532,556**	**3,665,787**	**130,327**	**0**	**4,328,670**

NET VALUE	Land and buildings	Plant and machinery	Other items of property, plant and	Property, plant and equipment in the course of	TOTAL
Cost as of December 31, 2022	1,016,484	4,787,377	193,298	71,850	6,069,009
Accumulated amortization and impairment losses	-487,860	-3,789,474	-142,068		-4,419,402
Carrying amount as of December 31, 2022	**528,624**	**997,903**	**51,230**	**71,850**	**1,649,607**
Cost as of December 31, 2023	1,008,565	4,707,677	200,509	125,480	6,042,231
Accumulated amortization and impairment losses	-595,319	-3,844,499	-130,150	-364	-4,570,332
Carrying amount as of December 31, 2023	**413,246**	**863,178**	**70,359**	**125,116**	**1,471,899**
Cost as of December 31, 2024	970,411	4,775,671	217,894	217,326	6,181,302
Accumulated amortization and impairment losses	-532,556	-3,665,787	-130,327		-4,328,670
Carrying amount as of December 31, 2024	**437,855**	**1,109,884**	**87,567**	**217,326**	**1,852,632**

The amortization charge for the year is included under “depreciation and amortization charge” in the consolidated income statement.

The difference between the "depreciation and amortization charge" included in the consolidated income statement and consolidated statement of cash flows and the sum of the amounts charged reflected in the tables relating to property, plant and equipment, intangible assets, investment property and right-of-use assets is mainly due to the hyperinflation adjustments made to all the profit or loss items of the Argentine entity, which, in the case of the depreciation and amortization charge, amount to EUR 20 thousand (2023: EUR 24 thousand).

Any impairment of property, plant and equipment and goodwill is included under a separate, specific heading in the consolidated income statement.

Business combinations

As explained in **Note 6.1**, as a result of acquiring the Haynes Group and in application of the business combination standard, the Group has estimated the fair value of all the assets and liabilities of the acquired Group. With respect to property, plant and equipment, the fair value estimates made by the independent expert based on the replacement value method less accumulated depreciation, have generated a revaluation of fixed assets over the book values of the acquired entity of EUR 192,084 thousand. The amount of property, plant and equipment included in the Group's Financial Statements as a result of the business combination amounts to EUR 334,019 thousand.

Investments

The investments made in 2024 in both property, plant and equipment and intangible assets amounted to EUR 210,912 thousand. These investments include both the acquisition and installation of new equipment and recurrent maintenance expenditure investments. In many cases, these are investments aimed at improving efficiency and productivity, but they are also strategic in nature and committed to sustainability, as they entail a reduction in energy consumption. In the case of Acerinox Europa, the total amount of investments (including maintenance) is EUR 27 million, related to improvements and extensions made to several production lines. The investments made by the company North American Stainless amount to EUR 108 million, of which EUR 74 million correspond to the investment plan approved, and EUR 34 million to recurring investments in maintenance. At Columbus Stainless, investments for the year amounted to EUR 27 million. Finally, VDM invested EUR 37 million in the year, EUR 8 million corresponding to the approved investment plan and EUR 29 million to recurring maintenance investments.

In January 2023, the Board of Directors of Acerinox, S.A. approved an investment of USD 244 million in the North American Stainless Group company, which would allow it to increase its production capacity by 200,000 metric tons (20% more) and thus strengthen its position in the market with higher added value products. NAS will have a new cold rolling mill, and will revamp its annealing and pickling lines. It also plans to enlarge the steelworks to include a 400 metric ton crane, along with other equipment.

The NAS expansion project is in its second year of execution and is both on time and on budget.

The components required for the modernization of the annealing and pickling line have been delivered, and the necessary measures have been planned to minimize the future impact of interrupting production for their deployment. Regarding the new rolling mill and the skin-pass finishing train, foundation and installation works are currently in progress.

In addition, in December 2023, the Board of Directors approved a EUR 67 million investment plan for the high-performance alloys division at the German plants in Unna, Altena and Werdohl, which will enable a gradual increase in production capacity for precision strip, bars, and wires, as well as sales by 15%. The planned investments include the expansion of three remelting furnaces, the upgrade of an annealing and pickling line, an additional defect detection line for bars and an atomiser for the production of stainless-steel powder and high-performance alloys for additive manufacturing.

In the case of VDM's expansion plan, the project is in its first year of development and is progressing according to plan. Purchases of materials and equipment have almost been completed, and construction work has begun at the melting shop located in Unna. Welding wire production started at the Werdohl plant in the fourth quarter following the increase in line capacity.

However, the new powder sprayer is experiencing delays due to longer-than-expected administrative processes.

The investments made in 2023 in both property, plant and equipment and intangible assets amounted to EUR 174,785 thousand. These investments include both the acquisition and installation of new equipment and recurrent maintenance expenditure investments. In many cases, these were investments aimed at improving efficiency and productivity, but they are also strategic in nature and committed to sustainability, as they entailed a reduction in energy consumption. In the case of Acerinox Europa, the total amount of investments (including maintenance) was EUR 39 million, related to improvements and extensions made to several production lines. The investments made by the company North American Stainless amounted to EUR 73.9 million, of which EUR 21 million corresponded to the investment plan approved at the beginning of this year, and

EUR 27 million to recurring investments in maintenance. At Columbus Stainless, investments for the year amounted to EUR 21.2 million. Finally, the VDM invested EUR 27.2 million in 2023.

Liquidation through sale

In relation to the sale of Bahru Stainless discussed in **Note 6.2,** the cost of the property, plant, and equipment removed from the balance sheet as a result of this divestment amounted to EUR 661,371 thousand, with the net carrying value being EUR 25,361 thousand.

Property, plant and equipment in the course of construction

The detail of the investments classified under this heading is as follows:

(Amounts in thousands of euros)

	2024	2023
Buildings	29,944	15,008
Plant and machinery	180,960	103,180
Other items of property, plant and equipment	6,422	6,928
TOTAL	**217,326**	**125,116**

Of the total amount recognized under this heading, EUR 27,087 thousand at Acerinox Europa (2023: EUR 25,082) and EUR 108,109 thousand at the US company North American Stainless, as a result of the new investment plan (2023: EUR 57,447 thousand), EUR 5,309 thousand at Roldan, EUR 27,333 thousand at Columbus (2023: EUR 12,812 thousand) and EUR 37,290 thousand in VDM (2023: 19,032 thousand), are noteworthy.

The total amount of transfers carried out from fixed assets in progress to completed in this year amounts to EUR 83,074 thousand, which include EUR 18,513 of Acerinox Europa which mainly correspond to, among others, a refractory building and a crane for the handling of melting shop materials. In the case of North American Stainless the transfers amounted to 42,971 of NAS corresponding, inter alia, to a gantry crane, improvements in the hot rolling annealing furnace, EUR 7,681 thousand in VDM and EUR 7,356 thousand in Columbus (2023: EUR 46,087 thousand, among which EUR 17,397 thousand in Acerinox Europa for a new cutting line and improvements completed in several lines and EUR 21,368 thousand in North American Stainless corresponding among others to a gantry crane, improvements in the hot rolling annealing furnace).

Property, plant and equipment located outside Spain

The detail of the property, plant and equipment, including investment property, located outside Spain is as follows:

(Amounts in thousands of euros)

	2024		2023	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land and buildings	689,942	-349,190	710,534	-424,046
Plant and machinery	3,302,505	-2,458,355	3,255,890	-2,668,683
Other items of property, plant and equipment	158,644	-76,720	142,873	-78,509
Property, plant and equipment in the course of construction	186,249		89,860	-364
TOTAL	**4,337,340**	**-2,884,265**	**4,199,157**	**-3,171,602**

Changes in estimates

As explained in **Note 3**, the Group periodically reviews estimated useful lives based on the valuations conducted by experts from the appropriate entity.

No useful lives were written down in the Group during this year or last year.

Guarantees

None of the Group's assets had been pledged to secure loans at December 31, 2024 or 2023.

Obligations and commitments

At December 31, 2024, the Group had entered into agreements to acquire new equipment and facilities for EUR 194,448 thousand, among which the following stand out: EUR 101,021 thousand relating to the investments made by North American Stainless, EUR 17,420 thousand are investments contracted by Acerinox Europa, EUR 27,658 thousand corresponding to Columbus, EUR 31,104 thousand to the VDM Group, and EUR 16,643 thousand to the Haynes Group.

At December 31, 2023, the Group had entered into agreements to acquire new equipment and facilities for EUR 140,189 thousand, among which the following standed out: EUR 97,592 thousand relating to the investments made by North American Stainless as a result of the approved investment plan, EUR 19,828 thousand by Acerinox Europa, EUR 9,880 thousand by Columbus and EUR 11,152 thousand to the contracts made by the VDM Group.

Capitalization of borrowing costs

The capitalized interest amounted to EUR 295 thousand this year, mainly relating to Columbus Stainless (EUR 154 thousand) and to the Haynes Group (EUR 141 thousand) (EUR 60 thousand in 2023, which related solely to Columbus). The capitalization rate in 2024 was 7.97% (2023: 10.26%).

Disposals of property, plant and equipment

Losses on the sale or retirement of property, plant and equipment recognized under "other operating income" in the consolidated income statement for 2024 amount to EUR 849 thousand (2023: EUR 2,719 thousand), which mostly correspond to the removal of fixed assets from the Group's warehouses, either because they are obsolete or because they have been used for maintenance work.

The gain on the sale or retirement of property, plant and equipment recorded in the income statement in 2024 under "Other operating income" amounted to EUR 259 thousand (2023: EUR 824 thousand, corresponding mainly to the sale of a warehouse in Lisbon owned by one of the Group's sales subsidiaries).

Environment

The items of property, plant and equipment the purpose of which is to minimize environmental impact and protect and improve the environment at December 31, 2024 and 2023 were as follows:

(Amounts in thousands of euros)

	2024		2023	
Nature and purpose	**Gross value**	**Accumulated depreciation**	**Gross value**	**Accumulated depreciation**
Water treatment	100,099	-86,166	110,447	-97,659
Acid neutralization	53,902	-44,984	62,159	-51,824
Treatment of gaseous emissions	100,635	-93,227	89,159	-74,198
Automatic addition system	8,719	-7,728	8,630	-7,448
Other elements	159,793	-110,592	122,632	-101,870
Total	**423,148**	**-342,697**	**393,027**	**-332,999**

In 2024, the Group received an environmental grant of EUR 14,083 thousand, mostly related to offsetting the costs of indirect greenhouse gas emissions. In 2023, EUR 24,612 thousand were received for the same concept. Both grants were recognized as income in the year under "other operating income".

In 2024, the Group incurred ordinary environmental expenses of EUR 106,231 thousand (2023: EUR 119,069 thousand).

Property, plant and equipment not used in operations

The Group's property, plant and equipment not assigned to operations include mainly an industrial building classified as investment property, as well as the land currently owned by the newly created company Cabaran Dunia, Sdn. Bhd and which are intended for sale and classified under the same heading. The detail and valuations of this property are broken down in Note 10.

Other disclosures

There were no legal proceedings, attachments or similar measures that could affect items of property, plant or equipment at December 31, 2024 or 2023.

The Group companies have taken out several insurance policies to cover the risks to which their property, plant and equipment are subject. It is considered that these policies sufficiently cover such risks.

9.1 Impairment losses

As established in IAS 36, and as mentioned in the accounting policies (**Note 2.11**), at each reporting date the Group assesses whether there is any indication that its assets might have become impaired. The value of an asset is impaired when its book value exceeds its recoverable amount. The Group considers that indications of impairment exist when there is/are a significant decrease in the value of the asset, significant changes in the legal, economic or technological environment that could affect the measurement of assets, obsolescence or physical impairment, idle assets, low returns on assets, discontinuation or restructuring plans, repeated losses at the entity or substantial deviation from the estimates made. That is to say, to assess indications of impairment, both external sources of information (technological changes, significant fluctuations in market interest rates, market value of the assets) and internal sources of information (evidence of obsolescence, sustained losses at the entity, substantial deviation from estimates, etc.) are taken into account.

Property, plant and equipment represent 29% of the Group's total assets. When examining individual companies, the high-performance alloys division accounts for 31.54% of the Group's total assets, while the stainless steels division represents 68.46%, with 63% attributed to the factories within that division. The remaining 5.46% corresponds mainly to commercial entities:

SUBSIDIARIES / CGUs	2024	2023
ACERINOX EUROPA, S.A.U.	20.49 %	26.55 %
ROLDAN, S.A.	1.56 %	1.83 %
INOXFIL, S.A.	0.14 %	0.18 %
NORTH AMERICAN STAINLESS INC.	33.65 %	37.73 %
COLUMBUS STAINLESS PTY Ltd.	7.16 %	7.93 %
BAHRU STAINLESS	0.00 %	3.08 %
VDM METALS GROUP	13.75 %	16.89 %
HAYNES GROUP	17.79 %	
Other subsidiaries	5.46 %	5.81 %
TOTAL	**100.00 %**	**100.00 %**

Since individual assets do not generate cash inflows independently, as the whole production process needs to be completed, impairment is not estimated on an individual basis but by allocating the assets to cash-generating units. In the case of factories, the smallest cash-generating units that can be considered encompass each factory as a whole.

The global environment in 2024 was again marked by geopolitical tensions such as the prolongation of the Ukraine-Russia and Gaza conflicts. It also saw elections in many countries, with regime change in the United States and the European Commission. The panorama was one of increasing regionalization, shifting towards protectionist policies and of strategic autonomy.

2024 has been a key year for the Group, with transformational changes. For one, we completed the acquisition of Haynes International, an American high-performance alloys company with extensive exposure in the aerospace sector. Our Malaysian plant, Bahru Stainless, an asset that was no longer strategic, has been sold, and a new collective bargaining agreement was signed at Acerinox Europa that will facilitate the implementation of the new strategy, allowing the production of high value-added materials and greater access to the end customer. All of this was done without forgetting the Group's firm commitment to sustainability, which has led to the launch of our EcoACX product and a new decarbonization plan.

The stainless steel market once again had a year of low activity. The main cause was the prolongation of the inventory adjustment period that began in the second half of 2022, which led to record lows in both the Unites Stated and Europe. As a result, stainless steel production remained low, with moderate growth compared to 2023, but without bouncing back to the level seen in previous years. The exception was Chinese producers, both in China and Indonesia, which continued to generate surpluses with a very negative impact on markets.

The high-performance alloys market maintained a solid position in 2024, although its performance was weaker than in 2023, as discussed in Note 8.1, Impairment of goodwill.

Amid the uncertain conditions and challenges especially in the European stainless-steel markets, there are signs of a negative impacts in the Group's plants. These include Columbus Stainless in South Africa and Acerinox Europa, Roldan and Inoxfil in Spain.

Acerinox Europa, S.A.U.

Acerinox Europa was incorporated in 2011 as a result of the spin-off of the manufacturing activity of Acerinox, S.A., and its main assets are the facilities located in Campo de Gibraltar. The Acerinox Europa factory, inaugurated in 1970, was the first integral stainless-steel factory in the world. The knowledge and experience gained during its design and execution played a pivotal role in the establishment of other factories within the Group. It is the leading stainless-steel producer in the Spanish market.

The integrated flat product plant has melting shop, hot rolling and cold rolling facilities. Its theoretical installed capacity is one million metric tons in melting shop and 660,000 metric tons in cold rolling. It manufactures flat stainless-steel products in various types of steel, formats, thicknesses and finishes.

Acerinox Europa is strategically located on the Strait of Gibraltar and has access to the Atlantic and the Mediterranean as well as its own seaport. The company supplies flat products all over the world, with a focus on the European continent, as well as semi-finished products to other plants within the Group's production network, primarily to the Acerinox Group's long products plant in Spain (Roldan).

In light of the market conditions and financial results of recent years, the Group put forward the idea that a new organizational and production model would need to be implemented at the Acerinox Europa factory.

As part of the collective bargaining agreement negotiations, the factory has been shut down for five months due to the strike called by the workers' representatives. This has prevented us from carrying out the strategic plans proposed by Management to ensure the plant's viability.

Finally, on October 16, 2024, Acerinox Europa and the Works Council signed the IV Collective Bargaining Agreement for the staff. An agreement, valid until December 31, 2027, which will allow the introduction of the flexibility measures necessary to implement the new business model, the objective of which is to recover productivity through greater flexibility and versatility of the workforce to increase production and sales of higher value-added products. The agreements reached represent a necessary first step in the implementation of the strategy. This new production model will allow to alleviate the economic losses accumulated over the last few years and will address the real demand situation, which is characterized by strong competition and volatility.

However, the Group believes that the necessary steps are being taken to achieve the objectives set out in its strategic plan. In terms of volumes, the impact of the strike is not expected to be significant in the future, as the Group has been able to partially serve its customers through the stocks of the commercial network and supply through other plants, which allows the future relationship with its customers to be guaranteed.

Apparent consumption in Europe in tons rose slightly in 2024 compared to 2023, growing 3% in contrast to the 21% decline seen in the previous year. Imports once again increased their market share relative to European producers, largely due to the drop in activity at Acerinox Europa due to the strike at the Campo de Gibraltar plant.

Even so, the share of imports remained below 20%, due to low prices and the trade protection measures in place for most Asian materials.

In this context, Management has requested a valuation by an independent expert (Kroll Advisory, S.L.), the same as the previous year, who has determined the recoverable amount of the assets based on their value in use, pursuant to IAS 36. The recoverable amount has been calculated using an income approach, based on an analysis of the Discounted Cash Flow, as detailed below.

The independent expert has performed an asset impairment analysis by reviewing the budgets prepared by Management, as well as their future evolution, and has contrasted the model with the historical financial information provided as well as with comparable and other observable variables in the market. The independent expert has also determined the appropriate methodologies to be applied to estimate the recoverable amount as well as calculation of appropriate discount rates, based on analyzing financial data for publicly listed companies engaged in the same or similar lines of business. Finally, the independent expert concluded in his analysis with a business value of Acerinox Europa.

The Group has updated the five-year results forecasts based on the new circumstances and taking into account the future strategic plans approved by the Management and designed with the aim of improving the results of Acerinox Europa, the main component of the Spanish fiscal Group, redirecting a greater part of its sales towards end customers and towards products with higher added value.

In the expected trend of market prices, in order to make a reasonable contrast, external sources of information are used, in particular, the independent consultant CRU (https://www.crugroup.com/), enabling us to evaluate the price level of the stainless steel market and its trend for certain types of the most common steel.

Demand estimates were based on SMR (Steel & Metals Market Research).

For supply prices, forward price curves for both electricity and gas are considered. Forward price curves are estimated based on forward price references set by the OMIP. In this respect, the impact of PPAs is considered neutral for the sensitivity analysis, since the price variations of this index are applied to our average energy cost price.

All other costs take into account increases in consumer price indices.

The Group took into account all these circumstances and the adjustments to the macroeconomic forecasts in preparing the five-year budgets.

The budgets have been prepared taking into account the following: demand estimates, commodity and selling prices, exchange rates, consumer price increases, energy costs estimates and the Company's strategy itself.

The independent expert has reviewed the budgets provided by Management and has respected the future scenarios and expectations reflected. The exercise carried out by the independent expert includes the calculation of flows in perpetuity at terminal value. To this end, in the terminal year, expected revenues incorporate growth in line with the average CPI expected for Spain according to S&P Global.

Forecast EBIT margins are in line with the upper end of historically recorded margins (achieved in the period of the end of 2016 and first half of 2017), which is supported by the Strategic Plan approved by the Board of Directors.

As for the terminal year, since depreciation and amortization are equal to investments, the EBITDA margin is considered a key assumption. This year, the independent expert has reduced this margin from 9.1% to 8.8% compared to the previous year, in line with a more conservative long-term view. This EBITDA margin is within the range of observable margins of selected peer companies, yet consistent with management's strategic plan. *This EBITDA margin was already achieved at the end of 2016, during the first half of 2017 and of 2022.*

Furthermore, the main pillars underpinning the scenario proposed by the independent expert continue to reflect the following main points already noted in the Strategic Plan approved by the Board of Directors of Acerinox Europa in 2023:

- High value-added products. The significant premium in pricing and implied margins associated with high value-added products, supported by the company's historical results, ensures that a shift in product mix towards higher volume targeted at high value-added products will lead to higher sales and margins.

- Change in the customer base with a focus on the end user. Reducing part of the distribution and focusing more on direct sales to end users will imply higher prices and a better contribution margin, as Acerinox Europa will be able to capture part of the distributors' margin.

- Market research. Move more than 13% of total 2023 sales (better benchmark than 2024) from existing customers to new customers, with the aim of achieving a contribution margin 50% higher than that of existing customers.

- Industrial synergies. Contract manufacturing with VDM Metals, an Acerinox Group company. Upon completion of the development of the production techniques necessary to successfully process these materials and reach the total volume estimated by this company, it is expected to generate a significant additional contribution to EBITDA .

- Efficiency in production and process costs within the framework of the initiatives approved in the Beyond Excellence plan and in line with the strategic approaches.

As shown in each of the strategic plan measures considered, none of them consider future cash flows that are expected to arise from future restructuring or improvements or increases in asset performance and therefore comply with paragraphs 44 and 48 of IAS 36. All the measures established in the strategic plan are achievable in the current state of the assets.

In addition, to determine cash flows the Group has also taken into account the working capital reduction plans being carried out by the company. In this regard, the Group's strategy involves significant reductions in inventories, both of products in stock and material in process, as well as a thorough review of customers and suppliers with a markedly financial focus to achieve the twin aim of generating more cash and reducing debt.

To determine the value in use of the assets, both the estimate of future cash flows that the entity expects to obtain from the assets and the discount rate, i.e. the weighted average cost of capital (WACC), were taken in account.

Group Management, given the circumstances in Acerinox Europa in 2024 and the current situation of uncertainty in determining future cash flows and EBITDA for the terminal year, considered in the calculation of the value in use, has contemplated a decrease in the forecast margins for both key assumptions (budgeted EBIT margin and EBITDA margin for the terminal year).

The key assumptions used to calculate the value in use were as follows:

	2024	2023
Planned EBIT margin (1)	4.5%	4.9%
EBITDA margin terminal year (2)	8.8%	9.1%
Weighted average growth rate (3)	2.0%	2.0%
Pre-tax discount rate (4)	11.7%	11.9%
After-tax discount rate (4)	9.3%	9.3%

(1) Five-year budgeted average EBIT margin. EBIT is defined as profit or loss from operations and expressed as a margin or percentage of revenue.
(2) EBITDA defined as operating income + asset impairment + depreciation + amortization + change in current provisions. The margin is expressed as a margin or percentage of revenue.
(3) Rate used to extrapolate cash flows beyond the budgeted period.
(4) Discount rate: weighted average cost of capital (WACC).

The discount rates used are pre-tax values and reflect specific risks relating to the relevant segments. Other significant assumptions such as exchange rates and commodity prices are tied to the most recent values recorded in the pertinent markets.

The discount rate was determined by considering a normalized 20-year German bond as the benchmark. Likewise, a market risk premium for Spain, historical betas, a leverage structure and cost of debt in line with market assumptions have been considered.

Regarding the terminal value, a perpetuity cash flow has been considered, which is expected to remain stable in the long term, increased by the growth rate (g). The growth rate (g) was estimated on the basis of expected long-term inflation. The residual value considered in the test represents 72% of the total recoverable amount (2023: 79%).

The impairment test performed on December 31, 2024 showed an excess of the recoverable amount of EUR 1,164,346 thousand (2023: EUR 1,049,174 thousand) over the book value, EUR 780,797 thousand (2023: EUR 849,966 thousand) of EUR 383,549 thousand (2023: EUR 199,208 thousand). Consequently, no impairment is recorded.

A sensitivity analysis under different scenarios shows that the discount rate (WACC) would have to be increased by 26% to 12% (2023: 9.4%) and equalize the growth rate to 0 to start generating impairment, with the other assumptions remaining unchanged.

In order to achieve impairment, the planned average EBIT margin would have to be reduced by 33.2% (2023: 15.7%) to an average value of 3.3 % (2023: 4.1%) during the projected period, with the other two assumptions remaining unchanged. In absolute terms, the average annual EBIT considered in the forecast period, EUR 90,585 thousand, would need to be reduced by EUR 31,337 thousand, down 34.6%, to EUR 59,248 thousand in order to begin to record impairment.

The terminal year EBITDA margin would need to be reduced by 33.6% (15.7% in 2023) to 5.9% (7.7% in 2023), with all other assumptions remaining unchanged, to start generating impairment.

We do not consider sales as a key assumption because it would imply incorporating a very high volatility factor, given the nature of nickel, our main raw material. The value of this metal is quoted on international financial markets, such as the LME (London Metal Exchange), and historically and recurrently is subject to significant fluctuations not directly related to the actual supply and demand of this metal, with the stainless steel industry being its main source of consumption. In this sense, stainless steel manufacturers pass on the fluctuations of raw materials, especially nickel, using mechanisms such as the alloy surcharge. This mechanism is a component of the final price, calculated specifically with the nickel reference values on the LME.

In short, we have always considered the EBIT margin a key assumption as an indicator of the profitability obtained, beyond the level of sales, which is so heavily influenced by the fluctuations of our main raw material.

Columbus Stainless Pty. Ltd.

Columbus Stainless, Middelburg (South Africa), is the only integrated stainless-steel factory in Africa. It is the main supplier of both the domestic market and the various consumer areas of the continent, in which it is the leader. The Columbus factory, the most technologically advanced in the industry, is equipped with the most efficient machinery and has a considerable competitive advantage due to its location, not just for the distribution of finished goods but also because of its proximity to sources of commodities, particularly ferrochrome.

Columbus manufactures both flat stainless-steel and carbon steel products. In view of the complicated market situation in Europe and Asia, Columbus has also been manufacturing carbon steel for the local market since 2020. Columbus achieved a milestone with the manufacture of carbon steel using technology designed to produce stainless steel. After the closure of one of the local carbon melting shop production plants, part of this market was left unsupplied and had to be covered by imports. Columbus took advantage of this situation to win orders and serve this niche. In this way, the company was able to partially compensate the volatility of the stainless-steel market, reduce its dependence on exports and increase its melting shop production, thereby diluting fixed costs.

Columbus has gone from a turnover of approximately 30% in the local market, before incorporating carbon steel into its production, to 71% in 2024, rendering historical data, prior to that date, non-comparative.

With respect to the five-year budgets, the estimated sales and production volumes are based on current capacities using existing machines and equipment, and take into account the evolution of both future demand and prices, associated with its product mix and estimated and published by specialized magazines and independent industry experts. Management determines production costs by taking into account the current situation, the efficiency plans implemented and future price developments.

Production has exceeded the figures estimated in the 2024 budget at year-end. However, due to low demand, supply chain issues, difficulties in South African ports that have slowed certain deliveries, and import pressure, sales were slightly below budget. However, due to the strike at Acerinox Europa, Columbus has increased its exports to the European continent. In the local market, Columbus expects to double its carbon steel presence by 2029.

The low price levels in Europe have caused Columbus' results to remain slightly below the estimates made for 2024. Looking ahead, a market correction is expected in 2026, with prices returning to more reasonable levels in Europe, the main export market for Columbus. Market prices in Europe have been about 20% below the long-term average for the past 2 years. In the five-year budget, a full return to normal market conditions is not assumed, but a base price increase in Europe equivalent to half of the expected correction (10%) is considered, and only for 2026. Similarly, this year there has been a significant increase in imports of carbon steel into South Africa which drove prices to very low levels. Tariff measures are being discussed with the government so this situation is expected to be rectified in the short term, and the market consensus is that prices should increase at least 20%. However, the budget only considers a 10% increase in the price of carbon steel and only in 2026.

Demand estimates were based on SMR (Steel & Metals Market Research).

Other variables used in the budgeting process, such as exchange rates and commodity prices are tied to the most recent values recorded in the pertinent markets. The Group is confident that the flows to perpetuity will materialize, mainly in terms of its use of production capacity and margins. They were calculated using growth rates estimated on the basis of the expected long-term inflation rate.

The company's continuous improvement initiatives in line with the Group's excellence plans have boosted productivity and efficiency, leading to cost improvements. This has enabled Columbus to maintain a highly competitive cost structure.

The discount rates used are pre-tax values and reflect specific risks relating to the relevant segments. Other significant assumptions such as exchange rates and commodity prices are tied to the most recent values recorded in the pertinent markets.

The Group is confident that the flows to perpetuity will materialize, mainly in terms of its use of production capacity and margins. They were calculated using growth rates estimated on the basis of the expected long-term inflation rate.

The key assumptions used to calculate the value in use were as follows:

	2024	2023
Planned EBIT margin (*)	5.9%	5.7%
Weighted average growth rate (**)	4.4%	4.5%
Pre-tax discount rate (***)	17.2%	17.8%
After-tax discount rate (***)	13.5%	13.1%

(*) Five-year budgeted average EBIT margin. EBIT is defined as operating income and expressed as a margin or percentage of revenue.
(**) Rate used to extrapolate cash flows beyond the budgeted period.
(***) Discount rate: weighted average cost of capital (WACC).

The discount rate (WACC or weighted average cost of capital) was calculated on the basis of the interest rates of the South African sovereign debt (ten-year swap of the South African rand) and the main markets where it is active, and a capital structure, market risk premiums and ratios of similar companies. The reference currency in this connection was the South African rand, since all the cash flows are estimated in this currency.

With respect to the terminal value, adjustments were performed to obtain flows to perpetuity, depreciation and amortization were matched to the investments and changes in working capital were also calculated based on average amounts, deemed consistent in the long term, increased by the growth rate (g). The growth rate (g), like the discount rate, is estimated on the basis of the South African rand and calculated in accordance with the expected long-term inflation in that currency.

Other assumptions are the ZAR/EUR exchange rate (ZAR/EUR 19.90) and the price of raw materials (USD 15,500/t), which are established when drawing up the budget. Both are extrapolated and kept constant during the period of analysis.

Due to the uncertain environment clouding the markets in which Columbus operates, the Group analyzed the probability of occurrence of the key assumptions, adjusting the estimated budgets, as well as those of the terminal year, to normalized values that take into account the results obtained in the past, in addition to the company's new production mix. The residual value considered in the test represents 51% of the total recoverable amount (2023: 48%).

The impairment test performed at December 31, 2024 reflects an excess of the recoverable amount EUR 447,011 thousand (2023: EUR 353,379 thousand), over the carrying amount EUR 269,424 thousand (2023: EUR 271,962 thousand) of EUR 177,587 thousand (2023: EUR 81,417 thousand) and therefore no impairment was necessary.

However, a sensitivity analysis has been carried out, which concludes that the discount rate (WACC) would have to be increased by 55% (2023: 21.8%) to 20.9% (2023: 15.9%), and the perpetual growth rate (g) would have to be equal to zero to start generating impairment. The planned average EBIT margin would have to be reduced by 40.7% up to 3.5% (2023: 65.6% up to 2.0%) to start generating impairment.

As previously explained, we do not consider sales as a key assumption because it would imply incorporating a very high volatility factor, given the nature of nickel, our main raw material. The value of this metal is quoted on international financial markets, such as the LME (London Metal Exchange), and historically and recurrently is subject to significant fluctuations not directly related to the actual supply and demand of this metal, with the stainless steel industry being its main source of consumption. In this sense, stainless steel manufacturers pass on the fluctuations of raw materials, especially nickel, using mechanisms such as the alloy surcharge. This mechanism is a component of the final price, calculated specifically with the nickel reference values on the LME.

In short, we have always considered the EBIT margin a key assumption as an indicator of the profitability obtained, and not of the level of sales, which is so heavily influenced by the fluctuations of our main raw material.

Roldan, S.A.

Roldan is the eldest industrial facility of the Acerinox Group and one of the three manufacture plants for long product production. Roldan is located in Ponferrada (Leon, Spain) and produces angles, bars and wire rod in various types of steel and finishes. Part of its production is sent to Inoxfil, located in Igualada (Barcelona, Spain).

Roldan uses as commodity for the production of long products, the billet supplied by the Group's plant in Palmones, Acerinox Europa, S.A.U.

The long product manufactured in this plant is supplied to both the internal market and to international customers, and its stainless steels are present in some of the most iconic international projects.

Roldan was affected by the strike at the Acerinox Europa factory as it is the main supplier of the raw material that Roldan uses in its production of stainless steel long products.

Efforts have been made to mitigate the effects of the lack of supply by purchasing from the Group's US plant and also from third parties. Even so, this has not allowed them to reach their normal production capacity, which has forced them to make use of the furlough system at certain times.

Nevertheless, the expected sales volumes were not achieved, meaning that during the strike period the company was below the estimates made at the end of last year. However, this is a one-off situation caused by the Acerinox Europa strike and there is nothing to suggest that the conditions set out in the business plans for the future will not be maintained.

The five-year budget and key variables used follow the same guidelines stated for Acerinox Europa, duly contextualized in the stainless-steel long products market.

The recoverable amount of the assets was determined in accordance with their value in use.

To determine the value in use of the assets, the estimate of future cash flows that the entity expects to obtain from the assets and the discount rate, i.e. the weighted average cost of capital (WACC), were taken in account.

The key assumptions used in the value in use calculations are the same as those described for Acerinox Europa with the exception of the budgeted average EBIT margin which in the case of Roldan has been 4.3% (2023: 4.9%).

The terminal value represents 81% (2023: 58%) of the total recoverable amount. At terminal value, the EBIT margin considered is lower than the average of the explicit budgeting period.

The impairment test performed as of December 31, 2024 reveals an excess of the recoverable amount of EUR 61,810 thousand (2023: EUR 92,787 thousand) over the book value, EUR 40,340 thousand (2023: EUR 57,485 thousand) of EUR 21,470 thousand (2023: EUR 35,302 thousand), so that no impairment of the Company's assets is required.

However, a sensitivity analysis has been carried out, which concludes that the discount rate (WACC) would have to be increased by 27% (2023: 56.8%) to 11.7% (2023: 14.5%), and the perpetual growth rate (g) would have to be equal to zero to start generating impairment. The planned average EBIT margin would have to be reduced by 23% up to 3.3% (2023: 33.5% up to 3.2%) to start generating impairment.

Inoxfil, S.A.

Inoxfil, S.A. is one of the Group's two long product plants in Spain and engages in the manufacture of stainless-steel wire. Located in Igualada (Barcelona, Spain), this company is 100% owned by the Group company Roldan, S.A. Inoxfil receives wire rod mainly from Roldan, but also from other third-party suppliers, which is used as commodity to complete its production process and obtain wire. This is therefore the final production link in a network starting when Roldan receives the billet from Acerinox Europa, this being the only Group plant with a melting shop in Spain.

The long product manufactured by this plant is supplied both to the domestic market and to international customers.

Inoxfil was affected by the strike at the Acerinox Europa factory, since it is the main supplier of the raw material that Roldan uses in its production of long stainless steel products and, in turn, supplies most of the wire rod that Inoxfil uses in its production of wire.

Efforts have been made to mitigate the effects of the lack of supply by purchasing from the Group's US plant and also from third parties. Even so, this has not allowed them to reach their normal production capacity, which has forced them to make use of the furlough system at certain times.

Nevertheless, the expected sales volumes were not achieved, meaning that during the strike period the company was below the estimates made at the end of last year. However, this is a one-off situation caused by the Acerinox Europa strike and there is nothing to suggest that the conditions set out in the business plans for the future will not be maintained.

The five-year budget and key variables used follow the same guidelines stated for Acerinox Europa, duly contextualized in the stainless-steel long products market.

The recoverable amount of the assets was determined in accordance with their value in use.

To determine the value in use of the assets, the estimate of future cash flows that the entity expects to obtain from the assets and the discount rate, i.e. the weighted average cost of capital (WACC), were taken in account.

As in the case of Roldan, the key assumptions used in the value in use calculations are the same as those described for Acerinox Europa with the exception of the budgeted average EBIT margin which in the case of Inoxfil was 3.7% (2023: 5.3%).

The terminal value represents 57% (2023: 54%) of the total recoverable amount. At terminal value, the EBIT margin considered is lower than the average of the explicit budgeting period.

The impairment test performed as of December 31, 2024 reveals an excess of the recoverable amount of EUR 17,770 thousand (2023: EUR 16,278 thousand) over the book value, EUR 6,272 thousand (2023: EUR 11,063 thousand) of EUR 11,498 thousand (2023: EUR 5,215 thousand), so that no impairment of the Company's assets is required.

However, a sensitivity analysis has been carried out, which concludes that the discount rate (WACC) would have to be increased by 2.5 times (2023: 52.4%) to 32% (2023: 14.1%), and the perpetual growth rate (g) would have to be equal to zero to start generating impairment. The planned average EBIT margin would have to be reduced by 83% up to 0.6% (2023: 31.2% up to 3.6%) to start generating impairment.

Impairment analyses conducted in 2023

There were signs of impairment in the Group's factories in Malaysia, Bahru Stainless, in Columbus, the Group's factory in South Africa, and in Spain, both in Acerinox Europa and in Roldan and Inoxfil.

In 2023, the independent expert's valuation of Bahru resulted in zero value, so the Group had impaired all assets, including intangible assets and property, plant, and equipment, except for land and the residual value of machinery. The impairment recognized reached EUR 156,207 thousand.

In the case of Columbus, Acerinox Europa, Roldan and Inoxfil, the impairment tests performed at December 31, 2023 revealed an excess of the recoverable value over the carrying amount. Consequently, no impairment was recorded.

NOTE 10 – INVESTMENT PROPERTY

"Investment property" includes Group-owned land and buildings not occupied by the Group which are held to earn returns, either through rental or through capital appreciation and subsequent disposal of them.

At the end of 2024, the Group has included in this category an industrial building in Italy that is currently leased to third parties. In addition, during the year, the land of the Bahru Company transferred to the Cabaran Dunia Company and which is available for sale was transferred to investment property.

In 2023, the Group classified only the industrial building in Italy as investment property.

The detail of the changes in investment property in 2024 and 2023 is as follows:

(Amounts in thousands of euros)

COST	2024	2023
Opening balance	**12,700**	**12,700**
Transfers	22,646	0
Balance as of December 31	**35,346**	**12,700**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSS	**2024**	**2023**
Opening balance	3,032	2,784
Allocation	247	248
Balance as of December 31	**3,279**	**3,032**
NET VALUE	**2024**	**2023**
Cost at December 31	35,346	12,700
Accumulated amortization and impairment losses	-3,279	-3,032
Carrying amount as of December 31	**32,067**	**9,668**

Total income from the lease of warehouses amounted to EUR 353 thousand in 2024 (2023: EUR 351 thousand). The associated operating expenses, including repair and maintenance expenses, have fallen to EUR 59 thousand (2023: EUR 101 thousand).

The market value of all the investment property exceeded the carrying amount thereof and amounted to EUR 11,695 thousand at December 31, 2024 (2023: EUR 11,706 thousand). This valuation takes into account observable market variables such as offers and prices per square meter of premises available in the geographical area of the Group's investment property and, therefore, the determination of fair value is classified within the LEVEL 2 hierarchy in accordance with the policy established in **Note 2.12.5** For the land in Malaysia, the Group has requested an independent expert valuation this year.

NOTE 11 – RIGHT-OF-USE ASSETS (LEASES)

The detail of the right-of use assets, measured in accordance with the present value of future lease payments, and of the changes therein this financial year is as follows:

(Amounts in thousands of euros)

COST	Land and buildings	Plant and machinery	Other items of property, plant and equipment	TOTAL
Balance as of December 31, 2022	**10,567**	**10,278**	**8,466**	**29,311**
Additions	4,261	3,125	1,923	9,309
Revaluations				0
Transfers	-2		-815	-817
Disposals	-97	-4,260	-945	-5,302
Translation differences	-74	4	-196	-266
Balance as of December 31, 2023	**14,655**	**9,147**	**8,433**	**32,235**
Business combinations	9,405		1,049	10,454
Additions	591		3,086	3,677
Revaluations			646	646
Transfers			-583	-583
Disposals	-1,232	-871	-1,193	-3,296
Translation differences	41	7	264	312
Balance as of December 31, 2024	**23,460**	**8,283**	**11,702**	**43,445**

ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSS	Land and buildings	Plant and machinery	Other items of property, plant and equipment	TOTAL
Balance as of December 31, 2022	**4,215**	**5,518**	**3,371**	**13,104**
Allocation	1,873	2,145	2,128	6,146
Transfers		28	-553	-525
Disposals	-96	-4,260	-838	-5,194
Translation differences	-62	1	-86	-147
Balance as of December 31, 2023	**5,930**	**3,432**	**4,022**	**13,384**
Business combinations	3,726			3,726
Allocation	2,841	1,379	2,760	6,980
Disposals	-1,228	-871	-1,292	-3,391
Translation differences	17	2	185	204
Balance as of December 31, 2024	**11,286**	**3,942**	**5,675**	**20,903**

NET VALUE	Land and buildings	Plant and machinery	Other items of property, plant and equipment	TOTAL
Cost as of December 31, 2022	10,567	10,278	8,466	29,311
Accumulated amortization and impairment losses	-4,215	-5,518	-3,371	-13,104
Carrying amount as of December 31, 2022	**6,352**	**4,760**	**5,095**	**16,207**
Cost as of December 31, 2023	14,655	9,147	8,433	32,235
Accumulated amortization and impairment losses	-5,930	-3,432	-4,022	-13,384
Carrying amount as of December 31, 2023	**8,725**	**5,715**	**4,411**	**18,851**
Cost as of December 31, 2024	23,460	8,283	11,702	43,445
Accumulated amortization and impairment losses	-11,286	-3,942	-5,675	-20,903
Carrying amount as of December 31, 2024	**12,174**	**4,341**	**6,027**	**22,542**

The borrowing costs on the lease liabilities recognized by the Group at December 31, 2024 amounted to EUR 543 thousand (2023: EUR 508 thousand). The interest rate used is the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the former is not practicable to determine.

The business combinations line includes the amount of the rights of use of Haynes, which recently joined the Group.

Lease expenses for low value assets, short-term leases or contracts that do not qualify as leases in accordance with IFRS 16 and which are shown as "operating expenses" in the income statement amount to EUR 16,703 thousand (2023: EUR 18,097 thousand).

The term of the Group's lease agreements and the amount of the payments remaining as of December 31, 2024 are as follows:

(Amounts in thousands of euros)

	2024	2023
	Amount of future payments	Amount of future payments
Up to 1 year	4,827	4,367
1-5 years	10,182	10,181
5-10 years	1,684	2,660
More than 10 years	1,186	1,615
TOTAL	**17,879**	**18,823**

Of the total amount of future lease payments, EUR 4,827 thousand correspond to the short term and EUR 13,052 thousand to the long term (2023: EUR 4,367 thousand corresponding to the short term and EUR 14,456 thousand to the long term).

The amount of the leases exceeding ten years relates mainly to a plot of land that the Group company Inoxcenter, S.L.U. has leased to the consortium of the Barcelona free trade zone, on which the Group has constructed an industrial building owned by it.

At December 31, 2024, the balance of the lease liabilities was EUR 17,879 thousand, most of which were recognized under "other non-current financial liabilities" (2023: EUR 18,823 thousand).

NOTE 12 – INVENTORIES

The detail of "inventories" in the consolidated statement of financial position as at December 31 is as follows:

(Amounts in thousands of euros)

	2024	2023
Commodities and other supplies	471,374	439,205
Products in process	778,365	673,544
Finished products	672,023	582,896
By-products, waste and recoverable materials	139,798	164,890
TOTAL	**2,061,560**	**1,860,535**

The increase in inventories is mainly due to Haynes joining the Group.

"Commodities and other supplies" includes EUR 56,313 thousand relating to the measurement of the emission allowances held by the Group at 2024 year-end (2023: EUR 54,736 thousand).

The changes in finished goods and work in progress in the year, according to the consolidated statements of financial position as at December 31, 2024 and 2023, shown above, differ from the figures recognized in the respective consolidated statements of profit or loss as a result of translation differences. Due to the acquisition of Haynes, this year the Group also includes the inventories of the aforementioned Group amounting at year-end to EUR 347,184 thousand.

The cost of goods sold was calculated in accordance with the policy defined in Note 2.13 and amounted to EUR 4,713 million in 2024 (2023: EUR 5,704 million).

At the close of 2024, the Group recognized an adjustment of EUR 57,485 thousand in order to measure its inventories at net realizable value where this was lower than cost. An adjustment of EUR 64,630 thousand was recognized in 2023.

Obligations and commitments

At December 31, 2024, the Consolidated Group had commitments to purchase commodities amounting to EUR 316,986 thousand (2023: EUR 240,579 thousand). At the same date, there are no firm sales commitments, but there are formalized orders, for which the Group anticipates no circumstances that would prevent their delivery within the agreed deadlines.

The Group does not have any inventories with a cycle exceeding one year and, therefore, no borrowing costs were capitalized in this connection.

The Group companies have taken out several insurance policies to cover the risks to which their inventories are subject. It is considered that these policies sufficiently cover such risks.

12.1 Emission allowances

The Group recognizes emission allowances as inventories.

On July 13, 2021, an agreement was approved determining the final free allocation of greenhouse gas emission allowances to Spanish entities subject to the allowance trading system for the period 2021-2025. Phase IV of the European Union Emissions Trading Scheme covers the years 2021-2030 and is divided into two allocation periods 2021-2025 and 2026-2030.

The yearly distribution of the allowances allocated to the Spanish Group companies is detailed below:

2021	2022	2023	2024	2025
195,244	195,244	195,244	195,244	195,244

The VDM Metals Group entity also holds CO2 emission allowances. The allocations obtained by VDM free of charge fall short of the plants' requirements, and it is therefore necessary to acquire allowances on the market. The Company recognizes the allowances acquired at acquisition cost and for no consideration under "grants". The Group systematically monitor price changes and take advantage of opportunities to meet its consumption needs. This year, 47,178 allowances, and 31,324 allowances have been allocated free of charge. VDM currently has sufficient allowances to cover its 2025 needs.

The changes in emission allowances in 2024 and 2023 were as follows:

	Number of allowances	Value (in thousands of euros)
Balance at December 31, 2022	**1,183,005**	**44,233**
Allocation for the year	224,756	18,680
Acquisitions	72,806	4,824
Sale	-290	-6
Disposals	-305,135	-12,995
Balance at December 31, 2023	**1,175,142**	**54,736**
Allocation for the year	182,970	15,034
Acquisitions	47,178	2,778
Sale	-724	-22
Disposals	-291,772	-16,214
Balance at December 31, 2024	**1,112,794**	**56,313**

As shown in the table, the Group has sufficient surplus rights to cover its long-term needs, so no provision needs to be recorded.

214,337 CO2 emission allowances were used in 2024. These will be surrendered to the public authorities in 2025 (2023: 288,930 allowances surrendered in 2024). The Group has not sold its surplus allowances.

The expense for the year in respect of CO_2 emissions totaled EUR 11,979 thousand in 2024 (2023: EUR 14,264 thousand) and is included under "other operating expenses". This expense is equal to the value allocated to the allowances used in the year, which is the market value of these allowances when allocated.

Disposals for the year related to CO_2 emission allowances used in the previous year audited and approved by an independent expert.

Greenhouse gas emissions are verified each year by an ISO 14064-accredited external body. In addition, both Acerinox Europa and VDM are included in the EU Emissions Trading System (EU ETS).

This year the average price of CO_2 allowances has remained at levels of EUR 65/allowance below the EUR 85/allowance average of 2023. As described in the accounting policy of **Note 2.13.1** any increase in the prices of allowances whose allocation has been made for free will be offset by a grant income and will therefore not affect the Group's income statement.

The Group does not trade in CO_2 emission allowances; it merely acquires the required for internal use, as necessary. The Group does not hold any futures contracts for the acquisition of emission allowances.

There are no significant contingencies for emission-related fines.

NOTE 13 – FINANCIAL INSTRUMENTS

13.1 General considerations

A financial instrument is a contract that gives rise to a financial asset at one company and, simultaneously, a financial liability or an equity instrument at another. The Group recognizes a financial instrument in its consolidated statement of financial position when it becomes party to the contract or legal transaction.

13.2 Categories of financial assets and liabilities

At year-end the Group's financial assets were as follows:

(Amounts in thousands of euros)

Class	Long-term financial instruments						Short-term financial instruments					
	Equity instruments		Debt securities		Loans, derivatives and other		Equity instruments		Debt securities		Loans, derivatives and other	
Category	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Loans and receivables					8,574	5,221					692,592	632,610
Held-to-maturity investments												
Equity instruments:												
- Valued at fair value through other comprehensive income												
- Valued at cost	413	381										
Assets at fair value through profit or loss					13	10					9,811	4,351
Hedging derivatives					4,498	9,000					7,996	16,995
TOTAL	**413**	**381**	**0**	**0**	**13,085**	**14,231**	**0**	**0**	**0**	**0**	**710,399**	**653,956**

At year-end the Group's financial liabilities were as follows:

(Amounts in thousands of euros)

Class	Long-term financial instruments						Short-term financial instruments					
	Bank borrowings		Bonds and other marketable securities		Derivatives and others		Bank borrowings		Bonds and other marketable securities		Derivatives and others	
Category	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Financial liabilities at depreciated cost	1,464,314	1,291,155			21,454	18,284	918,737	767,147		76,584	894,519	1,028,386
Liabilities at fair value through profit or loss					71	206					4,292	6,857
Hedging derivatives					2,008	1,309					12,835	10,872
TOTAL	**1,464,314**	**1,291,155**	**0**	**0**	**23,533**	**19,799**	**918,737**	**767,147**	**0**	**76,584**	**911,646**	**1,046,115**

13.2.1 Financial assets at depreciated cost and other receivables

The detail of the financial assets measured at depreciated cost and other receivables at December 31 is as follows:

(Amounts in thousands of euros)

	2024	2023
Customers	550,715	560,002
Debts with personnel	2,420	1,624
Public Administrations	24,821	17,190
Other debtors	14,081	29,426
Accruals and deferrals	31,362	22,139
Deposits and bonds	273	69
Other financial assets	73,212	6,267
Write-downs of uncollectible debts	-4,292	-4,107
TOTAL	**692,592**	**632,610**

The amount recognized as tax receivables from Public Administrations relates mainly to VAT liquidations.

The amount included in other financial assets corresponds to a guarantee issued by a bank, covering 80% of the agreed sale price of Bahru Stainless. This is an account receivable guaranteed by a bank enforceable on first demand.

As explained in the accounting policies, the Group measures accounts receivable at their transaction price, provided that they do not have a significant financial component, they are expected to be received in the short-term and the effect of not discounting the cash flows is not material. The Group does not have any non-current balances receivable.

Write-downs of uncollectible debts relate in full to trade receivables. The changes therein were as follows:

(Amounts in thousands of euros)

	2024	2023
Opening balance	**4,107**	**4,868**
Allocation	553	543
Application	-42	-706
Reversion	-961	-533
Translation differences	27	-65
Balance as of December 31	**4,292**	**4,107**

Changes in the balance of valuation adjustments are included under “other operating expenses” on the statement of profit and loss.

No interest was earned on impaired financial assets in 2024 or 2023.

No valuation adjustments were recognized for uncollectible receivables from related parties in 2024 or 2023.

At December 31, 2024, certain Group companies had receivables amounting to EUR 240,463 thousand factored on a non-recourse basis to banks in exchange for cash (2023: EUR 297,025 thousand). The factored amounts were derecognized as they met the conditions specified in IFRS 9 regarding the transfer of risks and rewards.

Note 13.2.3 includes a detail of the Group’s factoring lines.

13.2.2 Trade and other payables

The detail of "trade and other payables" in the consolidated statements of financial position as at December 31, 2024 and 2023 is as follows:

(Amounts in thousands of euros)

	2024	2023
Suppliers and creditors for services rendered	671,711	794,921
Debts with personnel	74,085	73,868
Suppliers of fixed assets	23,677	19,794
Taxes and Social Security	30,183	34,646
Other creditors	7,209	7,462
Current provisions	10,361	20,427
TOTAL	**817,226**	**951,118**

Most of the amount included under tax and social security payables relates to amounts payable for VAT liquidations and personal income tax withholdings. EUR 4,585 thousand relate to social security payables (2023: EUR 4,565 thousand).

As with customers, the decrease in suppliers and service creditors is mainly due to lower activity this year, lower commodity prices and lower payment terms for suppliers.

With regard to the average payment period, as established in Law 18/2022 of September 29 on the establishment and growth of companies the Group breaks down below the average payment period for suppliers, the volume of money and the number of invoices paid in a period lower than the maximum established in the regulations on late payments, as well as the percentage of these invoices in the total number of invoices and in the total amount of money paid to their suppliers for the Group's Spanish companies included in the scope of consolidation.

The following table includes the average payment period to domestic and foreign suppliers of the Spanish companies that form part of the Acerinox Group, after deducting payments made to Group companies:

Including only suppliers outside the Group	2024	2023
	Days	**Days**
Average supplier payment period	67 days	64 days
Ration of operations settled	66 days	62 days
Ratio of transactions pending payment	72 days	81 days
	Amount	**Amount**
Total payments made	1,108,598	2,363,976
Total outstanding payments	140,333	189,493

The information provided includes all suppliers (both domestic and foreign) of the Group's Spanish companies. If we consider only domestic suppliers, since this is a Law applicable in Spain, the average payment period is reduced by 3 days as detailed below:

Domestic only	2024	2023
	Days	**Days**
Average supplier payment period	64 days	57 days
Ration of operations settled	64 days	55 days
Ratio of transactions pending payment	63 days	77 days
	Amount	**Amount**
Total payments made	642,355	1,235,767
Total outstanding payments	83,725	108,716

This year's figures were affected by the strike at Acerinox Europa, which led to the closure of the plant for 5 months, making it impossible to manage invoices and payments in a timely manner. With the exception of Acerinox Europa, the rest of the Group's Spanish companies all comply with the established payment periods of 60 days.

Details of the volume and number of invoices paid are as follows:

	2023	2023
a) Monetary volume of invoices paid within a period equal to or less than the maximum established in the regulations on late payment	467,243	1,114,046
Percentage share of total number of invoices of payments to its suppliers	42 %	47 %
b) Number of invoices paid within a period equal to or less than the maximum period established in the late payment regulations	21,395	23,427
Percentage share of total monetary payments to its suppliers	38 %	41 %

The table includes, the same as above, the payments made to any supplier, whether domestic or foreign, and excludes Group companies.

13.2.3 Bank borrowings and bonds issued

The detail of the financial debt line items in the consolidated statements of financial position as at December 31, 2024 and 2023, including both loans and bonds issued by the Group in the year, is as follows:

(Amounts in thousands of euros)

	Non-current		Current	
	2024	2023	2024	2023
Bonds issued		0	0	76,584
Loans from credit institutions	1,464,314	1,291,156	918,737	767,147
Total non-current debt	**1,464,314**	**1,291,156**	**918,737**	**843,731**

The private placement issued in July 2014 and in which Deutsche Bank AG, London Branch acted as underwriter, in the amount of EUR 75 million, with a term of 10 years matured in July 2024, the date on which it has also been redeemed.

The detail of the maturity of the outstanding debt at December 31, 2024 was as follows:

(Amounts in thousands of euros)

	2025	2026	2027	2028	2029 and thereafter	TOTAL
Financial debts	918,737	389,419	445,587	353,737	275,571	**2,383,051**
Total financial debt	**918,737**	**389,419**	**445,587**	**353,737**	**275,571**	**2,383,051**

The 2023 figures were as follows:

(Amounts in thousands of euros)

	2024	2025	2026	2027	2028 and thereafter	TOTAL
Financial debts	843,731	521,323	400,771	260,587	108,475	**2,134,887**
Total financial debt	**843,731**	**521,323**	**400,771**	**260,587**	**108,475**	**2,134,887**

The breakdown of the debt by currency is as follows:

(Amounts in thousands of euros)

	Non-current payables		Current liabilities	
	2024	2023	2024	2023
EUR	1,464,314	1,291,156	775,349	625,054
USD			21,809	122,448
ZAR			121,579	96,229
TOTAL	**1,464,314**	**1,291,156**	**918,737**	**843,731**

The outstanding debt of Haynes at the acquisition date, amounting to EUR 115,073 thousand, was cancelled at the time of purchase through an intercompany loan granted by North American Stainless and therefore the company has no bank debt at the closing date of these accounts.

The breakdown of the debt by interest rate is as follows:

(Amounts in thousands of euros)

	Non-current payables		Current liabilities	
	2024	2023	2024	2023
Fixed	493,582	483,753	94,771	181,771
Variable	970,732	807,403	823,966	661,960
TOTAL	**1,464,314**	**1,291,156**	**918,737**	**843,731**

Fixed-rate debt solely includes borrowings originally arranged at fixed rates and does not include borrowings for which interest rates have been fixed by arranging derivatives.

There are swap contracts to hedge the interest rate for EUR 646 million of the variable rate debt (Note 13.2.6).

The fair value of fixed interest rate loans was EUR 588,353 thousand at December 31, 2024, and their book value was EUR 578,664 thousand. The fair value of these borrowings at December 31, 2023 amounted to EUR 650,865 thousand (book value of EUR 665,524 thousand).

For the determination of fair value, the Group has taken into account observable market variables such as interest rate curves, the term of the loans, etc., so the determination of fair value is classified within the LEVEL 2 hierarchy in accordance with the policy established in **Note 2.12.5**.

The interest rates of the floating interest rate loans are reviewed at least once a year.

The weighted average cost of the financing instruments in euros (including interest rate hedges) at the end of 2024 was 2.83% for a total of EUR 2,240 million, 5.66% for USD 22.7 million of financing and 10.35% for ZAR 2,385 million of financing. In 2023, the cost of the loans (including the interest rate hedges) in euros was 2.77% for an amount of EUR 1,916 million, 7.37% for USD 135.3 million and 11% for ZAR 1,976 million of financing.

At December 31, 2024, accrued interest payable on loans amounted to EUR 11,421 thousand (2023: EUR 11,081 thousand). In addition, there is no longer any accrued and unpaid interest on the bonds issued as they have been redeemed this year (2023: EUR 1,634 thousand).

The total borrowing costs calculated using the effective interest rate on long-term loans at depreciated cost amounted to EUR 1,011 thousand (2023: EUR 871 thousand).

At December 31, 2024, the Acerinox Group had arranged bank financing facilities and private placements amounting to EUR 3,049 million (December 31, 2023: EUR 2,807 million), in addition to approved non-recourse factoring facilities amounting to EUR 530 million (December 31, 2023: EUR 530 million). The amount drawn down on financing facilities at December 31, 2024 amounted to EUR 2,383 million (December 31, 2023: EUR 2,135 million) and 240 million on factoring facilities (December 31, 2023: 297 million).

Some Group companies have different contracts with various financial institutions for the management of payments to suppliers in both euros and dollars. Trade payables payment of which is managed by the banks are recognized under "trade and other payables" until the related obligation is settled or canceled or expires. The Group uses these contracts as a means of payment and our banks can offer the Group's suppliers the possibility of financing through these contracts, without extending debt maturity. As far as the Acerinox Group is concerned, invoices are paid when they fall due. Therefore, reverse factoring is not a financing instrument because the payment conditions do not vary and are the same as those explained in **Note 13.2.2**.

As of December 31, 2024, the payment of more than 30% of the total figure for "suppliers and service payables" was being managed through these contracts, amounting to around EUR 210 million throughout the Group. According to the financial institutions, of the total amount of "suppliers and payables for services rendered" that were managed through reverse factoring, almost 80% was advanced by the suppliers, amounting to approximately EUR 160 million.

As for the average payment period range, Acerinox Group invoices are paid when due.

The payment term of suppliers and creditors for services rendered that are managed through reverse factoring coincides with that of those not subject to this agreement.

Main financing transactions undertaken in the year

The most significant financing transactions this year were as follows:

- Signing of two long-term fixed interest rate loans for a total amount of EUR 195 million with: EUR 150 million with Banco Sabadell and EUR 45 million with Ibercaja.

- Signing of seven long-term floating rate loans for a total amount of EUR 365 million with: Kutxabank (one of EUR 105 million, of which there are EUR 20 million undrawn at year-end and another of EUR 20 million); Cajamar (EUR 70 million); Caixabank (EUR 50 million, total amount undrawn at year-end); Intesa Sanpaolo (EUR 50 million); Bankinter (EUR 45 million) and Abanca (EUR 25 million).

- Signing of three long-term floating rate loans hedged with interest rate derivatives for a total amount of EUR 245 million: two loans with BBVA for a total amount of EUR 170 million and one loan with Caixabank for a total amount of EUR 75 million.

- In order to ensure continued Group liquidity, the following short-term transactions were carried out:
  - Renewal of eleven credit facilities for a total amount of EUR 480 million.
  - Renewal of six credit facilities in US dollars for a total amount of USD 135 million
  - Signing of a USD 20 million credit facility for Bahru Stainless with Caixabank (at the end of December, this policy had expired).

- Renewal of the one-year floating rate loan signed by Acerinox Europa with BBVA for a total amount of EUR 50 million.

- Signing of a variable interest rate loan by VDM for a total amount of EUR 40 million with Intesa Sanpaolo. At year-end, the loan was undrawn

- In addition, VDM has extended the maturity of two bilateral financing facilities for an additional year until 2025 with Deutsche Bank and Helaba for a total maximum amount of EUR 80 million.

Regarding debt renegotiations, the Group assessed the significance of the variations made to determine whether they were substantially different, in accordance with the criteria established in the accounting policy defined in Note 2.12.3, and, where appropriate, determine whether to recognize the effects of certain of the new agreements as an extinguishment and the simultaneous recognition of a new loan. No debt refinancing took place during this year or 2023.

The most noteworthy financing transactions in 2023 were as follows:

- Signing of the Syndicated Factoring contract in Spain between several subsidiaries of the Acerinox Group, including, for the first time, VDM Metals International as the new transferor, and Unicaja as the new transferee from among the existing ones (Abanca, BBVA, Banca March, Banco Sabadell, Bankinter, Banque Marocaine du Commerce Extérieur International, Caixabank and Santander Factoring and Confirming) for a total amount of EUR 380 million until 2025. The agent and structuring agent for the transaction continues to be Santander Factoring and Confirming

- In August 2023, the “Borrowing Base Facility” contract of Columbus Stainless Pty Ltd. in South Africa was restructured and extended for ZAR 3,500 million. This deal, originally signed in April 2015 and renewed in 2017 for a further two and a half years, and in 2019 for a further three and a half years, has been extended to 2027, including some variations to its structure to provide Columbus with greater flexibility. Participating entities include Deutsche Bank AG, Johannesburg Branch, Bankinter S.A., Banco Bilbao Vizcaya Argentaria S.A., FirstRand Bank Limited, Banco Santander S.A., Banco de Sabadell S.A. London Branch, Caixabank S.A., Investec Bank Limited, Nedbank Limited and HSBC Bank Plc Johannesburg. The agent and Co-ordinating Mandated Lead Arranger for the transaction continues to be Deutsche Bank AG, Amsterdam Branch

- In order to ensure continued Group liquidity, credit facilities were renewed in both euros (EUR 301 million) and dollars (USD 135 million)

- Signing of four new long-term floating rate loans in Spain for a total amount of EUR 105 million with: Kutxabank (EUR 15 million), Intesa Sanpaolo (EUR 65 million), Caja rural del Sur (EUR 10 million) and Banca March (EUR 15 million)

- In addition, Acerinox Europa has signed a one-year floating interest rate loan with BBVA for EUR 50 million

- VDM has extended the maturity of five bilateral financing facilities for an additional year until 2025 with HSBC, Unicredit, BBVA, Santander and Caixabank for a total maximum amount of EUR 210 million. In addition, it has extended the long-term loan contracted with Intesa Sanpaolo in the amount of EUR 30 million until the end of 2024.

- Increase in Bahru's short-term financing facilities (credit facilities and revolving credit facilities) to a maximum of USD 145 million.

The Acerinox Group has satisfactorily met the repayment schedules for its borrowings.

The detail of the changes in non-current loans, not including bond issues, is as follows:

(Amounts in thousands of euros)

	Non-current payables		Current liabilities	
	2024	2023	2024	2023
Opening balance	**1,291,156**	**1,319,182**	**767,147**	**592,858**
Business combination	110,764		2	
Additions	775,080	138,203	234,624	250,993
Debt repayment	-202,609	-16,214	-607,039	-224,839
Interest at depreciated cost	1,011	871	1,351	4,998
Short-term transfers	-511,514	-152,923	511,514	152,923
Transfers of other financial liabilities	426	2,037		
Translation differences and others			11,138	-9,786
Balance as of December 31	**1,464,314**	**1,291,156**	**918,737**	**767,147**

The reconciliation of the changes in non-current and current borrowings to the consolidated statement of cash flows is as follows:

- The detail of income from borrowings recognized in the consolidated statement of cash flows is as follows:

(Amounts in thousands of euros)

	2024	2023
Capital grants	102	328
Long-term bank borrowings	775,080	138,203
Short-term bank borrowings	234,624	250,993
Other debts (capital leases)	848	3,163
Total income from borrowed funds	**1,010,654**	**392,687**

- The breakdown of the debt repayments recognized in the consolidated statement of cash flows is as follows:

(Amounts in thousands of euros)

	2024	2023
Obligations	-75,000	
Long-term bank borrowings	-202,609	-16,214
Short-term bank borrowings	-607,039	-224,839
Other debts (capital leases)	-6,488	-5,554
Total repayment of interest-bearing liabilities	**-891,136**	**-246,607**

Non-current borrowings subject to achievement of ratios

Currently, no loan agreement entered into by the Acerinox Group contains covenants linked to ratios that take into account the Group's results.

Below is a detailed breakdown of loans tied to financial covenants by Group company:

a) **Acerinox, S.A.:**

The two loans signed in 2024 with Caixabank in the amount of EUR 75 million and EUR 50 million; the loan novated in the first half of 2022 with Caixabank in the amount of EUR 260 million together with the two loans signed with BBVA and ICO in the amount of EUR 80 million each in the first half of 2020 for the acquisition of VDM are conditional upon compliance with the financial ratio of Net Financial Debt to Shareholders' Equity at the Consolidated level at the end of the year.

In addition to these five loans, there are three other financing contracts conditional on compliance with covenants also referring to the maintenance of minimum levels of own funds at consolidated level as well as the net financial debt to equity ratio. The loan arranged in March, 2017 and novated in December, 2021 with Banca March for EUR 50 million and assigned to a Securitization Fund upon arrangement, the loan arranged with the European Investment Bank ("EIB") in December, 2017 for EUR 70 million and the loan arranged in March, 2018 with the Instituto de Crédito Oficial ("ICO") for EUR 100 million. This type of covenant is standard market practice in financing with these maturities, as the loan arranged with Banca March had an initial term of seven years, the EIB loan of ten years and the ICO loan of eight years.

b) **Columbus Stainless (PTY) LTD:**

Additionally, the Group company Columbus Stainless has structured financing (a Borrowing Base Facility) which is also subject to the achievement of a covenant relating to the maintenance of minimum equity levels at that Company. This financing facility is recognized under "bank borrowings" in the consolidated statement of financial position at the amount drawn down. At December 31, 2024, the amount drawn down from this financing amounts to ZAR 2,235 million (around EUR 115 million at the exchange rate of December 31, 2024). At 2023 year-end, ZAR 1,976 million had been drawn down from this credit facility.

c) **VDM Group:**

Finally, it should be noted that the eight bilateral financing facilities signed by VDM (both the long-term loan with IKB and the seven financing lines signed with HSBC, Banco Santander, Caixabank, Deutsche Bank, Helaba, Unicredit and BBVA) are subject to the maintenance of minimum equity ratios and a ratio of net financial debt to working capital.

At 2024 year-end (as in 2023), Acerinox S.A., Columbus Stainless (PTY) Ltd. and the VDM Group had achieved all the covenants required under the aforementioned agreements.

13.2.4 Fair value measurement

As set out in the accounting policies, the Group measures derivative financial instruments at fair value.

Financial instruments recognized at fair value are classified, based on the valuation inputs, in the following hierarchies:/

LEVEL 1: quoted prices in active markets
LEVEL 2: observable market variables other than quoted prices
LEVEL 3: variables not observable in the market

The Group's position at December 31, 2024 and 2023 was as follows:

(Amounts in thousands of euros)

	2024			2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial derivatives (assets)		22,318			30,356	
TOTAL	**0**	**22,318**	**0**	**0**	**30,356**	**0**
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial derivatives (liabilities)		19,206			19,244	
TOTAL	**0**	**19,206**	**0**	**0**	**19,244**	**0**

No financial assets or financial liabilities measured at fair value were transferred between levels.

In the case of Level 2 financial instruments, the Group uses generally accepted valuation techniques that take into account spot and future exchange rates at the measurement date, forward interest rates, interest rate spreads and credit risk of both the Group and its counterparty, i.e. the financial institutions with which it operates. In determining the fair values of commodity future contracts quoted on the LME (London Metal Exchange), the Group takes into account the difference between the future prices quoted on the LME for the commodity at the contracted maturity date and the future price set in each contract.

13.2.5 Financial assets at fair value through other comprehensive income

This section includes the shares that the Group does not intend to sell and that it had designated in this category on initial recognition.

The value of financial assets at fair value through other comprehensive income at year-end amounted to EUR 413 thousand (December 31, 2023: EUR 381 thousand).

The Group has classified in this category its 8.48% minority shareholding in the company Fortia Energía, S.L., whose corporate purpose is the acquisition of electricity on behalf of its shareholders. This investment enables the Group's Spanish factories to obtain more competitive electricity prices. The investment is measured at acquisition cost, as there are insufficient data to measure it at fair value. The Group has no control over this entity. The acquisition cost of the investment was EUR 276 thousand. The Group does not consider that there are any indications of impairment in this connection.

This category also includes the investment of EUR 98 thousand made by Columbus, Pty. Ltd in the entity Nimawize Pty Ltd. Columbus acquired a 20% stake in 2020 in compliance with the requirements of the Broad-Based Black Economic Empowerment (B-BBEE Act 53 of 2023). Columbus does not exercise any control over this entity.

13.2.6 Derivative financial instruments

As detailed in Note 5, in relation to market risk, the Group is essentially exposed to the following three types of risk in the course of its business activities: foreign currency risk, interest rate risk and commodity price risk. The Group uses derivative financial instruments to hedge its exposure to certain risks.

The Group classifies derivative financial instruments that do not qualify for hedge accounting in the category of assets and liabilities measured at fair value through profit or loss. Those that qualify as hedging instruments are classified as hedging derivatives and are accounted for by applying the accounting policy defined in Note 2.12.4.

At year-end, the Haynes Group has not contracted any derivatives.

The detail of the derivative financial instruments, classified by category, is as follows:

(Amounts in thousands of euros)

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Hedging derivatives	12,494	14,843	25,995	12,181
Derivatives at fair value through profit or loss	9,824	4,363	4,361	7,063
TOTAL	**22,318**	**19,206**	**30,356**	**19,244**

The following table provides a breakdown of the Group's derivative financial instruments at December 31, 2024 and 2023 by type of hedged risk:

(Amounts in thousands of euros)

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Currency forwards	9,824	4,363	4,361	7,063
Interest rate swaps	11,947	1,729	21,358	0
Commodity futures contracts	547	13,114	4,637	12,181
TOTAL	**22,318**	**19,206**	**30,356**	**19,244**

Foreign currency risk

The Group operates in a large number of countries and bills customers in various currencies, depending on the country where it is billing. It therefore arranges certain financial instruments to hedge cash flow risks arising from the settlement of balances in foreign currencies. The transactions arranged consist mainly of foreign currency purchase and sale forward contracts.

The Group uses derivative financial instruments to hedge most of its commercial and financial transactions performed in currencies other than the functional currency of each country.

The Company's business model is to hedge foreign currency risk through the use of derivative financial instruments and there is an economic relationship between the hedged item and the hedging instrument. The Group classifies most of its foreign exchange insurance contracts in the category of financial instruments at fair value through profit or loss.

Using these instruments ensures that any fluctuation in exchange rates that could affect assets or liabilities denominated in foreign currency would be offset by a change of the same amount in the derivative arranged. Changes in the derivative are recognized in the income statement, offsetting any changes that occur in foreign currency monetary items. As these derivatives do not qualify as cash flow hedging instruments for accounting purposes, the revaluation of these derivatives is recorded in the consolidated income statement "revaluation of financial instruments at fair value".

At December 31, 2024, the effect on the income statement of measuring these derivatives at market value was positive, amounting to EUR 9,845 thousand (2023: EUR 317 thousand). The positive exchange differences of the Group in the year amounted to EUR 1,183 thousand (2023: loss of EUR -2,273 thousand). The differences between the two amounts are mainly due to the interest rate differences between the currencies involved in the exchange rate insurance taken out and the differences between the insurance taken out and the monetary items in foreign currency.

The difference between the amount in the income statement under "Revaluation of financial instruments at fair value" and the amount in that note relating to exchange rate derivatives is due to the derivatives contracted to hedge the price of gas explained in **Note 5.1.3**.

At December 31, 2024, all the currency forwards covered mainly receivables (assets) and payables (liabilities) and related to both commercial and financing transactions between Group companies. At December 31, 2024, the fair value of the Group's currency forwards totaled EUR 5,461 thousand (2023: EUR -2,702 thousand), of which EUR 9,824 thousand were recognized under assets (2023: EUR 4,361 thousand) and EUR 4,363 thousand under liabilities (2023: EUR 7,063 thousand). None of those currency forwards were accounted for as hedges at the end of 2024 or 2023. In 2024, EUR -98 thousand were transferred from the consolidated statement of comprehensive income to profit or loss for the year (2023: EUR -159 thousand).

The vast majority of the Group's foreign currency purchase and sale forward contracts have a term of less than one year.

At December 31, 2024, the Group had used contracts for foreign currency transactions amounting to EUR 210 million for foreign currency sales and EUR 215 million for foreign currency purchases. At December 31, 2023, EUR 563 million were used for foreign currency sales and EUR 281 million for foreign currency purchases. The detail of these foreign currency forward contracts, by currency, is as follows:

(Amounts in thousands)

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
USD	91,704	228,107	434,472	268,322
EUR	22,156	2,126	36,834	9,573
GBP	33,737	2,081	44,345	11,542
SEK	0		7,146	
CAD	0	0	11,372	4,001
AUD	1,842	173	11,383	843
NZD	0	0	123	
JPY	6,781,998	38,984	6,170,016	552,377
MYR	110,000	0	144,700	
KRW		0		6,863,736

At December 31, 2024 and 2023, there were no loans in currencies other than the functional currency and, therefore, the Group no longer has any derivative financial instruments to hedge exposure to foreign currency risk or interest rate risk.

Interest rate risk

The Group enters into interest rate derivatives to hedge floating rate cash flows from debt instruments. As Acerinox's risk management strategy allows for the exchange of hedging instruments and hedged items to meet corporate financing needs, the Group has documented the effectiveness of hedging through the contracted financial instruments so that they can be qualified for accounting purposes as cash flow hedging instruments through the designation of generic hedging relationships.

The swaps entered into by the Group as at December 31, 2024 were as follows:

	Notional contracted	Amount outstanding	Maturity
From variable to fixed rate	EUR 70 million	EUR 40 million	2028
From variable to fixed rate	EUR 100 million	EUR 30 million	2026
From variable to fixed rate	EUR 80 million	EUR 56 million	2028
From variable to fixed rate	EUR 260 million	EUR 260 million	2027
From variable to fixed rate	EUR 15 million	EUR 15 million	2027
From variable to fixed rate	EUR 50 million	EUR 50 million	2029
From variable to fixed rate	EUR 75 million	EUR 75 million	2029
From variable to fixed rate	EUR 120 million	EUR 120 million	2029

The average interest rate of euro-denominated financing hedged by an interest rate hedging derivative, totaling EUR 646 million at year-end, was 2.34% (2023: EUR 430 million at 1.70%). The credit spread on these loans is included in both cases.

By the end of 2024 and 2023 there is no interest rate hedge in a currency other than the euro.

As explained in **Note 5.1.2,** during 2024 the Group contracted four new swap transactions to hedge highly probable future flows pegged to the floating interest rate, as well as any modification thereof that may occur before the maturity date.

The total of the four interest rate derivatives contracted in 2024 amounts to EUR 260 million and is divided as follows: two interest rate derivatives signed with BBVA for an initial amount of EUR 50 million and EUR 120 million; one with Caixabank for an initial amount of EUR 75 million; and one with Banca March for an initial amount of EUR 15 million.

In 2023, as explained in Note 4.1.2, the Group did not contract any interest rate derivative.

The detail at December 31, 2023 was as follows:

	Notional contracted	Amount outstanding	Maturity
From variable to fixed rate	EUR 70 million	EUR 50 million	2028
From variable to fixed rate	EUR 100 million	EUR 50 million	2026
From variable to fixed rate	EUR 80 million	EUR 70 million	2028
From variable to fixed rate	EUR 260 million	EUR 260 million	2027

The fair value of the interest rate swaps was based on the market value of equivalent derivative financial instruments at the reporting date and amounted to EUR 10,218 thousand (December 31, 2023: EUR 21,358 thousand). These amounts are recognized in the Group's consolidated statement of financial position under the following line items:

	2024		2023	
	Current	Non-current	Current	Non-current
Other financial assets	7,449	4,498	12,367	8,991
Other financial liabilities	270	1,459	0	0

The Group assesses whether outstanding hedging relationships meet the effectiveness requirements both at the date of designation and at year-end. At 31 December 2024 and 2023, all outstanding interest rate derivatives arranged qualified as cash flow hedging instruments and, therefore, the unrealized gains and losses of EUR -3,821 thousand on their measurement at fair value were recognized in the consolidated statement of comprehensive income (2023: EUR 35,184 thousand). The Group has documented the effectiveness of the derivatives arranged to be recognized as hedging instruments, as detailed in Note 2.12.4. The financial instruments considered to be hedges were not ineffective at any point in 2024 or 2023.

In 2024, EUR -13,231 thousand were transferred from the consolidated statement of comprehensive income to profit or loss for the year, reducing borrowing costs (2023: EUR 12,175 thousand). Combined with the EUR -98 thousand arising from the foreign currency hedges referred to in the previous section and the EUR 6,244 thousand from the commodity derivatives, the amount totaled EUR -7,085 thousand and was included in the consolidated statement of comprehensive income. In 2023, the transfer amount from comprehensive income related to interest rate hedges would need to include EUR -159 thousand from currency hedges and EUR -20,068 thousand from commodity derivatives. This totals EUR -32,402 thousand in the consolidated statement of comprehensive income for 2023.

Risk of changes in commodity prices

As detailed in **Note 5.1.3**, high-performance alloys have a high metal content and are mainly composed of nickel, but they also contain other metals that are listed on the London Metal Exchange (LME). The Group, and mainly this division within it, is exposed to the risk of commodity price volatility, since it is unable to pass these fluctuations on to the customers through the selling price. For this reason, it uses derivative financial instruments to guarantee set prices for its customers and ensure that those prices are aligned with its costs, thus maintaining margins. The financial instruments used are based on arranging futures contracts on the prices listed on the LME.

As explained in the note on commodity risks, Haynes negotiates a price component based on commodity prices with most of its customers, which allows it to transfer part of the risk, meaning it does not have to insure this risk by contracting derivatives.

The Group documents the hedging relationships and has a model that guarantees the effectiveness of the hedges.

The detail of the par values of the purchase and sale futures contracts arranged by the Group at year-end and the fair value measurement thereof is as follows:

(Amounts in thousands of euros)

	2024			2023		
	Nominal	Derivative fair value		Nominal	Derivative fair value	
		Assets	Liabilities		Assets	Liabilities
Purchase	115,534	22	13,114	142,956	158	12,156
Sale	7,509	524	1	42,483	4,480	25
TOTAL		**546**	**13,115**		**4,638**	**12,181**

All assets and liabilities for derivative financial instruments in this category are current except for EUR 549 thousand recorded as non-current liabilities (EUR 9 thousand recorded as non-current financial assets in the balance sheet and EUR 1,309 thousand recorded as non-current liabilities in 2023).

Both at year-end and in 2023, all financial instruments contracted to hedge this risk meet the conditions to be considered as cash flow hedging instruments. As of December 31, 2024, unrealized gains and losses arising from the valuation at fair value and charged to the consolidated statement of comprehensive income amount to EUR -11,269 thousand. The amount transferred from the consolidated statement of comprehensive income to the profit for the year for these hedges is EUR 6,244 thousand (in 2023, the unrealized gains and losses from fair value measurement recognized in the consolidated statement of comprehensive income amounted to EUR -7,829 thousand and the amount transferred from the consolidated statement of comprehensive income to the profit for the year for these hedges was EUR -20,068 thousand).

NOTE 14 – CASH AND CASH EQUIVALENTS

The detail of “inventories” in the consolidated statement of financial position as at December 31 is as follows:

(Amounts in thousands of euros)

	2024	2023
Cash and banks	170,139	155,691
Deposits and remuneration in c/a	1,092,667	1,637,992
TOTAL	**1,262,806**	**1,793,683**

The Group made cash placements mainly in both US dollars and euros. The effective interest rate on the short-term bank deposits and current account remuneration at year-end was 4.45% for the dollar (2023: 5.51%) and almost 3% for the euro (without placements in 2023). At year-end there were no current account deposits or remuneration in South African rand (although there were in 2023 with remuneration of 8.15%). The average term of the placements is between one day and six months, and they have been deposited at banks of recognized creditworthiness.

All cash and cash equivalents are held in current accounts or current deposits, and there were no restricted cash balances at year-end.

NOTE 15 – EQUITY

15.1 Subscribed capital, issue premium and treasury shares

The detail of the changes in the shares outstanding in 2024 and 2023 were as follows:

	No. of shares (thousands)	Number of treasury shares (thousands)	Treasury shares (in thousands of euros)	Capital stock (in thousands of euros)	Share premium (in thousands of euros)
As of January 1, 2023	**259,724**	**-10,392**	**-90,728**	**64,931**	**268**
Acquisition of treasury shares		-213	-2,084		
Depreciation of treasury shares	-10,389	10,389	90,685	-2,597	
Long-term compensation plan (delivery of treasury shares)		110	1,072		
As of December 31, 2023	**249,335**	**-106**	**-1,055**	**62,334**	**268**
Acquisition of treasury shares		-100	-961		
Depreciation of treasury shares					
Long-term compensation plan (delivery of treasury shares)		181	1,770		
As of December 31, 2024	**249,335**	**-25**	**-246**	**62,334**	**268**

a) Capital stock

The parent’s capital stock solely comprises ordinary shares. All these shares carry the same rights and there are no bylaw restrictions on their transfer.

At the cut-off date the capital stock, as at 2023 year-end, consisted of 249,335,371 ordinary shares of EUR 0.25 nominal value each, yielding capital of EUR 62,334 thousand. The shares have been fully subscribed and paid.

All the Company's shares are listed on the Madrid and Barcelona stock exchanges.

During last year, Acerinox, S.A.'s capital stock was reduced, as approved by the General Shareholders' Meeting held on May 23, 2023, through the redemption of 10,388,974 treasury shares with a value of EUR 2,597 thousand. The purpose of this reduction of capital stock is to increase the value of the shareholders' stake in the Company.

At December 31, 2024, the only shareholder with a stake of 10% or more in the capital stock of Acerinox, S.A. is Corporación Financiera Alba, S.A. with 19.29% (2023: 19.29%).

b) Issue premium

The issue premium amounted to EUR 268 thousand both in 2024 and 2023 and has the same restrictions and may be used for the same purposes as the voluntary reserves of the parent, including its conversion into capital stock.

No issue premium distributions were made this year or last year.

c) Treasury shares

At year-end, treasury shares amounted to 25,143 with a value of EUR 246 thousand (December 31, 2023: 106 thousand treasury shares with a value of EUR 1,055 thousand).

In 2024, 100 thousand treasury shares amounting to EUR 961 thousand were acquired to cover the Multi-Year Remuneration Plans for Group executives. This year, Company directors have been awarded 181,000 of the Company's treasury shares in accordance with the conditions and achievement of targets set out in the Multi-Year Remuneration Plan. The amount of shares delivered and retired from treasury stock amounted to EUR 1,770 thousand. The difference between the equity instruments recorded in accordance with the valuation made at the beginning of the plan and the treasury shares delivered were recorded against reserves of the parent company in the amount of EUR -849 thousand.

The Board of Directors meeting on July 27, 2022, in view of the Company's financial strength, cash generation prospects and the low level of the share price, agreed to initiate a new 4% share buy-back program. This program fulfilled the Company's commitment to redeem the shares that were issued in the years when scrip dividends were made.

The General Shareholders' Meeting held on May 23, 2023 approved the reduction of Acerinox, S.A.'s capital stock by EUR 2,597 thousand, through the redemption of 10,388,974 treasury shares. The purpose of this reduction of capital stock through the redemption of treasury shares was to increase the value of the shareholders' stake in the Company. This capital reduction was carried out in August 2023.

During last year, 213 thousand treasury shares were acquired to cover the Multi-Year Remuneration Plans for Group executives for an amount of EUR 2,084 thousand. In 2023, 110,563 treasury shares were delivered to Company's executives as a result of the completion of the Third Cycle of the First Multi-Year Remuneration Plan. In this way, treasury shares totaling EUR 1,072 thousand were derecognized. The difference between the equity instruments recorded in accordance with the valuation made at the beginning of the plan and the treasury shares delivered has been recorded against reserves of the parent company in the amount of EUR -769 thousand.

15.2 Dividends paid

In 2023, the new Acerinox Dividend Policy, approved by the Board of Directors in December 2022, came into effect. Its purpose is to establish the essential principles that will govern the shareholder compensation agreements submitted by the Board of Directors to the General Shareholders' Meeting for approval, connecting shareholder compensation to the Group's financial results.

Proposals for shareholder compensation must be sustainable and compatible with the maintenance of financial soundness.

Provided that market conditions and the Group's earnings performance, and while net debt does not exceed 1.2x recurring EBITDA for the cycle permit, the Board of Directors may resolve to provide Acerinox shareholders with extraordinary shareholder remuneration through share buyback plans or the payment of extraordinary dividends pursuant to authorization at the General Shareholders' Meeting.

As a general rule, the dividend will be paid in two payments:

- A payment on account in January.
- A supplementary payment in July.

This policy may be revised when there are significant and tangible organic and/or inorganic investments in the short term or when market conditions so advise.

In 2024, Acerinox shareholders received EUR 154,538 thousand in dividends. The General Shareholders' Meeting, held on April 22, 2024, approved the Board of Directors' proposal to pay a dividend for 2023 (to be paid in 2024) totaling EUR 0.62 per share, an increase of 3.3% over the previous year.

As established in Acerinox's Dividend Policy, that we have just explained, the following payments were made in 2024:

- Interim dividend for 2023 of EUR 0.31 per share, paid in January 26, 2024.
- Final dividend for 2023 of EUR 0.31 per share, paid on July 19, 2024.

The Board of Directors of Acerinox S.A., held on December 18, 2024, agreed to propose to the General Shareholders' Meeting the payment of a dividend of EUR 0.62 per share, of which EUR 0.31 gross per share was payed in cash, as an interim dividend, to each of the existing and outstanding shares of the Company entitled to receive such dividend on January 24, 2025.

The provisional accounting statement prepared by the directors in accordance with Article 277 of the Spanish Corporate Enterprises Act, which shows the liquidity status for the payment of the interim dividend, is as follows:

	2024	
Cash on hand at November 30, 2024		**152,537**
Plus:		
Planned cash increases between November 30, 2024 and January 24, 2025		**19,995**
Dividend collection	11,000	
Receivables from operating activities	8,251	
Collection of tax refunds	744	
Less:		
Planned cash decreases between November 30, 2024 and January 24, 2025		**-52,933**
Payments for operating activities	8,433	
Payments from financial operations	6,500	
Loan repayments	38,000	
Projected liquidity as at January 24, 2025		119,599
Credit line capacity		138,000
Available liquidity at January 24, 2025		**257,599**

The Group has recognized the dividend payable under "other current financial liabilities" in the consolidated balance sheet amounting to EUR 77,293 thousand.

The General Shareholders' Meeting held on May 23, 2023 resolved to distribute a dividend of EUR 0.60 per share. The amount for the distribution of dividends was the aggregate result of the sum of the following amounts:

The interim dividend payment of EUR 0.30 gross per share agreed by the Board of Directors at its meeting held on December 20, 2022, which was paid on January 27, 2023 and amounted to EUR 74,799; and a supplementary dividend charged to 2022 at an amount of EUR 0.30 gross per share for each of the 259,724,345 existing shares (without prejudice to the provisions of article 148 of the Corporate Enterprises Act with respect to the shares held as treasury stock at the time of vesting). This complementary dividend was paid on July 17, 2023 in the amount of EUR 74,765 thousand.

The amount paid amounted to EUR 149,555 thousand.

15.3 Reserves

a) Retained earnings in reserves

"Retained earnings in reserves" includes consolidated profit or loss for the year and reserves of fully consolidated companies and of the parent, other than those mentioned below.

The detail of the reserves by Company is included in Note 15.5.

There are no restrictions on the transfer of funds by any Group company in the form of dividends, except for the non-distributable reserves required by the applicable legislation and the existing limitation in Argentina on the payment of dividends abroad. At December 31, 2024, the Group had EUR 40,607 thousand in reserves and retained earnings subject to restrictions (December 31, 2023: EUR 40,141 thousand).

The parent's legal reserve, which is included under "retained earnings in reserves" in the consolidated statement of changes in equity, was recognized in compliance with Article 274 of the Spanish Corporate Enterprises Act, which establishes that 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. Acerinox, S.A. has already recorded this reserve for an amount equivalent to 20% of the capital stock, amounting in both periods to EUR 13,527 thousand.

The legal reserve is not distributable to shareholders and can only be used to offset losses, in the event that sufficient other reserves are not available for this purpose, in which case the reserve must be replenished with future profits.

b) Property, plant and equipment revaluation reserve

In accordance with Royal Decree-Law 7/1996, of June 7, on urgent tax measures and measures to foster and deregulate the economy, the parent revalued its items of property, plant and equipment. The amount of the reserve reflects the revaluation gains, net of tax at 3%.

The tax authorities had a three-year period from December 31, 1996 in which to conduct a tax audit. Since such an audit did not take place, the aforementioned balance may be used to eliminate losses or increase the Company's capital stock.

The balance of this account may only be distributed, either directly or indirectly, once the gain has been realized.

c) Hedge reserves

Valuation adjustments relating to hedges includes cumulative net changes in the fair value of cash flow hedging instruments associated with highly probable future transactions.

d) Reserve for actuarial adjustments

This reserve includes the changes in the actuarial value of the defined benefit plan obligations. The Group, particularly in its high-performance alloys division, has significant commitments to its employees regarding pension matters. **Note 17.1** includes detailed information. As described in the accounting policy defined in Note 2.16, the Group recognizes changes in the actuarial valuation of the obligations in other comprehensive income.

15.4 Translation differences

The detail of the changes in "translation differences" is included in the consolidated statement of changes in equity.

The breakdown of the cumulative translation differences by company at the end of 2024 and 2023 and the functional currencies of their respective Financial Statements are as follows:

(Amounts in thousands of euros)

GROUP COMPANIES	Currency	2024	2023
ACERINOX (SCHWEIZ) A.G.	CHF	1,733	1,781
ACERINOX ARGENTINA S.A.	ARS	-7,581	-7,379
ACERINOX AUSTRALASIA PTY. LTD.	AUD	10	20
ACX DO BRASIL REPRESENTAÇOES, LTDA.	BRL	-324	-259
ACERINOX CHILE, S.A.	CLP	-1,717	-1,277
ACERINOX COLOMBIA S.A.S.	COP	-211	-199
ACERINOX INDIA PVT LTD.	INR	-68	-81
ACERINOX METAL SANAYII VE TICARET L.S.	TRY	-2,023	-1,878
ACERINOX MIDDLE EAST DMCC (DUBAI)	AED	122	72
ACERINOX PACIFIC LTD.	HKD	-4,777	-4,862
ACERINOX POLSKA, SP. ZO.O.	PLN	-1,240	-1,690
ACERINOX RUSSIA LLC.	RUB		-174
ACERINOX SCANDINAVIA AB	SEK	-8,244	-7,358
ACERINOX S.C. MALAYSIA SDN. BHD	MYR	-2,112	-1,940
ACERINOX (SEA), PTE LTD.	SGD	215	183
ACERINOX SHANGAI CO., LTD.	CNY	1,031	916
ACERINOX U.K., LTD.	GBP	-4,763	-6,138
BAHRU STAINLESS, SDN. BHD	USD		93,376
COLUMBUS STAINLESS INC.	ZAR	-186,450	-192,677
CORPORACIÓN ACERINOX PERU S.A.C.	PEN	1	-20
NORTH AMERICAN STAINLESS CANADA, INC.	USD	7,660	3,785
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	USD	8,971	5,648
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS, LTD.	USD	5	3
NORTH AMERICAN STAINLESS INC.	USD	245,900	108,206
VDM METALS GROUP	—	6,293	3,952
HAYNES GROUP	—	-1,302	
CABARAN DUNIA	MYR	119	
TOTAL		**51,248**	**-7,990**

The VDM and Haynes subgroups comprise several entities, as described in **Note 6.3.** The currencies of each Group entity is the local currency of the country in which they are located.

The origin of the changes arising in 2024 as in 2023 is detailed below:

(Amounts in thousands of euros)

	2024	2023
Opening balance	-7,990	93,923
Difference in equity translation	146,397	-89,339
Difference in translation results	13,072	-7,471
Difference on translation of investments in Group companies	-6,761	-4,919
Dividend distribution translation difference	-16	0
Translation differences taken to the income statement	-94,408	
Purchase of non-controlling interests	1	
Other changes	953	-184
Balance as of December 31	**51,248**	**-7,990**

The translation difference resulting from the measurement of equity was positive, i.e. EUR 146,397, due to the appreciation of 6% of the USD and 4% of the rand with respect to the exchange rate at the end of 2023. The EUR/USD exchange rate applied at the end of 2024 was 1.0389 (2023: 1.1050), while the EUR/ZAR rate was 19.6188 in 2024 (2023: 20.3477).

In 2023, this difference was negative in the amount of EUR -89,339, mainly due to the depreciation of the USD. The EUR/USD exchange rate applied at the end of 2023 was 1.1050 (2022: 1.0666), while the EUR/ZAR rate was 20.3477 in 2023 (2022: 18,0986).

The translation difference by income derives from the difference between the average exchange rate applied in the translation of the income statement and the closing exchange rate applied to the balance sheet items.

During the year, as a result of the sale of Bahru Stainless and the liquidation of Acerinox Russia, the translation differences accumulated to date for both companies (Bahru Stainless, EUR 94,593 thousand, and Acerinox Russia, EUR -185 thousand) have been transferred to profit and loss. As described in the valuation standard (**Note 2.6**), the translation differences are reclassified to profit or loss when the company that generates them ceases to form part of the Group.

15.5 Detail of reserves, profit or loss and non-controlling interests: Contribution by company

At December 31, 2024 and 2023, the contribution of each of the consolidated companies to reserves and consolidated profit or loss is detailed as follows:

(Amounts in thousands of euros)

	2024				2023			
	Contribution reserves	Contribution profit or loss	Results attributable to non-controlling interests	Total non-controlling interests	Contribution reserves	Contribution profit or loss	Results attributable to non-controlling interests	Total non-controlling interests
ACERINOX S.A	1,203,891	148,301			2,087,657	-5,948		
ACERINOX (SCHWEIZ) A.G.	862	-8			883	-21		
ACERINOX ARGENTINA S.A.	9,365	-158			8,514	-561		
ACERINOX AUSTRALASIA PTY. LTD.	10	-114			32	-22		
ACERINOX BENELUX S.A. - N.V.	539	39			1,307	231		
ACX DO BRASIL REPRESENTAÇOES, LTDA.	273	5			277	-4		
ACERINOX CHILE, S.A.	365	-481			1,679	-1,314		
ACERINOX COLOMBIA S.A.S.	177	-232			376	-199		
ACERINOX DEUTSCHLAND GMBH	-17,375	948			-19,241	1,866		
ACERINOX EUROPA, S.A.U.	-307,020	-251,238			-117,073	-189,947		
ACERINOX FRANCE S.A.S	-11,162	341			-11,369	207		
ACERINOX ITALIA S.R.L.	-34,689	1,432			-30,809	-3,880		
ACERINOX INDIA PVT LTD.	317	-40			123	193		
ACERINOX METAL SANAYII VE TICARET L.S.	2,265	379			2,198	715		
ACERINOX MIDDLE EAST DMCC (DUBAI)	259	-163			807	-4		
ACERINOX PACIFIC LTD.	-20,760	36			-21,326	566		
ACERINOX POLSKA, SP. ZO.O.	436	888			3,287	2,142		
ACERINOX RUSSIA LLC.		-175			200	-26		
ACERINOX SCANDINAVIA AB	1,029	2,164			1,180	-151		
ACERINOX S.C. MALAYSIA SDN. BHD	-37,448	-454			-36,670	-778		
ACERINOX SHANGAI CO., LTD.	772	-87			789	-17		
ACERINOX (SEA), PTE LTD.	765	-141			844	-79		
ACERINOX U.K., LTD.	688	332			5,105	661		
ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPESSOAL, LDA.	-2,267	377			-2,358	91		
BAHRU STAINLESS, BDN. BHD	688	-23,158			-766,830	-205,208	-2,463	-1,280
COLUMBUS STAINLESS (PTY) LTD.	91,370	-32,772	-10,240	47,660	117,674	-26,304	-8,669	55,845
CORPORACIÓN ACERINOX PERU S.A.C.	-419	-163			-263	-156		

	2024				2023			
	Contribution reserves	Contribution profit or loss	Results attributable to non-controlling interests	Total non-controlling interests	Contribution reserves	Contribution profit or loss	Results attributable to non-controlling interests	Total non-controlling interests
INOX RE, S.A.	31,023	2,259			33,972	-2,949		
INOXCENTER CANARIAS, S.A.U.	1,212	-68			1,071	141		
INOXCENTER, S.L.U.	-14,401	-2,488			-10,877	-3,524		
INOXFIL, S.A.	-2,027	-4,238	-10	23	667	-2,670	-6	10
INOXIDABLES DE EUSKADI S.A.U.	5,936	103			5,263	672		
INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL, UNIPESSOAL, LDA.	2,305	117			2,190	115		
METALINOX BILBAO, S.A.U.	17,312	315			16,374	938		
NORTH AMERICAN STAINLESS CANADA, INC.	49,227	4,555			45,411	3,816		
NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.	28,242	-1,004			21,807	6,435		
NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.	-10,005	10,005			-9,993	9,993		
NORTH AMERICAN STAINLESS INC.	1,075,933	345,697			737,281	579,366		
ROLDAN, S.A.	35,853	-21,595	-49	71	45,194	-9,342	-23	121
VDM METALS HOLDING GMBH	156,921	44,648			84,496	73,084		
HAYNES		381						
CABARAN DUNIA		401						
TOTAL	**2,260,462**	**224,946**	**-10,299**	**47,754**	**2,199,849**	**228,128**	**-11,161**	**54,696**

During the year, the Group company North American Stainless distributed dividends to the parent company amounting to EUR 238 million (2023: EUR 296 million), and also received dividends from other Group companies amounting to EUR 22 million.

The sale of Bahru has also had an impact on the parent company's reserves due to accumulated portfolio impairments, which have not had an impact on consolidated results.

15.6 Hyperinflation adjustments

On July 1, 2018, Argentina was declared to be a hyperinflationary economy, as it met the classification requirements established in IAS 29. The Acerinox Group has an entity in Argentina which engages exclusively in the marketing of stainless steel in that country and, accordingly, the amount of its assets and liabilities and its contribution to the Group's results are not significant. The Group did not restate the comparative figures for the previous period as the impacts are not significant for the Group.

The Financial Statements of Acerinox Argentina for both 2024 and 2023 were expressed in terms of the measuring unit current at the end of the reporting period. The restated cost of each non-monetary item in the Financial Statements was determined by applying to its historical cost and accumulated depreciation and depreciation charge the change in a general price index from the date of acquisition to the end of the reporting period. The revaluation of non-cash assets amounted to EUR 708 thousand cost and EUR 518 thousand accumulated depreciation (2023: EUR 490 thousand cost and EUR 351 thousand accumulated depreciation).

The components of owners' equity, except retained earnings and any revaluation surplus, were restated by applying a general price index to the various items from the date on which the components were contributed or otherwise arose. Restated retained earnings are the result of applying these indices to the other amounts in the consolidated statement of financial position. The impact on reserves amounted to EUR 1,406 thousand, as reflected in the consolidated statement of changes in equity (2023: EUR 1,028 thousand).

All the items in the consolidated statement of comprehensive income were also restated in the monetary unit current at the end of the reporting period. For this purpose, all the amounts were restated by applying an index calculated on the basis of the change in the general price index from the date on which the income and expenses were recognized in the Financial Statements. The amount recognized in the income statement for this item was EUR -272 thousand (2023: EUR -1,345 thousand).

15.7 Non-controlling interests

At year-end, the only company with non-controlling shares was Columbus Stainless, Ltd. (Columbus), with an interest of 24% held by the South African group IDC (Industrial Development Corporation).

There are no rights to protect non-controlling shares that may restrict the entity's ability to access or use assets, or settle the entity's liabilities.

Columbus did not distribute dividends in 2024 or 2023.

The detail of the main items in the Financial Statements of Columbus, which was the only Group company with significant non-controlling shares at year-end, is as follows:

Columbus

(Amounts in thousands of euros)

	2024	2023
Non-current assets	151,304	119,822
Current assets	276,377	304,520
Total Assets	**427,681**	**424,342**
Non-current liabilities	9,685	8,912
Current liabilities	219,418	182,741
Total Liabilities	**229,103**	**191,653**

Income statement	2024	2023
Revenue	629,351	610,191
Profit/(loss) for the year	**-42,665**	**-36,121**

Cash flows	2024	2023
Operating cash flows	-5,108	-19,439
Investment flows	-26,153	-21,924
Financing flows	21,587	29,649
Total cash flows generated	**-9,674**	**-11,714**

When Columbus Stainless was incorporated, Acerinox signed a Shareholders Agreement in December 2001 with the three South African partners, Highveld Steel and Vanadium Corporation, Ltd., Samancor, Ltd. and IDC, which held ownership interests in that company at that time.

In Clause 9 of that agreement it was stipulated that, in the event of a change of control at Acerinox, S.A., by virtue of which a shareholder acquired shares of Acerinox, S.A. that afforded it a majority of votes at the General Meeting or on the Board, the shareholders would be able to exercise a put option on their ownership interests vis-à-vis Acerinox.

In the years that have passed, two of the three partners who signed the agreement, Highveld and Samancor, have renounced their shareholdings, and the third, IDC, a state entity supporting industrial development in South Africa, has increased its ownership interest from 12% to 24%, given its interest in supporting the creation of wealth, the maintenance of employment and the status of the stainless-steel industry as a strategic industry for the country. IDC recently declared that this was a strategic and long-term interest. Columbus is the only stainless steel manufacturer in South Africa with a share of the South African market of around 80%, making it a strategic sector for the country.

Consequently, the exercise of this option, with respect to the aforementioned assumption, is highly unlikely for the only minority shareholder of Columbus Stainless, since its permanence is not determined by the presence of Acerinox, as it was in the case of the other shareholders, but by support to the national industry.

15.8 Distribution of profit

The proposed distribution of profit of the parent, Acerinox, S.A., for 2024 that the Board of Directors will submit for approval by the shareholders at the General Shareholders' Meeting is as follows:

	2024
Basis for distribution:	
Profit/(loss) for the year	101,478,498
Application:	
Dividends	154,587,930
To voluntary reserves	-53,109,432

The Board of Directors of Acerinox, S.A. resolved to propose to the next Ordinary General Shareholders' Meeting of the Company a dividend distribution of EUR 0.62 per share.

On April 22, 2024, the General Shareholders' Meeting approved the appropriation of the results of the parent company for the financial year 2023, with the following distribution:

	2023
Basis for distribution:	
Profit/(loss) for the year	114,186,613
Application:	
Dividends	149,537,702
To voluntary reserves	-35,351,089

The amount for the distribution of dividends is the aggregate result of the sum of the following amounts:

- the interim dividend payment for the 2023 financial year for a total of EUR 0.31 gross per share, agreed by the Board of Directors at its meeting of December 20, 2023, which was paid on January 26, 2024; and
- a final dividend charged to the 2023 financial year for the amount of EUR 0.31 for each of the 249,335,371 existing shares (subject to the limits in article 148 of the Spanish Capital Companies Act on the shares held in treasury stock at the time of payment). This dividend was paid on July 19, 2024.

The total amount paid amounted to EUR 154,538 thousand.

With regard to the 2023 financial year, the General Shareholders' Meeting held on May 23, 2023 agreed to distribute a dividend of EUR 0.60 per share, of which EUR 0.30 was paid as an interim dividend on January 27, 2023 and the other EUR 0.30 per share was paid on July 17, 2023. The total amount paid amounted to EUR 149,562 thousand.

15.9 Earnings per share

The basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding in the year, less treasury shares.

(Amounts in thousands of euros)

	2024	2023
Profit/(loss) for the year attributable to the Group	224,946	228,128
Weighted average number of common shares outstanding	249,335,371	249,260,083
Earnings per share (in euros)	**0.90**	**0.92**

Although there were other equity instruments that gave access to capital at December 31, 2024, as indicated in **Note 17.1.3**, these do not have a significant effect on the calculation of earnings per share and, therefore, diluted earnings or losses per share are the same as basic earnings or losses per share.

NOTE 16 – DEFERRED INCOME

This heading includes both non-refundable grants and subsidies amounting to EUR 41,363 thousand (2023: EUR 36,347 thousand) and other deferred income, the explanation of which is detailed below, amounting to EUR 4,528 thousand:

16.1 Grants

"Grants" includes non-refundable government aid, including emission allowances received free of charge (see **Note 12.1**) and other grants related to assets. The changes therein were as follows:

(Amounts in thousands of euros)

	2024	2023
Balance as of January 1	36,347	27,465
Grants awarded	29,693	45,979
Application to results	-24,677	-37,097
Balance as of December 31	**41,363**	**36,347**

The most significant amount recognized in this item is the offsetting entry for emission allowances allocated free of charge and not consumed in the current year, as detailed in **Note 12.1**. In addition, the report includes aid received by Acerinox Europa for the development of research and development or environmental activities,

The following is a breakdown of the grants recognized in deferred income at the end of 2024 and 2023:

	2024	2023
Emission allowances allocated	40,383	35,203
Interest on subsidized loans	940	929
Other grants	40	215
	41,363	**36,347**

The detail of the grants received in 2024 is as follows:

(Amounts in thousands of euros)

	2024	2023
R&D	2,271	1,889
Environment	14,083	24,612
Allocation of CO2 rights	13,129	19,113
Covid-19 grants	0	29
Training	202	273
Other	8	63
Total	**29,693**	**45,979**

In 2024, the Group received an environmental grant of EUR 14,083 thousand mostly related to offsetting the costs of indirect greenhouse gas emissions and energy offsetting. In 2023, EUR 24,612 thousand were received for the same concept.

The Group considers that it has met or will meet all the conditions for receiving the grants in the period stipulated and, therefore, there are no significant contingencies in connection with the grants obtained.

16.2 Other deferred income

As explained in **Note 2.15.2** in connection with the acquisition of Haynes, the Group has increased this item due to the recognition of a deferred income and which is spread over several years.

In 2006, Haynes International received a cash payment from Titanium Metals Corporation (TIMET) under an agreement to provide transformation services exclusively and with priority for 20 years, up to a maximum tonnage specified in the contract. The services are invoiced at the contractually agreed prices. The contract therefore matures in 2026.

The cash received is recognized as income evenly over the contract's duration. The deferred income caption in the consolidated balance sheet includes the portion of the initial royalty not recognized as income to date, amounting to EUR 4,528 thousand at year-end.

NOTE 17 – PROVISIONS AND CONTINGENCIES

The detail of the long-term provisions included in the consolidated statements of financial position for the 2024 and 2023 tax years is as follows:

(Amounts in thousands of euros)

	2024	2023
Employee benefits	206,606	148,311
Other provisions	26,574	31,683
TOTAL	**233,180**	**179,994**

17.1 Employee benefits

17.1.1 Defined contribution plans

In accordance with their domestic legislation, certain Group companies make contributions to pension plans managed by external entities. An expense of EUR 20,471 thousand was recognized in this connection under “staff costs” in the consolidated income statement for the year (2023: EUR 17,656 thousand).

17.1.2 Defined benefit plans

The detail of the provisions for employee benefits, by type of obligation, is as follows:

(Amounts in thousands of euros)

	2024	2023
Pension plans	123,050	118,137
Compensation for early retirement	9,659	7,661
Supplements	13,984	12,395
Post-employment obligations	50,780	8,675
Other obligations	838	402
Restructuring plans	8,295	1,041
TOTAL	**206,606**	**148,311**

The defined benefit liability recognized in the consolidated statement of financial position corresponds to the present value of the defined benefit obligations existing at the reporting date less the fair value of the plan assets at that date.

Haynes has defined benefit plans, both pension plans and post-employment obligations.

The detail of the main liabilities recognized by the Group is as follows:

Pension plans

Some Group companies guarantee pension plans for their employees, mainly in the high-performance alloys division.

In the case of VDM, these are voluntary plans established prior to the acquisition. Nowadays, new hires cannot benefit from obligations of this nature. These obligations take into consideration various remuneration schemes representing various risk profiles and are based on individual and collective regulations. All these obligations are pension plans that provide benefits to plan members in the form of a pension for life. The level of this pension is based on the years of service and, depending on the case, may be based on the final salary, average salary or even fixed amounts. Since the obligations undertaken by the company in this connection are not outsourced, the company fulfills the related payment obligation when it falls due.

The weighted average term of the defined benefit obligations is 14.33 years (2023: 14.46).

As regards Haynes, the pension plans cover most of its current and former US and UK employees hired through December 31, 2005. As of today, the benefits of all employees are frozen. Most obligations are covered by plan assets. The Group reflects liabilities at their net amount. At December 31, 2024, the amount of plan assets measured at fair value was EUR 210,166 thousand.

The weighted average term of the defined benefit obligations is 6.29 years.

The actuarial valuation of these obligations is conducted annually by an independent expert.

The detail of the amounts recognized in the consolidated statement of financial position and of the changes in the net defined benefit obligations in the financial year were as follows:

	2024	2023
Balance as of January 1	**118,137**	**106,326**
Business combination	4,507	
Contributions paid	-4,961	-4,253
Expense for services rendered recognized in income	4,156	3,372
Interest cost	3,733	3,785
Actuarial loss recognized against comprehensive income	-2,521	8,906
Balance as of December 31	**123,050**	**118,137**

The change in the actuarial valuation is due to the increase in the retirement age by 1 year.

The analyses of the expected maturity of undiscounted pensions in the years 2024 and 2023 are as follows:

	2024
2025	20,743
2026	21,399
2027	21,900
2028	22,247
2029	22,732
2030-2034	114,872
Total	**223,892**

	2023
2024	5,039
2025	4,793
2026	5,134
2027	5,729
2028-2032	37,011
Total	**57,706**

The increase in future payments is due to the addition of Haynes Group to the Group. In the case of Haynes, these payments will not result in cash outflows as most of the obligations are already covered.

The actuarial assumptions used in this valuation for 2024 and 2023 are as follows:

In the case of VDM obligations:

	2024	2023
Discount rate	3.40	3.20
Inflation	2.10	2.20
Long-term growth rate	3.00	3.00
Pension dynamic with adjustment according to Sec. 16	2.10	2.20
Pension dynamics with adjustment according to inflation	2.10	2.20
Mortality rate	RT2018G	RT2018 G

In the case of the actuarial valuation of pension obligations at Haynes:

	2024
Discount rate	5.40
Inflation	2.91
Long-term growth rate	3.50
Mortality rate	PRI-2012 Tables

The sensitivity analysis performed by the company gave rise to the following adjustments to the pension obligations, based on changes in certain assumptions:

VDM sensitivity analysis:

		2024	2023
Discount rate	0.50 bp decrease	10,561	10,735
Salary increase	0.50 bp increase	112	100
Pension increase	0.25 bp increase	1,901	2,065
Mortality rate	Increase in life expectancy by 1 year	2,963	3,108

Haynes sensitivity analysis:

		2024
Discount rate	0.50 bp decrease	11,225
Salary increase	0.50 bp increase	1,020

Post-employment obligations

Post-employment obligations relate, on the one hand, to medical care plans provided by Columbus Stainless to plan members following their retirement. No new members have joined the plan. The company generally performs actuarial valuations of the obligations assumed every two years. The most recent valuation was performed this financial year. The assumptions used in the latest valuation were a discount rate of 10.71% and a medical cost inflation rate of 7.57%.

The Haynes Group also has post-employment obligations to its employees consisting of the payment of medical insurance and life insurance once they reach retirement age. The amount payable is limited to certain sums and, since 2009, no new employees are admitted to these benefit plans. The assumptions used in the latest valuation were a discount rate of 5.5% and a medical cost inflation rate of 5%.

The beginning and closing balances of these plans for the year are reconciled as follows:

(Amounts in thousands of euros)

	2024	2023
Balance as of January 1	**8,675**	**9,004**
Business combinations	42,337	
Contributions paid	-594	-394
Expense for services rendered recognized in income	223	98
Interest cost	1,326	963
Actuarial result recognized against comprehensive income	-1,511	
Translation differences	322	-995
Balance as of December 31	**50,780**	**8,675**

The discount rates applied are based on the expected growth rates of health insurance policies. Any changes in these rates may have an impact on both the obligations recognized and on comprehensive income. An increase of one percentage point in the discount rate would reduce the Group's obligation by EUR 5,544 thousand (2023: EUR 892 thousand). By contrast, a decrease of one percentage point in the discount rate would increase the obligation by EUR 5,994 thousand in 2024 (2023: EUR 1,066 thousand).

Acerinox Europa's Staff Rejuvenation Plan.

On July 1 this year, the pre-agreement between the company and the main trade unions, setting out the conditions of the IV Collective Bargaining Agreement of Acerinox Europa for its Campo de Gibraltar Factory, became definitive. The Agreement also establishes the undertaking to reach a social pact for employment as an important boost to maintain the Company's leadership in the market and to contribute to quality jobs in Acerinox Europa, with a special focus on attracting, developing and retaining talent. On December 20, the conditions of the aforementioned social pact were agreed upon, based on four lines of action:

1. Strategic people management plan
2. Talent attraction and onboarding
3. Training and professional development
4. Employment rejuvenation program

With regard to the Employment Rejuvenation Program, on December 20 the conditions of the aforementioned plan for 2025 were established, fundamentally based on the principle of voluntary adhesion, provided that the following conditions are met:

- Born between 1962 and 1963.
- Have passed on their professional knowledge to whoever the Company designates as their successor in the position.
- Waive the right to apply for unemployment subsidy once the two years of unemployment benefits have been exhausted.

Given that the registration period ends before March 31, at the closing date of these accounts the Company has made a calculation based on the best estimate of the obligations resulting from the approved early retirement plan. The estimated amount is EUR 12,174 thousand, which is included in the item "personnel expenses" of the statement of profit and loss. This amount includes the cost of salary indemnities, estimated at EUR 7,953 thousand, and the possible cost of the contribution to the Treasury established in Additional Provision Sixteen of Law 27/2011, amounting to EUR 4,221 thousand. This contribution will be payable to the pertinent authority in accordance with the aforementioned legislation. This provision is included in the item "other provisions", broken down in **Note 17.2.** The Company, based on the group of employees in the established age range, and based on the experience based on the previous furlough and knowledge of the employees, considers 95 employees to be reasonable.

The Company will externalize the obligations arising from the approved early retirement plan during the first half of 2025, as soon as the list of persons is known.

In connection with the employment regulation plan carried out in 2019, the obligations arising from the approved early retirement plan are completely externalized, which means that the insurance company will compensate the employees at the time of their retirement. EUR 3,322 thousand were paid in this fiscal year in this connection with a charge to the insurance policy taken out (2023: EUR 4,997 thousand).

At December 31, the existing liabilities relating to the future payments to be made by the Group were duly outsourced and covered in full. Accordingly, it was not necessary for the Group to recognize any additional liabilities. Any differences arising between the amount of the provision and the insurance taken out are charged or credited to the income statement for the year.

The Company also provisioned EUR 9,254 thousand relating to the contribution to the Treasury established in Additional Provision Sixteen of Law 27/2011, amended by Royal Decree 1484/2012, accrued as a result of the presence of certain workers of over 50 years of age. This contribution will be payable to the pertinent authority in accordance with the aforementioned legislation. This provision appears together with the provision resulting from the rejuvenation plan approved this year in the item "other provisions", broken down in **Note 17.2.**

In 2022, the Company claimed exceptional aid on the basis of Royal Decree 908/2013, of November 22, in favor of workers involved in company restructuring processes. This aid is subject to the workers underwriting a special agreement with the social security authorities and will be used to pay for social security contributions. The Company has made a provision of EUR 998 thousand, to cover an amount in anticipation of possible repayments to be made through the insurance company of the aforementioned aid, mainly by employees opting to bring forward their retirement age.

17.1.3 Other obligations

On the other hand, there are obligations for retirement commitments agreed with Senior Management and arising from certain contracts amounting to EUR 19.5 million (2023: EUR 18.8 million). Since these obligations were appropriately insured in both 2024 and 2023, and their estimated amount was covered by cash flows arising from the insurance policies taken out for this purpose, no liabilities were recognized in this connection.

The assumptions used to calculate the fair value are detailed below:

	2024	2023
Mortality table	PER2020_Col_1er.orden	PER2020_Col_1er.orden
CPI	2.00 %	2.00 %
Salary growth	2.00 %	2.00 %
Growth in social security	IPC+0.115%	IPC+0.115%
Retirement age	65 years	65 years
Accrual method	Projected Unit Credit	Projected Unit Credit

17.1.4 Share-based payment transactions

The Group has multi-year long-term incentive remuneration plans (LTIP) for certain Group executives, which are instrumented through payment in shares of Acerinox S.A. The plans consist of three cycles of three years each. The delivery of the shares and the number to be delivered are contingent upon the fulfillment of certain vesting requirements relating to the employee remaining in service and the achievement of individual corporate objectives, certain of which depend on market circumstances.

The Group presumes that the services are to be provided over the irrevocability or vesting period as consideration for the future delivery of the shares. Accordingly, the services rendered are recognized on a straight-line basis over the period in which the rights to receive those shares become irrevocable.

The Group measures the goods or services received, as well as the corresponding increase in equity, at the fair value of the equity instruments granted at the grant date.

To calculate this theoretical number of shares, the shares of Acerinox, S.A. are measured at their quoted price 30 trading days prior to commencement of the Plan, and their subsequent increase or decrease in value is assumed by the employee. The resulting number of performance shares is used as the basis for determining the actual number of Acerinox, S.A. shares to be delivered (if any) at the end of each cycle, depending on the extent to which objectives are achieved and subject to compliance with the requirements set out in the regulations governing each plan.

The Group engages an independent expert to calculate the percentage of objectives achieved, subject to market conditions. Using accepted valuation techniques (the Monte Carlo method), the expert calculates the reasonable percentage of shares attributable to each employee subject to the remuneration plan. According to this valuation, the number of shares to be delivered in the performance of each of the plan cycles would be 78,853 shares for the first plan, which ended last year, 203,830 shares for the second, and 309,427 for the approved for the period 2024-2028.

This year, 181 thousand treasury shares were delivered to Group executives as a result of the completion of the plan for the current year (2023: 110 thousand treasury shares delivered). The difference between the value of the treasury shares delivered (2024: EUR 1,770 thousand and 2023: EUR 1,072 thousand) and the equity instruments provisioned on the basis of the estimates made (2024: EUR 848 thousand and 2023: EUR 940 thousand), after deducting withholdings on account, was moved to reserves in the amount of EUR -849 thousand and EUR -768 thousand, respectively.

The expense incurred this year amounted to EUR 3,315 thousand (2023: EUR 1,429 thousand), the balancing entry of which was recognized under “other equity instruments”. The amount recognized at year-end under “other equity instruments” in the balance sheet totaled EUR 5,591 thousand (2023: EUR 4,157 thousand).

17.2 Other provisions

The changes in 2024 and 2023 were as follows:

(Amounts in thousands of euros)

	Litigation	CO2	Other provisions	Total
As of December 31, 2022	**300**	**12,610**	**10,751**	**23,661**
Allocation provision		14,264	7,212	21,476
Application	-250	-12,658	-478	-13,386
Release of provisions	-50	-14	-100	-164
Transfers	0	0	120	120
Translation differences			-24	-24
As of December 31, 2023	**0**	**14,202**	**17,481**	**31,683**
Business combination			0	0
Allocation provision	0	12,206	4,632	16,838
Application	0	-14,309	-493	-14,802
Release of provisions	0	-143	-7,033	-7,176
Transfers	0	0	0	0
Translation differences			31	31
As of December 31, 2024	**0**	**11,956**	**14,618**	**26,574**

CO2

This heading includes the provisions relating to CO_2 emissions in the year, for which the emission allowances had yet to be surrendered at year-end (see **Note 12.1**).

Applications for the year include derecognition of emission allowances for 2024, totaling EUR 12,206 thousand (2023: EUR 12,658 thousand) (see **Note 12.1**).

Litigation

At the end of 2024, the Group continued to be involved in litigation with the Italian tax authorities concerning transfer pricing adjustments made for the years 2007 to 2015, which are explained in detail in **Note 20.5**. These legal proceedings relate to the adjustments imposed by the Italian authorities as a result of the purchase and sale transactions between the Italian Group company and Columbus Stainless (Pty) Ltd., as the transactions with the Group’s Spanish factories have already been settled through an amicable procedure between the tax authorities of both countries.

In 2023, negotiations between the Italian company and the tax authorities for the years 2007 to 2013 were completed and the Group’s estimates were confirmed. Under these agreements, the Italian company made payments amounting to EUR 3 million, which were also fully provisioned.

During the year, the amicable agreements reached between the Spanish and Italian authorities for 2007 to 2009 have been partially executed and, therefore, the provision has been reduced by the amounts paid (EUR 3,010 thousand).

For the years 2014 and 2015, the Group is in negotiations with the authorities to try to conclude the agreements on the same terms.

This year, following the submission of transfer pricing documentation for 2017, the Company received transfer pricing adjustment assessments to which it presented its disagreement. The Company filed its pleadings with the Court of Milan and made a provisional payment of EUR 541 thousand, which will be returned if the courts rule in favor of the Company.

The amount of the provision at year-end amounted to EUR 4,004 thousand. The Group, in accordance with the opinion received from the expert advisors, considers that the provision will allow it to cover the amounts pending execution and the amounts resulting from possible adjustments relating to 2017.

Other provisions

Other provisions include the valuation made by Acerinox Europa, S.A.U. of the obligations related to the contribution to the Treasury established in Additional Provision Sixteen of Law 27/2011, arising from both the collective redundancy plan carried out in 2019 and the one approved this year in the staff rejuvenation plan agreed in the collective bargaining agreement. Obligations amounted to EUR 13,475 thousand. When calculating the provision, the characteristics of the employees included in the collective redundancy procedure are taken into account, together with observance of the legal requirements established by law and the applicable percentages. **Note 17.1.2** sets out the details of these collective redundancy procedures.

This section also included at the end of last year, a provision for the possible obligation to dismantle the land of the Group entity in Bahru Stainless has been recorded in the amount of EUR 6,871 thousand.

17.3 Guarantees provided

At December 31, 2024, the Group had provided guarantees to third parties, mainly public authorities, totaling EUR 27.2 million (2023: EUR 28.8 million). This amount includes the guarantees totaling EUR 1.5 million provided to the Italian tax authorities as a result of the tax assessments arising from the tax audits described in **Note 20.5**. It also includes EUR 4.2 million deposited as a guarantee with the Ministry of Industry for credits obtained under the financial support program for industrial investment in the framework of the public policy for reindustrialization and strengthening industrial competitiveness (REINDUS). Guarantees totaling EUR 2.5 million were also deposited with the customs authorities.

Group Management does not expect any significant liabilities to arise from these guarantees.

17.4 Contingencies

There are no contingent liabilities at the end of this year or last year.

NOTE 18 – INCOME AND EXPENSES

18.1 Revenue

The detail of "revenue" in 2024 and 2023 is as follows:

(Amounts in thousands of euros)

	2024	2023
Sale of goods	5,398,579	6,594,564
Provision of services	14,550	13,414
Work performed by the company on its fixed assets	2,991	7,825
Operating lease income	656	622
Income from disposal of fixed assets	259	824
Income from grants or subsidies	13,726	29,066
Revenues from emission allowance subsidies	10,951	8,031
Valuation at fair value of derivatives	-357	-2,687
Other income	9,912	56,342
TOTAL	**5,451,267**	**6,708,001**

The decline in sales compared to the previous year is due to the decline in apparent demand in the United States, lower stainless-steel prices, which were partly influenced by the continuous decline in nickel prices over the course of the year and the nearly five-month strike at Acerinox Europa.

"Income from grants or subsidies" includes the extraordinary subsidies from public bodies listed in **Note 16**.

"Other income" has been significantly reduced because in 2023 it included the compensation received from the insurance company as a result of the incident at the Group's factory in the United States last year.

18.2 Staff costs

The detail of "staff costs" incurred in 2024 and 2023 is as follows:

(Amounts in thousands of euros)

	2024	2023
Wages and salaries	498,907	487,654
Social security	110,166	113,786
Contributions to employee benefit plans	12,249	11,183
Contributions to defined benefit plans	8,222	6,473
Termination benefits	8,030	3,138
Variation in employee benefit provision	14,191	1,709
Other staff costs	19,192	12,603
TOTAL	**670,957**	**636,546**

All staff costs items include Haynes' expenses for December.

The item "variation in employee benefit provision" includes the effects recognized as a result of the collective redundancy procedures of Acerinox Europa, S.A.U., which are mentioned in **Note 17.1**.

The average number of employees for 2024 and 2023, by category, is as follows:

	2024		2023	
	Men	Women	Men	Women
Senior Vice President	7		9	
Director	22	5	24	7
Manager	225	48	243	53
Analyst / Supervisor	590	193	604	210
Specialist	259	109	339	124
Administrative staff	594	429	595	466
Operators	5,187	241	5,347	215
TOTAL	**6,884**	**1,025**	**7,161**	**1,075**

The detail of the employees, including directors, at December 31, by gender and category, is as follows:

	2024		2023	
	Men	Women	Men	Women
Board Members	7	4	7	4
Senior Vice President	7		9	
Director	28	5	25	7
Manager	320	82	243	49
Analyst / Supervisor	721	240	624	226
Specialist	387	216	332	118
Administrative staff	605	473	599	476
Operators	5,885	331	5,313	217
TOTAL	**7,960**	**1,351**	**7,152**	**1,097**

These figures do not include 61 workers on partial retirement plan (2023: 60).

The difference between the average number of employees and the year-end figures is mainly due to the incorporation of Haynes into the Group following the acquisition on November 21 of this fiscal year.

At December 31, 2024, the number of employees in Spain with a disability equal to or greater than 33% was 42 (40 men and 2 women) (2023: 43; 39 men and 4 woman).

All companies comply with the provisions of the General Law on the Rights of Persons with Disabilities, either through the number of people on the staff of each company or through the authorization for alternative measures.

In 2023, all the companies complied with the provisions of the General Law on the Rights of Persons with Disabilities and their Social Inclusion, with the exception of Acerinox Europa, S.A.U. due to the retirements that took place in recent years. To remedy this, on December 15, 2023, an application was submitted to the Regional Government of Andalusia to authorize alternative measures, which was approved on February 1, 2024.

The increase in the number of Group employees is due to the addition of Haynes International employees.

Acerinox Europa agreement

After five months of strike action, Acerinox Europa and the Works Council signed the IV Collective Bargaining Agreement for the plant. This agreement, valid until December 31, 2027, will enable the development of a strategy through greater efficiency, flexibility, and diversification. Among other measures, we would like to highlight the following:

a) The new agreement includes a wage increase of approximately 13% over 4 years.
b) New production bonus aligned with the Group's strategy that rewards quality, the broadening of the range of products and the production of high-performance alloys.
c) Voluntary paid availability of employees.
d) Voluntary paid polyvalence with workforce training.
e) Factory closed for 2 weeks in August, a period of the year when there is less activity. This time will be taken as an opportunity for maintenance shutdowns.

The signing of this agreement puts an end to five months of collective conflict.

On June 21, the plant resumed operations under the new agreement, with a production model that is adapted to current market needs and the strategy defined by the Group. This model will contribute to implement the strategy to alleviate the economic losses accumulated over the last few years and will address the real demand situation, which is characterized by strong competition and volatility.

18.3 Other operating expenses

The detail of "other operating expenses" is as follows:

(Amounts in thousands of euros)

	2024	2023
Rentals	16,703	18,097
Commercial expenses	164,075	179,260
Supplies	281,136	347,689
Maintenance	79,356	87,134
Outside services	224,681	185,022
Insurance	29,891	28,429
Banking services	2,906	3,929
Other operating expenses	43,944	44,699
Taxes	20,662	18,031
Changes in current provisions	-4,565	1,955
Losses on sale of fixed assets	849	2,719
Other extraordinary expenses	5,575	18,812
TOTAL	**865,213**	**935,776**

This year, the widespread decrease in all costs, especially supply costs, due to the Acerinox Europa strike, is noteworthy. **Note 5.1.3** includes detailed information on the risk posed to the Group by the volatility of energy prices.

The increase in the external services item is due to the incorporation of Haynes International into the Group. Expenses from the acquisition of Haynes International amount to EUR 20,578 thousand as disclosed in **Note 6.1**.

NOTE 19 – NET FINANCING EXPENSE

The detail of "net financing expense" is as follows:

(Amounts in thousands of euros)

	2024	2023
Interest income and other financial income	91,150	79,641
Dividend income	455	5
TOTAL FINANCIAL INCOME	**91,605**	**79,646**
Interest and other financial expenses	-108,114	-101,044
Impairment and loss on disposal of financial investments		0
TOTAL FINANCIAL EXPENSES	**-109,134**	**-101,044**
Income from exchange differences	1,183	2,273
Results from revaluation of financial instruments at fair value (currency forwards)	9,845	317
FINANCIAL INCOME FROM EXCHANGE DIFFERENCES	**11,028**	**2,590**
NET FINANCIAL COSTS	**-6,501**	**-18,808**

Interest income mainly includes the Group's forward cash investments, mainly in US dollars and, to a lesser extent, in euros. The increase over the previous year is due mainly to the increase in average interest-bearing balances, despite being a year of interest rate cuts by both the Fed (which began with the interest rate cut in September 2024) and the ECB (which began in June 2024). **Note 5.1.2** includes detailed information on the management of interest rate risk in the Group.

Borrowing costs include mainly the interest accrued on bank borrowings which are explained in **Note 13.2.3**. The increase versus the previous year is due mainly to the increase in the Group's gross debt and, to a lesser extent, the increase in the average cost of such debt. The increase in the average cost of the Group's gross debt is due partly to the maturity of interest rate hedges contracted in previous years.

Lastly, gains or losses from translation differences arise in the course of the Group's commercial transactions as well as its financial and investment transactions. The Group uses derivative financial instruments to hedge most of the transactions performed in a currency other than the functional currency of each country. The use of these instruments ensures that any exchange rate fluctuations are offset by changes with the opposite sign in respect of the arranged derivative. The differences between the two amounts are mainly due to the interest rate differences between the currencies involved in the exchange rate insurance taken out and the differences between the insurance taken out and the monetary items in foreign currency.

NOTE 20 – TAX MATTERS

20.1 Legislative amendments

The most significant regulatory amendments approved during this period are as follows:

- In March 2022, the Organization for Economic Co-operation and Development (OECD) approved the new international taxation model known as Pillar 2, within the scope of what are known as GloBE standards. These rules aim to ensure that multinational groups bear a minimum level of tax on their profits in each jurisdiction in which they operate. The Pillar 2 standard apply to all multinational groups with a turnover of more than EUR 750 million. The basic principle of this standard, with some exceptions, is to ensure that the minimum payment in each jurisdiction is at least 15%, requiring the establishment of a supplementary tax system.

  A Directive was adopted at European Union level that defines the content of the GloBE standards in order to ensure their consistent and harmonized application in all EU Member States. This Directive should have been transposed by EU member states by December 31, 2023 at the latest, with effect from 2024.

  As detailed in the accounting policies of last year's annual accounts, the Group availed itself of the temporary exception for the recognition of deferred tax assets and liabilities arising from the Pillar 2 rules, as well as the expense derived from calculation of the 15% minimum tax. However, since the Directive has been transposed in several countries and the calculation of this minimum payment and the recognition of a current tax when applicable is mandatory, at the end of this period the Group revaluated the possible impact of the application of this rule, which, as concluded in the following section, is not expected to have a significant impact.

- **Spain**

  During this year, several significant modifications have been approved that affect this period:

  Pillar 2- GloBE

In relation to Pillar II, on December 20, 2024, Spain transposed the aforementioned directive through Law 7/2024 of December 20, with effect from 2024.

The GloBE standards, and therefore Law 7/2024, provide for the possibility of applying safe harbors, based on a number of established parameters, which are calculated per jurisdiction on the basis of data published in the country-by-country report. Compliance with these parameters allows companies to limit the number of jurisdictions affected by the calculation of the minimum payment. The implementation of safe harbors is a temporary measure applicable for the first three years of implementation of the law, i.e. from 2024 to 2026.

In order to analyze whether it is possible to implement the so-called safe harbors, the Group has taken into account the data to be reported in the country-by-country report for 2024. From the analysis carried out by the Group, it follows that all jurisdictions significant to the Group would be eliminated from the application of the minimum tax, so the Group does not expect the application of this standard to have a significant impact.

Corporate income tax

Law 7/2024 also introduces significant changes affecting corporate income tax, in particular the following.

- Law 38/2022 of December 27 introduced, among other things, a temporary measure concerning the calculation of corporate income tax for companies taxed under the tax consolidation regime. Commencing with tax periods beginning in 2023, the taxable income of the tax group is determined by integrating the taxable income of the entities forming part of the tax group and 50 per cent of the individual tax losses. **This measure has been extended by Law 7/2024 for fiscal years beginning in 2024 and 2025.**

  Any remaining individual tax losses not accounted for in the tax group's taxable income, as a result of the aforementioned limitation, shall be integrated evenly over the initial ten tax periods beginning in the fiscal year following the year in which this limitation was applied.

  The Group has tax credits for this item amounting to EUR 65,688 thousand to be reversed over 10 years.

- With respect to offsetting tax loss carryforwards, effective for tax periods beginning on or after January 1, 2024, it is established that for taxpayers whose net turnover is at least EUR 60 million during the 12 months prior to the date on which the tax period begins, the limitation will be 25% of the taxable income. This has led to the derecognition of tax credits for tax loss carryforwards, as detailed in **Note 20.3.3** on the analysis of the recoverability of deferred tax assets.

- The amount of the deductions to avoid international double taxation may not exceed, jointly, 50 percent of the taxpayer's gross tax liability.

  The Group has taken this change into account, although it has had no impact as the tax base is negative in any case.

With respect to the regulatory changes relating to 2023 and included in the previous year's annual accounts, the most significant change is in the calculation of the operating profit applicable to the limitation on the deductibility of financial expenses.

The Spanish tax group has accumulated excess operating profits that have not been utilized in previous years and that can be utilized over a period of 5 years, meaning that the application of this standard should have no impact in the medium term.

- On January 18, 2024, the Constitutional Court declared Royal Decree Law 3/2016, of December 2, to be unconstitutional in the terms described in the report for 2023, agreeing, *inter alia*, the nullity of the limitation of tax loss carryforwards.

  However, with the limitation on the offsetting of tax loss carryforwards approved by Law 7/2024 and discussed above, the effect of this ruling is limited to 2023 and to those tax returns that had been challenged prior to the Court's ruling.

  The Group, in anticipation of a possible declaration of invalidity, challenged its corporate income tax returns for the years 2016 to 2019 in 2021. These claims are currently before the National High Court, pending a vote and ruling.

  Accordingly, it is considered that over the course of 2025 its claims pending a vote and ruling by the National Court for 2016 to 2019 should be resolved, which will result in additional income for the Group of EUR 7.3 million plus interest. These refunds mainly correspond to the higher application of carry-forward tax losses from 2017 and 2018. The Group has not recognized any asset for this item during the year as it was not applicable at year-end and it has not received any notification from either the National High Court or the Tax Authority regarding the possible enforcement of the judgment.

In 2022, it also challenged the 2021 corporate income tax return. The status of this procedure is detailed in **Note 20.5**.

20.2 Income tax expense

The income tax expense is more relevant for the Group in those jurisdictions where the Group's factories are located, specifically (i) Spain, where the parent company of the Acerinox Group is located, with a general tax rate of 25%, (ii) USA, where North American Stainless is located, with a federal tax rate of 21%, (iii) Germany, a jurisdiction where the VDM Metals Group is located, with a general tax rate of 15%, which after adding different supplements (solidarity, industry) reaches 33%, and South Africa, where Columbus is located (27%).

The income tax expense recognized was as follows:

(Amounts in thousands of euros)

	2024	2023
Current tax	157,966	204,632
Deferred taxes	-93,204	-66,527
Derecognition of tax credits	61,548	0
Income tax	**126,310**	**138,105**

The increase in deferred taxes this year is due mainly to the recognition of tax credits for losses incurred by certain Group entities and the limitation on the use of 50% of the losses for the year in the Spanish tax consolidation Group, which generates a right to deduct such losses on a straight-line basis over the ten subsequent years. The deferred tax assets capitalized in this year for this reason amount to EUR 30,019 thousand. **Note 20.3.3** explains the recoverability analyzes conducted by the Group this year with respect to tax loss carryforwards. On the other hand, this year, due to the reintroduction of the limitation on the use of tax loss carryforwards in Spain, it has been necessary to recognize additional impairment losses, amounting to EUR 61,548 thousand, corresponding to the Spanish tax group.

The amount recognized under "other taxes" in the consolidated income statement includes the taxes paid abroad as a result of the withholdings made on the payment of interest and dividends.

The parent company received dividends from its subsidiaries in the amount of EUR 261 million, most of which were exempt from tax withholdings (2023: EUR 306 million, and practically all of them were exempt from taxation). 95% of these dividends are generally exempt from taxation in Spain.

In addition, the parent company of the VDM Metal Group received dividends from its subsidiaries amounting to 9.9 million, most of which were also exempt from foreign withholding tax.

Withholdings on interest payments are deductible from corporate income tax under the double taxation conventions, and they reduce the income tax expense.

A reconciliation of the income tax expense recognized in the consolidated income statement to the accounting profit is presented below:

(Amounts in thousands of euros)

	2024		2023	
Net profit (loss) for the year		**224,946**		**228,128**
Non-controlling interests		-10,299		-11,161
Income tax		126,310		138,105
Other taxes		645		273
Pretax Income		**341,602**		**355,345**
Tax on profits using local tax rate	25 %	85,401	25 %	88,836
Effects on tax charge:				
Effect of tax rates for foreign companies		-493		1,264
Non-deductible expenses		8,333		39,877
Tax incentives not recognized in the income statement		-1,744		-2,301
Non-taxable income		-39,953		-4,260
Dividends subject to taxation		3,128		3,705
Adjustment for prior years		255		1,167
Adjustment to tax rates related to deferred taxes		1,666		-820
Provision for tax litigation, tax assessments and settlements		1,085		-104
Unrecognized tax credits		195		12,696
Derecognition of tax credits		61,548		
Unused tax credits used in the year		2		-12
Other		6,887		-1,943
Income tax		**126,310**		**138,105**

The variation in non-deductible expenses is noteworthy with respect to the previous year. As indicated in fiscal year 2023, the amount of the non-deductible expenses was mainly derived from the non-deductibility of the impairment of assets recognized in the Malaysian company Bahru Stainless. As indicated throughout the notes to the annual accounts, the Group sold a Malaysian company in 2024, and no impairment of assets was recorded in this period.

With respect to non-taxable income, the significant increase with respect to the previous year is due mainly, as explained in **Note 6.2**, to the impact of the sale of Bahru Stainless on the results of the Consolidated Group (EUR 146,260 thousand), that are not taxed for tax purposes.

In addition, tax credits have been derecognized this year in accordance with the analysis of tax loss performed in the Spanish consolidated group and described in **Note 20.3.3**.

20.3 Deferred taxes

The changes in deferred tax assets and liabilities were as follows:

(Amounts in thousands of euros)

	2024		2023	
	Prepaid taxes	Deferred taxes	Prepaid taxes	Deferred taxes
Balance as of January 1	**169,266**	**205,901**	**101,225**	**227,784**
Expenses / (Income) for the period	67,094	-26,110	48,106	-18,421
Derecognition of tax credits	-61,548			
Taxes taken directly to shareholders' equity	2,876	-161	2,926	-13,162
Exchange rate variations	415	4,489	-233	-3,783
Business combination	4,419	74,652	0	0
Transfers	-4,916	-4,916	17,242	17,242
Other variations	77	-3,440	0	-3,759
Balance as of December 31	**177,683**	**250,415**	**169,266**	**205,901**

The origin of the deferred tax assets and liabilities is as follows:

(Amounts in thousands of euros)

	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
Goodwill and other intangible assets	3,536	2,526	-86,303	-12,911	-82,767	-10,385
Property, plant and equipment	540	1,120	-157,630	-135,630	-157,090	-134,510
Financial assets	28	24	-157	-184	-129	-160
Inventories	9,485	3,442	-71,819	-79,807	-62,334	-76,365
Other assets	4,302	2,350	-5,572	-6,172	-1,270	-3,822
Provisions	18,865	9,531	-2,964	-1,464	15,901	8,067
Employee benefit plan	39,991	30,945	-2,400	-11	37,591	30,934
Financial liabilities	6,070	2,330	-3,633	-5,921	2,437	-3,591
Other liabilities	2,920	1,562	-10,719	-10,068	-7,799	-8,506
Non-deductible financial expenses	33				33	
Other tax deductions	21,990	22,663			21,990	22,663
Unused tax losses	99,021	111,502			99,021	111,502
Limitation on the offsetting of losses	65,688	35,094			65,688	35,094
Provision for tax litigation			-4,004	-7,556	-4,004	-7,556
Deferred tax assets/liabilities	**272,469**	**223,089**	**-345,201**	**-259,724**	**-72,732**	**-36,635**
Offsetting deferred tax assets and liabilities	-94,786	-53,823	94,786	53,823		
Deferred tax assets/liabilities	**177,683**	**169,266**	**-250,415**	**-205,901**	**-72,732**	**-36,635**

Most of the deferred taxes have a reversal period of more than one year.

Noteworthy this year is the recognition of deferred tax assets and liabilities arising from the business combination carried out after the acquisition of the Haynes Group, amounting to EUR 4,419 thousand of deferred tax assets in the acquisition balance sheet and EUR 1,454 thousand of deferred tax liabilities.

In addition, the recording of the assets and liabilities of the acquired company at fair value generates a difference between the tax value of such items and their carrying value, which gives rise to a deferred tax liability. In the case of the business combination carried out this year with the acquisition of Haynes, the tax liability amounts to EUR 73,198 thousand.

The increase in deferred tax assets, originating from employee benefit plans, is noteworthy this year. This increase is due to the non-deductibility in this year of the provision for the obligations arising from the Acerinox Europa collective redundancy procedure. This expense is not tax deductible until these obligations are settled, which will take place as the employees allocated to the plan reach the retirement age established in it.

During the year, as a result of the extension to 2024 and 2025 of the limitation on the offsetting of losses within the Spanish consolidated group, the group has recorded a deferred tax asset in addition to the one already recorded in 2023. The total amount of assets recognized for this item is EUR 65,688 thousand (EUR 35,094 thousand in 2023).

In 2023, these credits were recorded under “unused tax loss carryforwards”; however, for clarity, they have been broken down in a separate section.

As laid down in the corporate income tax accounting policy (**Note 2.19**), the Group only offsets deferred tax assets and liabilities when there is a legally enforceable right to do so, the assets and liabilities correspond to the same tax authority and the Group plans to realize current tax assets or settle current tax liabilities on a net basis.

20.3.1 Deferred tax liabilities

As indicated in **Note 20.1**, the amount of deferred tax liabilities arises primarily in those jurisdictions where the Group has its manufacturing facilities.

Spain

Total deferred tax liabilities in Spain amount to EUR 20,778 thousand. The main origin of these liabilities corresponds to the recognition of goodwill for foreign investments (EUR 18,604 thousand); subsidies recognized for the allocation of free emission allowances and the valuation of derivatives at fair value through profit or loss.

United States

Almost 100% of the deferred taxes recorded in the USA is due to the different tax and accounting treatment of depreciation and amortization.

Germany

In Germany, the deferred taxes (EUR 129,434 thousand) include those from inventories due to the different accounting and tax treatment regarding the valuation of inventories (EUR 71 million) and EUR 39 million arising from the different tax and accounting treatment of depreciation and amortization.

South Africa

In Columbus Stainless, the deferred liabilities of EUR 17,156 thousand corresponds to the different tax and accounting treatment of depreciation and amortization.

With respect to the deferred tax liabilities arising from investments in subsidiaries, as explained in **Note 3**, certain companies forming part of the Consolidated Group have reserves which could be taxable if distributed, since certain legislation envisages withholdings at source that affect the payment of dividends, as well as limitations on the deductibility of gains from other countries distributed in the form of dividends. The Group recognizes the tax effect in this connection provided that it considers that such reserves will have to be distributed in the foreseeable future.

On the other hand, the Spanish General State Budget Law for 2021 (Law 11/2020, of December 30) includes, among other measures, a corporate income tax amendment affecting the exemption from taxation of dividends received from Group companies in certain circumstances. As a result of the entry into force of this amendment to income tax, the parent of the Acerinox Group has had its tax exemption for dividends received reduced to 95%, whereby it is now taxed on 5% of the dividends received from subsidiaries. As with the distributable reserves mentioned in the previous paragraph, the Group also takes into account the tax effect if it believes that the distribution of reserves from subsidiaries will be required in the foreseeable future.

This limitation could give rise to the recognition of a deferred tax liability for the undistributed retained earnings of Group companies, provided that these are expected to be repatriated in the form of dividends in the foreseeable future.

Although the Group does not have a general policy of distributing dividends from subsidiaries to the parent, each year the Group analyses the equity position of all its subsidiaries, while also taking into account existing taxes, in order to determine whether reserves should be repatriated through the distribution of dividends. In view of the significant amount of dividends distributed by North American Stainless in the last three years and at their level of income generation year-on-year, the Group considers that it will not distribute dividends from the reserves of the Group companies in the foreseeable future and, accordingly, it did not recognize a deferred tax liability in this connection. Also, there are very few companies in the Consolidated Group that have significant distributable reserves that will be distributed in the foreseeable future.

20.3.2 Deferred tax assets

At December 31, 2024 and 2023, the Group had tax assets arising from carry-forward tax losses, to be used within the following periods:

(Amounts in thousands of euros)

	2024	2023
From 1 to 5 years	8,072	68,079
From 6 to 10 years	628	18,401
From 11 to 20 years	2,564	940
From 21 to 30 years	4	
No expiration date	256,878	208,112
TOTAL	**268,146**	**295,532**

Not all the tax assets included in the table have been recognized by the Group. The recognized tax assets amounted to EUR 99,021 thousand in 2024 (2023: EUR 111,502 thousand).

The distribution by country of the recognized tax assets is as follows:

(Amounts in thousands of euros)

	2024	2023
Spain	62,470	90,650
South Africa	29,018	13,465
USA	902	42
France	2,038	2,125
Poland	5	11
Italy	1,969	1,391
Sweden	2,271	2,589
Chile	221	237
Colombia	127	137
UK		58
Mexico		699
Argentina		98
TOTAL	**99,021**	**111,502**

This year, tax credits recognized have decreased due mainly to the derecognition of tax credits recorded in Spain.

In Columbus, the poor results obtained this year, due to the fall in demand and low prices due to the pressure of imports in the local market, caused the subsidiary to generate negative tax loss carryforwards. Management has conducted an analysis to assess the recoverability of these receivables, as explained below, which has allowed them to be recorded. Columbus also has deferred tax liabilities to offset these tax credits.

A comparison of the two tables above reveals that the Group has unrecognized tax assets amounting to EUR 169,125 thousand, equal to tax losses of EUR 687 million, which were not recognized for accounting purposes as they did not meet the recognition criteria (2023: EUR 184,030 thousand of unrecognized tax assets, equal to losses of EUR 759 million).

In Spain, the temporary limitation on the offsetting of losses within the consolidated Group introduced for 2023 by Law 38/2022, of December 27 and extended to 2024 and 2025, has led to tax credits amounting to EUR 65,688 thousand. These credits were included in 2023 as tax credits from taxable income pending offset but, in order to provide a greater breakdown, they have been included as a separate item as they have not yet formed part of the Group's taxable income.

The Group also has assets for unrecognized temporary differences of EUR 59.8 million (EUR 229 million in the previous year) arising from the accounting impairment of Acerinox, S.A.'s investments in some of its affiliates, which have not been recognized as the timing of their reversal is not known (EUR 229 million), and from the impairment of assets recognized in Bahru (EUR 131 million). These assets are not deductible until the assets giving rise to the related temporary difference are realized. The difference between 2023 and 2024 is due to the impairment of Acerinox, S.A.'s shareholdings in Bahru Stainless carried out in previous years, which were not deductible in Spain as the company had been transferred. The company had not recognized these assets and therefore there has been no impact on the Group's income statement.

The detail of the changes in impairment losses on investments in Group companies and affiliates in 2024 was as follows:

	Accumulated balance as of December 31, 2023	Period endowment	Period application	Accumulated balance as of December 31, 2024	Tax credits at December 31, 2024
ACERINOX EUROPA, S.A.U.	67,245	95,697		162,942	40,736
Acerinox SC Malaysia, Sdn. Bhd	18,081			18,081	4,520
Acerinox Pacific, Ltd.	19,358			19,358	4,840
Betinoks Palanmaz Çelik, A.S.	354			354	89
Bahru Stainless Sdn. Bhd.	772,846		-772,846	0	0
Columbus Stainless Pty, Ltd.	38,668			38,668	9,667
TOTAL	**916,552**	**95,697**	**-772,846**	**239,403**	**59,851**

The Group Company North American Stainless is also entitled to tax relief for investments in assets that contribute to recycling. This relief is deducted from the calculation of the Kentucky State tax and amounted to EUR 561 million at year-end (year-end 2023: EUR 528 million). Of the total tax relief, EUR 15.9 million expire in 2028 and EUR 4.8 million expire in

2031. The rest are unlimited. Application of this relief is limited to 50% of the tax payable in the State of Kentucky, or USD 2.5 million/year. The Group only recognizes a deferred tax asset for assets arising from investments which mature and relate to a specific tax relief program approved in 2005 by the State of Kentucky (Major Credits Program). At year-end, EUR 6.9 million (2023: EUR 7.2 million) were recognized as deferred tax assets. The Group has used an additional EUR 730 thousand this year.

Deferred tax assets arising from deductions pending utilization, amounting to EUR 21,990 thousand (2023: EUR 22,663 thousand), relate mainly to the Spanish tax group, except for the EUR 6.9 million mentioned in the preceding paragraph in relation to North American Stainless. The Group also took these tax benefits into consideration when conducting the recoverability analyses.

20.3.3 Analysis of the recoverability of deferred tax assets

As stated in the accounting policies, the Group recognizes deferred tax assets in the consolidated statement of financial position provided that those assets are recoverable within a reasonable period, also taking into consideration the legally established limitations on their use. The Group considers a period of approximately ten years to be reasonable if permitted by tax legislation.

To assess the recoverability of the unused tax assets, the Group prepares a five- to ten-year budget for each of the companies with recognized tax assets, based on which it performs the tax adjustments necessary to determine the tax bases. The Group also takes into account the limitations on the offset of tax bases established in the respective jurisdictions, as well as the minimum payment regulations. In addition, the Group assesses the existence of deferred tax liabilities against which tax losses may be offset in the future.

In preparing budgets, the Group considers the financial and macroeconomic circumstances and those of the stainless-steel market itself, adapted to the entity's operating environment. Parameters such as expected growth, use of installed production capacity, prices, etc. are projected on the basis of the forecasts and reports of independent experts, as well as historical figures and the targets set by management. The preparation of budgets takes into account variables such as exchange rates, commodity prices or energy prices, which are extrapolated using highly conservative criteria, always tied to the most recent values recorded in the pertinent markets at the date of the analysis.

In the case of the Spanish tax group, which accumulates the largest amount of capitalized tax credits in the Group, the 5-year budgets are projected to 10 years on a prudent basis by repeating a 5-year cycle that takes into account the business volatility.

No tax planning actions are taken into account beyond the reversals of deferred taxes as determined by law.

At year-end, the Group entities that record activated tax credits in their Financial Statements are mainly Spanish. Columbus Stainless, the Group's company in South Africa, has also recorded the tax credits generated during the year, which are the only ones pending offset.

- In the case of the Spanish entities, the tax assets arise mainly from the consolidated tax group in Spain, which comprises all the Spanish Group companies with the exception of those established in the regions of Álava, Vizcaya and Guipúzcoa. Tax assets arising from tax loss carryforwards from the consolidated tax group in Spain amounted to EUR 219 million at year-end, of which EUR 158 million were not recognized as deferred tax assets. These losses have no time limit for offsetting.

  This year, the drop in demand along with the strike at the Acerinox Europa factory as a consequence of negotiation of the labor agreement, which led to the factory shutting down for five months and also affected the other companies that form part of the Spanish group consolidated for tax purposes, have caused most of the Spanish companies of the Group to post losses. These losses have increased the tax credits generated in the year. In addition, the regulatory amendments introduced by Law 7/2024 of December 20, which reintroduced limitations, applicable as from 2024, on the deductibility of tax loss carryforwards, have led the Group, after the appropriate recoverability analysis, to consider it reasonable to recognize tax assets for EUR 61.5 million, reaching a total accumulated impairment of EUR 158 million.

  On January 18, 2024 the Constitutional Court declared the unconstitutionality of Royal Decree 3/2016 which introduced an amendment to the Corporate Income Tax Law, whereby the possibility of offsetting tax losses was limited to 25% of the taxable income generated in a fiscal year, which meant that during the year, as in the previous year, the tax group could have capitalized the taxable income generated in the fiscal year. This ruling, as a consequence of the approval of new Law 7/2024, will only have practical effect for 2023 and the tax returns challenged prior to the aforementioned ruling.

In the case of the Group, as described in **Note 20.1**, the Constitutional Court's ruling will apply to the corporate income tax returns for 2017, 2018 and 2021. In summary, it will entail the immediate offset of tax credits amounting to EUR 18,042 thousand (EUR 72,167 thousand of tax loss carryforwards).

Meanwhile, as explained in **Note 9.1**, the Group has updated the five-year results forecasts based on the new circumstances and taking into account the future strategic plans approved by the management, which have been designed with the aim of improving the results of Acerinox Europa, the main component of the Spanish fiscal Group, redirecting a greater part of its sales towards end customers and towards products with higher added value. The Group has also engaged an independent expert to perform an impairment analysis.

To analyze the recoverability of the tax credits capitalized in the Spanish tax group, the Group has taken into account the budgets of Acerinox Europa prepared by the independent expert, in addition to the five-year budgets of the other companies in the consolidated tax group.

The variables considered in the preparation of the budgets are based on demand estimates, commodity and selling prices, exchange rates, consumer price increases, energy costs estimates and the Company's strategy itself.

In view of all these aspects and taking into account the new limitations on the application of tax loss carryforwards, the 5-year budgets extrapolated to 10 years along with the effect of the annulment of RD 3/2016, has led, on the one hand, to a derecognition of tax credits for EUR 61.5 million, as the credit derived from the losses of the tax group corresponding to fiscal year 2024 (EUR 34 million) had already been recorded and, on the other hand, to maintain the recovery of all the deductions pending application.

Sensitivity analyses were performed on these estimates to determine the risk that a change in the assumptions may require an additional impairment loss to be recognized on these deferred tax assets. The Group has acted prudently, the capitalized tax credits have a recovery period of 10 years. The estimates made for the 10-year extrapolation of the 5 years budgeted are based on the fact that the Spanish consolidated Group, with the exception of the last years of losses due to the macroeconomic environment, had a history of positive taxable income (years 2013 to 2018 and in 2021), which reduces the uncertainty in the estimate of recoverability of tax credits in the future. Of the 5 years projected, only in 3 years are estimated recoveries of reasonable taxable income.

- The aforementioned circumstances in the European market have also affected Columbus, the Group's South African factory, as Europe is its main export market. The successful strategy followed by the company, which consists of balancing stainless-melting shop production with carbon steel for the domestic market, allows Columbus to be less exposed to the situation of the international markets. **Note 8.1** includes a detailed analysis of the assumptions considered in the five-year budgets prepared by management. These same budgets are the basis for the analysis of the recoverability of the tax credits capitalized this year. The company had no outstanding tax credits from previous years. With the approved budgets, the Group expects to recover the carry-forward tax losses within three years and has therefore capitalized the corresponding tax credits.

- With respect to the other European entities, the recognized tax assets arose from the crisis years, and the amount thereof has been reduced since 2013 through the generation of profits, enabling their partial recovery. The transfer pricing policies adopted by the Group to remunerate and define transactions with distributors render it unlikely that those entities will suffer significant losses. The existence of a transfer pricing bilateral advance pricing agreement in the process of renewal, with similar entities and the various mutual agreements reached in various countries make it unlikely that the results of those entities will differ significantly from the projected results. Therefore, the conclusions reached are not expected to change. The Group analyzed the recoverability of the tax assets and concluded that, based on the estimated results, they are expected to be recoverable within a reasonable period of less than ten years.

20.4 Current tax

At December 31, 2024, there is a current income tax asset balance of EUR 17,827 thousand (2023: EUR 13,506 thousand) and a current income tax liability of EUR 46,532 thousand (2023: EUR 12,601 thousand).

20.5 Tax audits and years open for review

20.5.1 Tax audits

The detail of the status of each of the tax audits under way in 2024, or that were concluded but signed on a contested basis and are currently under appeal, is as follows:

Italy

In 2011, the subsidiary Acerinox Italia, S.r.l. underwent a tax audit for 2007, 2008 and 2009.

Between 2012 and 2014, the tax assessments for the three years were received, primarily indicating transfer pricing adjustments in relation to sale and purchase transactions between the Company and the Group's factories in Spain and, to a lesser extent, in South Africa. The resulting tax payable amounted to EUR 16 million, plus interest of EUR 3.5 million. No penalties were imposed.

Subsequently, in 2016, 2017, 2018, 2019 and 2021, without receiving prior notice of the commencement of tax audits, the Company received transfer pricing tax assessments relating to 2011, 2012, 2013, 2014 and 2015, which automatically applied criteria similar to those followed in the previous tax audits. These tax assessments resulted in adjustments to the tax base of EUR 4.3 million in 2011, EUR 4.9 million in 2012, EUR 3 million in 2013, EUR 2.3 million in 2014 and EUR 3.8 million in 2015, and amounts payable of EUR 1.5 million, EUR 1.6 million, EUR 1 million, EUR 954 thousand and EUR 1.4 million, respectively. No penalties were imposed in this case either. The Group lodged appeals against all these tax assessments at the Milan Provincial Tax Commission within the respective time limits, and at the same time requested the suspension of payment of the debts until the end of the procedures. In addition, a request was filed at the Spanish and Italian authorities to eliminate double taxation on the basis of Convention 90/436/EEC, of July 23, 1990. The Group has provided guarantees of EUR 1.5 million to cover the suspension of the debts in Italy.

In addition, in December 2018 the request for the elimination of double taxation with South Africa was submitted in Italy in respect of the tax audits under way in relation to 2011 to 2013. On March 9, 2021, the Company had to waive this procedure so that regularizations derived from friendly agreements could be initiated and negotiations carried out to apply the same criteria reached in such agreements to transactions with third countries.

On October 3, 2019, both the Group entity in Italy and the Spanish entities affected by the adjustments were notified of the agreement reached by the Spanish and Italian authorities for 2007 to 2013, which reduced the transfer pricing adjustments initially proposed by the Italian tax inspectors for the Spanish entities from EUR 84 million to EUR 41 million and completely eliminated double taxation. Following the aforementioned agreements, Spain recognized a tax refund of EUR 5.8 million and an increase in the tax losses equal to EUR 5.9 million in tax assets. In Italy, the agreements resulted in the elimination of all the tax losses and, accordingly, the Group derecognized tax assets recognized amounting to EUR 8.3 million. The amounts recoverable in Spain were received on February 17, 2020. The Group nevertheless submitted pleadings in Spain against the execution of the agreements, due to failure to recognize late-payment interest for the refundable amount of EUR 5.9 million.

On November 18, 2021, the notifications of the amicable settlements reached between the Spanish and Italian authorities for the 2014 and 2015 tax years were received. With regards to 2014, the Italian authorities canceled all transfer pricing adjustments made on transactions with Spanish companies. As for 2015, Italy waived EUR 2.2 million of the adjustments initially imposed, leaving adjustments of EUR 404 thousand to be recognized in Spain as less taxable income in 2015. On April 12, 2022, a refund was received in Spain of EUR 47 thousand corresponding to the corporate income tax liability plus EUR 3 thousand in late payment interest. In addition, tax loss carryforwards in Spain have increased by EUR 101 thousand.

Although the amicable agreements only extend to the transactions performed between the Italian entity and the respective factories in Spain, the same agreement should technically apply to sale and purchase transactions with third countries. In this respect, and following discussions held with the Italian tax authorities, the Group has closed the negotiations relating to the transactions between Italy and the Columbus Stainless Group company from 2007 to 2013. As a result of the aforementioned agreements, at the end of the year the Group company Acerinox Italia has paid EUR 3,010 thousand for installments and interest derived from the suspension request, amounts that the company had already provisioned, and has therefore proceeded to reduce the provision by the aforementioned amounts.

In relation to the appeals filed for the years 2014, 2015 and 2016, the Milan Provincial Tax Commission has already been informed of the agreements reached and the hearing has been postponed in order to try to reach an agreement on the same terms and for the same reasons as in previous years.

Last year, following the submission of the transfer pricing documentation for 2017, the Company received transfer pricing adjustment assessments for a taxable amount of EUR 1.1 million. Prior to the issuance of the assessments, the tax authorities informed the Group that they are willing to close all outstanding adjustments, to accept the transfer pricing policy adopted by the Group and to finalize the recurring transfer pricing adjustments. In this regard, no notification has been received this year for the submission of information regarding 2018.

With regard to these assessments relating to 2017, received at the close of last year and with which the Company filed its disagreement, during this year the Company has filed with the Court of Milan its arguments and has made a provisional payment of EUR 541 thousand, which will be returned in the event that the courts rule in favor of the Company. On the other hand, the Group is currently preparing a request for the elimination of double taxation through the Amicable Agreement procedure.

Following the review at year-end of the provision recorded for open litigation in Italy and the opinion received from the experts advising it on the matter, the Group has decided to maintain the provision in the amount of EUR 4,004 thousand, which is equivalent to the amount it calculates will be payable in Italy for the amicable agreements pending execution and open litigation relating to transfer pricing adjustments for transactions carried out with third countries in 2014, 2015, 2016 and 2017.

Germany

The tax audits of the VDM Group companies in Germany for the energy tax years 2020 and 2021 (started in September 2024) will be completed in 2025 without significant adjustments.

With regard to corporate income tax audits for 2016-2018, these ended in November 2024 with a proposed liquidation of EUR 962 thousand of tax plus EUR 122 thousand of interest. This proposal was accepted and recorded in 2024.

In December 2024, the Company was notified of the initiation of an audit procedure related to corporate income tax and VAT for 2019-2021. The first visit is scheduled for March 3, 2025.

As regards the Group's other entity in Germany (Acerinox Deutschland Gmbh. in March 2024, it was notified of the opening of a transfer pricing inspection procedure relating to the financial years 2019 to 2021. The inspection was completed without significant adjustments.

The renewal of the previous bilateral valuation agreement between the Group's factories in Spain and the Group's distributor in Germany (Acerinox Deutschland GmbH) is still in progress. The application was submitted on June 29, 2021, on the same terms as the ones in force until December 31, 2021.

Spain

On December 21, 2023, the companies Acerinox, S.A., Acerinox Europa, S.A.U. and Roldan, S.A. received notification of the commencement of partial verification and investigation proceedings limited to the verification of the request for rectification of corporate income tax for the year 2021 submitted by the Group, as well as the deductions for technological innovation (TI) expenses pending application, generated in the years 2017 to 2021.

The inspection proceedings concluded on January 17, 2025 by means of an assessment in which the tax authorities agreed to rectify the self-assessment in the terms requested by this party, i.e. (i) increasing the limitation of the offsetting of tax loss carryforwards to 70%, which involves reducing the Tax Loss Carryforwards pending offsetting (EUR 22,782 thousand), (ii) reducing the deductions applied that year, increasing the deductions pending application, and (iii) rectifying the amounts declared as deductions for R&D&I corresponding to 2021 based on the valuation report issued by the Ministry of Science and Innovation.

As a result of the foregoing, an amount of EUR 2,012 thousand plus interest has been refunded. The agreed assessment becomes final on February 17, 2025. The repayment is expected to be made during the first quarterly of 2025.

Chile

The inspection, which began in December 2023, is still underway, and to date all the information requested has been provided.

20.5.2. Years open for review

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the deadline for registration has expired.

Spain

Pursuant to the Spanish Corporate Income Tax Law, carry-forward tax losses declared in the tax returns for years open for review become statute-barred ten years from the day following the final day of the period established for filing the tax return or self-assessment for the tax period in which the right to offset arose. Once this period has elapsed, taxpayers must demonstrate that the carry-forward tax losses that they wish to offset, and the amount thereof, are appropriate by submitting the assessment or self-assessment and the accounting records, together with evidence that they were filed at the Companies Registry within the aforementioned period.

At December 31, 2024 and 2023, Acerinox, S.A. and the companies in the consolidated tax group had all the taxes applicable to them open for review in relation to the following years:
Type of tax

	2024	2023
Corporate income tax	2017-2023	2017-2022
Value added tax	2021-2024	2020-2023
Customs duties	2021-2024	2020-2023
Personal income tax	2021-2024	2020-2023

Other countries

The other Group entities have the taxes for the years established by their respective local jurisdictions open for review. The Directors of the parent and of its subsidiaries do not expect that any significant additional liabilities will arise in the event of a tax audit.

NOTE 21 – RELATED PARTY BALANCES AND TRANSACTIONS

21.1 Related parties

The Consolidated Financial Statements include transactions performed with the following related parties:

- Key executives of the Group and members of the Boards of Directors of the various Group companies; and
- Significant shareholders of the parent.

Transactions performed between the Company and its subsidiaries, which are related parties, are carried out, from the standpoint of their subject-matter or terms and conditions, in the ordinary course of the Company's business activities and have been eliminated on consolidation. Therefore, they are not disclosed in this Note.

21.2 Related party transactions and balances

The only transactions carried out with related parties relate to the Directors and key Management personnel in payment for the functions performed, all of which are carried out on an arm's length basis.

a) Directors and key Management personnel

The remuneration received during the year by the twenty-two members of the Management Committee and who do not hold a position on the Board of Directors of Acerinox, S.A. amounts to EUR 9,526 thousand. Of this amount, EUR 4,979 thousand are salaries, EUR 3,172 thousand are variable remuneration corresponding to the previous year's results and EUR 1,375 thousand are benefits in kind, partly derived from the shares they received for completing the third cycle of the Multi-Year Remuneration Plan, as explained below. They did not receive any per diems during this financial year.

The remuneration received in 2023 by the twenty-four members of the Management Committee and who do not hold a position on the Board of Directors of Acerinox, S.A. amounted to EUR 12,044 thousand. Of this amount, EUR 5,308 thousand related to salaries, EUR 5,081 thousand to variable remuneration based on the previous year's results and EUR 1,655 thousand to remuneration in kind.

The members of the Management Committee are those who report directly to the Chief Executive Officer and those who perform a corporate function in the company's Central Services without this direct reporting line, and their remuneration includes a clear system of management by objectives and a specific retention system.

In 2024, the members of the Board of Directors of Acerinox, S.A., including those who also hold senior executive positions and sit on the Boards of Directors of other Group companies, earned EUR 3,889 thousand in fixed allowances, attendance fees, and fixed and variable salaries (based on the previous year's results), of which EUR 2,235 thousand related to salaries and fixed allowances for Directors, EUR 263 thousand to attendance fees, EUR 937 thousand to variable remuneration based on the previous year's results and EUR 454 thousand to remuneration in kind. In 2023, the remuneration received amounted to EUR 4,129 thousand, of which EUR 1,490 thousand related to salaries and fixed allowances of Directors, EUR 679 thousand to attendance fees, EUR 1,500 thousand to variable remuneration based on the previous year's results and EUR 460 thousand to remuneration in kind.

With regard to the breakdown of the Chief Executive Officer's variable remuneration, the annual bonus for 2023 has been settled in this year. The metrics used for their calculation combined financial, environmental and other business aspects specified in the Annual Report on Directors' Remuneration (IARC) for the year.

The Appointments, Remuneration and Corporate Governance Committee considered the different levels of compliance and submitted its proposal to the Company's Board of Directors, which generated a combined achievement coefficient that resulted in a preliminary bonus of EUR 517 thousand and a bonus pool – a percentage to be distributed of 0.591% of EBITDA, shared with the rest of the senior managers – of an additional EUR 420 thousand. The total bonus received amounted to EUR 937 thousand. This amount was paid during the month of March.

As regards the long-term incentive, due to the application of the metrics of comparable companies in the terms described in the Annual Report on Directors' Remuneration, the Chief Executive Officer was awarded 24,254 Acerinox, S.A. shares, after deducting the amount corresponding to personal income tax (2023: 23,498 shares).

In relation to the Multi-Year Remuneration or Long-Term Incentive (LTI) Plan, the terms and conditions of which are detailed in **Note 17.1.2**, the expense incurred in the year in relation to the Chief Executive Officer and Management Committee, the balancing entry of which is recognized under "other equity instruments", amounts to EUR 3,315 thousand, of which EUR 745 thousand relate to the Chief Executive Officer (2023: EUR 1,429 thousand, accrued by senior executives, of which EUR 233 thousand relate to the Chief Executive Officer). This year, a total of 183,504 shares were delivered (110,563 shares were delivered in 2023), after deducting applicable withholdings, of which 24,254 corresponded to the Chief Executive Officer (2023: 23,498). The difference between the amount recorded as other equity instruments corresponding to that cycle and the amount of shares finally delivered, amounting to EUR -849 thousand, has been recorded against equity under the "reserves" caption (2023: EUR -769 thousand).

There are obligations arising from certain senior managers retirement benefit arrangements amounting to EUR 19.5 million (2023: EUR 18.8 million), of which EUR 5.6 million correspond to the Chief Executive Officer (2023: EUR 5.5 million). These obligations in both 2024 and 2023 are duly covered by insurance contracts, are duly insured and their estimated amount is covered by the flows derived from the policies contracted, and therefore there is no liability recognized in this connection. In 2024, the amount of EUR 681 thousand has been contributed to the insurance company (2023: EUR 458 thousand). There are no obligations contracted with proprietary or independent directors of Acerinox, S.A. At December 31, 2024 there are no advances or loans granted to or balances with members of the Board of Directors or senior management.

The Company's Directors and their related parties were not involved in any conflict of interest that had to be reported pursuant to Article 229 of the Consolidated Spanish Corporate Enterprises Act.

The Group has taken out a third-party liability insurance policy which covers the directors and senior management, as well as Group employees. The premium paid this year amounted to EUR 590 thousand (2023: EUR 754 thousand).

In 2024 and 2023, the members of the Board of Directors did not perform any transactions with the Company or with Group companies that were outside the normal course of business or were not on an arm's length basis.

b) Significant shareholders

The Acerinox Group has not entered into any related party transactions with any significant shareholders in 2024 or 2023.

NOTE 22 – AUDIT FEES

The General Shareholders' Meeting held on April 22, 2024 resolved to reappoint the auditors "PricewaterhouseCoopers Auditores, S.L." to perform the review and statutory audit of the Financial Statements of ACERINOX, S.A. and its Consolidated Group for 2024.

The detail of the fees and expenses incurred for services rendered by the audit firms that audited the Acerinox Group's financial statements in 2024 and 2023, respectively, and their associate firms, is as follows:

(Amounts in thousands of euros)

	2024			2023		
	PWC Auditores, S.L.	PWC International	TOTAL	PWC Auditores, S.L.	PWC International	TOTAL
For audit services	496	1,262	1,758	408	1,150	1,558
For tax advisory services		9	9		9	9
For other verification services	271	20	291	128	18	146
For other services						0
TOTAL	**767**	**1,291**	**2,058**	**536**	**1,177**	**1,713**

The increase in PWC International's audit services is partly due to the addition of Haynes to the Group.

"Other audit-related services" includes the limited review of the interim condensed Consolidated Financial Statements as at June 30, 2024 and 2023, the report on agreed-upon procedures regarding the system of Internal Control over Financial Reporting (ICFR) and the report on agreed-upon procedures relating to the achievement of the financial ratios required by the Borrowing Base Facility of Columbus Stainless and the ICO in Spain, and other agreed-upon procedures performed in accordance with ISRS 4400 in Malaysia. The independent review of the non-financial information contained in the Consolidated Statement of Non-Financial Information in the Consolidated Group's 2023 Directors' Report is also included in other audit-related services.

The amounts detailed in the foregoing table include the total fees for services rendered in 2024 and 2023, irrespective of when they were billed.

Other audit firms billed the Group in 2024 for fees and expenses for audit services amounting to EUR 371 thousand (2023: EUR 222 thousand).

NOTE 23 – POST-CLOSING EVENTS

Interim dividend

The Board of Directors of Acerinox, S.A. held on December 18, 2024, decided to propose to the Ordinary General Shareholders' Meeting of the Company a dividend of EUR 0.62 per share charged to 2024 results, of which EUR 0.31 were paid as an interim dividend on January 24, 2025. This dividend will be submitted for approval at the General Shareholders' Meeting to be held in 2025.

Consolidated Management Report ACERINOX Fiscal year 2024

In-house translation of the original Spanish version. In the event of any discrepancy, the original Spanish version prevails.

Table of contents

1
Acerinox in figures

Acerinox in figures

15 factories

27 warehouses

28 service centers

60 sales offices

52 countries in which the sales network operates

Operations in **5** continents

63 employee nationalities

€4,396 million purchases from suppliers

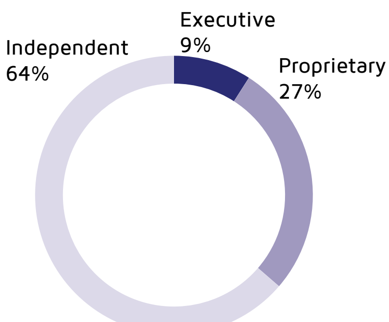
Sales in **84** countries

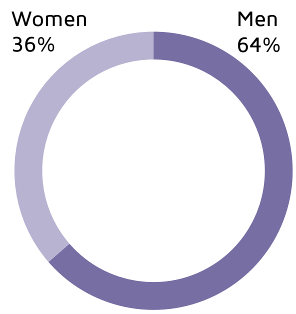
13,781 customers

78% local suppliers

We promote the development of local communities in which the Group operates.

Board of Directors





64% Independent directors

30 Board committee meetings

12 meetings held by the Board of Directors

Production volume

1,674,491
Metric tons of stainless steel

78,258
Metric tons of high-performance alloys

R&D&i

€18
million
Investment in Research, Development and innovation

Products for all applications

- Electrical appliances and hardware
- Industrial and engineering equipment
- Construction and infrastructure
- Automotive
- Chemical industry
- Food sector
- Aerospace
- Energy and environmenta l technology
- Oil and gas sector

Our shares

249,335,371
shares

€155
million
Dividend

€2,356
million
Market capitalization

€9.45 /share
Share price at year end

€62,333,843
Share capital

Economic performance

€5,413
million
Revenue

€225
million
Net income

€500
million
EBITDA

€294
million
Operating cash flow

Milestones of the year

Acquisition of
Haynes International

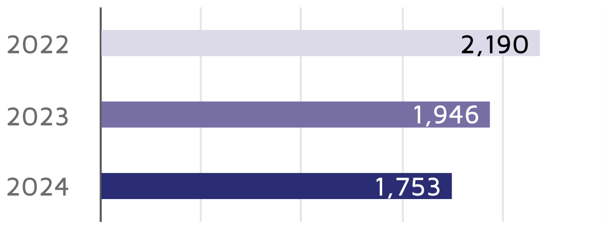
New organizational model at
Acerinox Europa

Discontinuance of activities at
Bahru Stainless

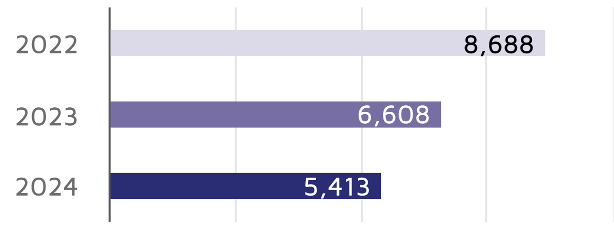
Key indicators

Performance in figures

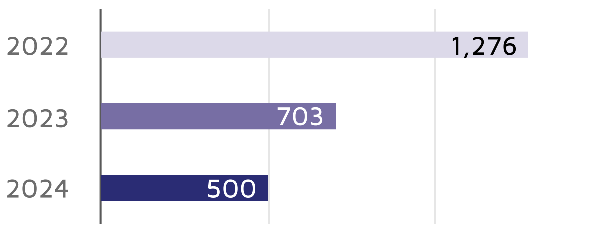
Melting shop production (thousands of metric tons)



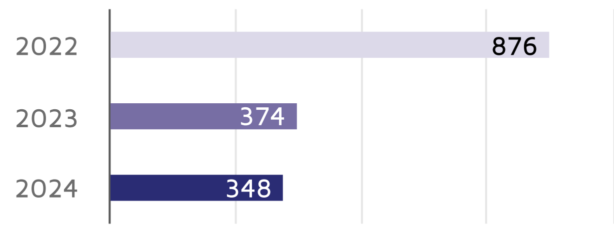
Revenue (EUR million)



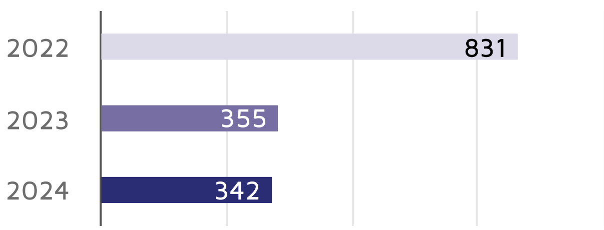
Gross operating income EBITDA (EUR million)



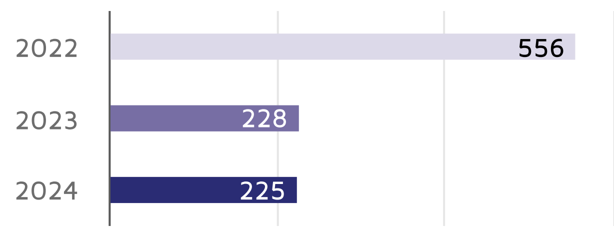
Net operating income EBIT (EUR million)



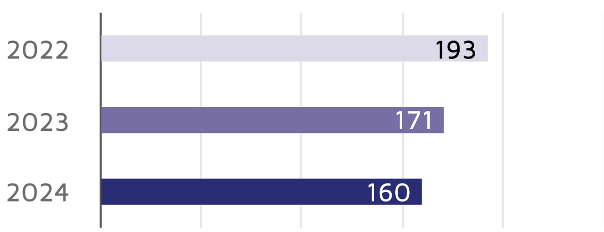
Pre-tax income (EUR million)



Profit after tax and non-controlling interests (EUR million)



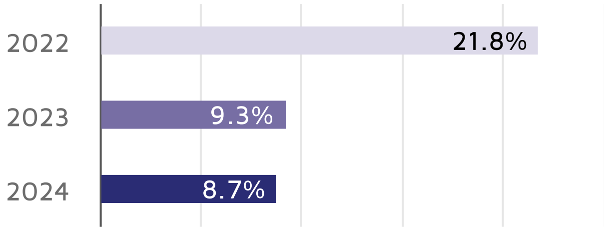
Depreciation and amortization (EUR million)



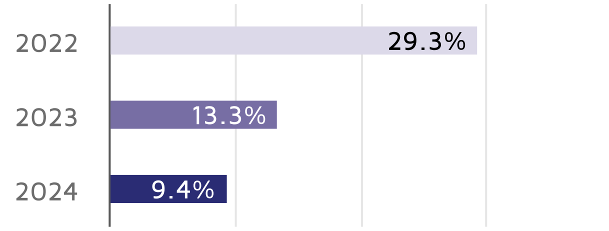
Investments (EUR million)

2024. Includes EUR 769 million for the acquisition of Haynes International.

ROE
(%)

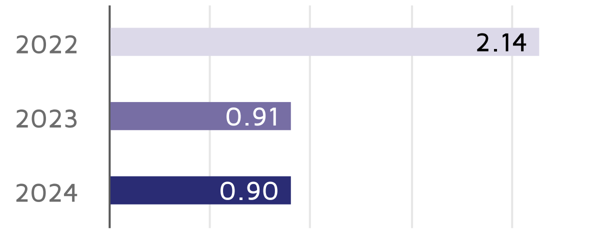


ROCE
(%)



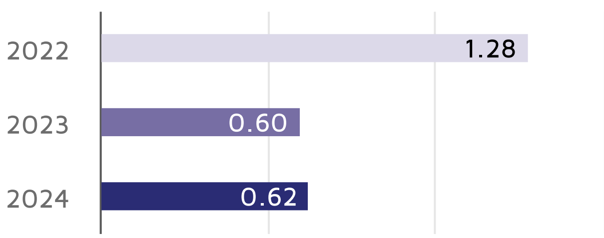
Share book value
(EUR)

Earnings per share*
(EUR)



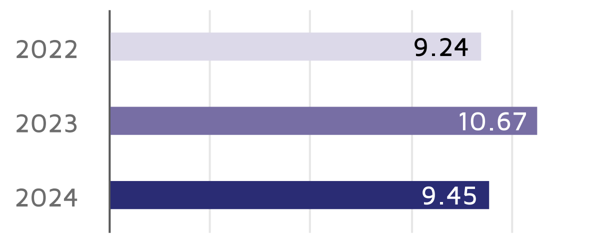
*Calculated based on the number of outstanding shares at year-end

Shareholder remuneration
per share (EUR)

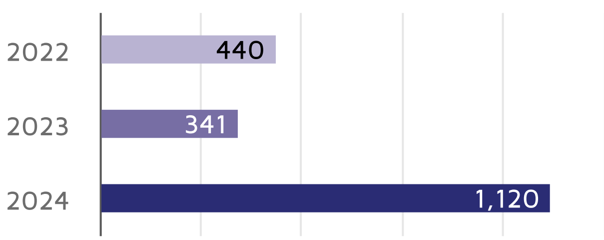


2022: Includes the ordinary dividend of EUR 0.50/share and the indirect remuneration derived from the share buyback program

Share price
at year-end (EUR)



Net financial debt
(EUR million)



2024. Without the acquisition of Haynes International and the debt payment of Bahru Stainless for its sale, the net financial debt would have been EUR 219 million.

Net debt / EBITDA
(number of times)

2

About the Group

Who we are

Acerinox is an international manufacturer and distributor of stainless steel and high-performance alloys; present on all five continents, the Group is a market leader in the US and Africa, as well as one of the industry's best-positioned companies in Europe.

It currently has an international sales network made up of 28 service centers, 27 warehouses 60 sales agents. Thanks to this collection of assets, Acerinox operates in 52 countries.

The Group's stainless steel factories are located in Spain (Campo de Gibraltar, Ponferrada and Igualada), the US (Ghent, Kentucky), and South Africa (Middelburg, Mpumalanga).

Acerinox offers the widest range of solutions in the stainless steel and high-performance alloys market, for both flat and long products

Five of the high-performance alloy factories are located in Germany (Unna, Duisburg, Siegen, Werdohl and Altena) and five in the US (New Jersey, Nevada, Indiana, North Carolina and Louisiana).

Acerinox's mission, vision and values guide the entire Group towards one purpose: creating the most efficient materials for the future, maximizing societal benefit and creating value for its stakeholders. Among its wide range of solutions, Acerinox includes a large number of references used in various sectors, such as transportation, construction, aerospace, chemical industry, energy and environmental technology, and the food industry, among others.

Thanks to its corrosion and high-temperature resistance, durability, versatility, mechanical properties, aesthetic appeal and low maintenance needs, our products are ideal for a plethora of uses and sectors.

The majority shareholder of Acerinox is Corporación Financiera Alba (19%)

Parent company: Acerinox S.A.

Acerinox S.A. is the holding company that establishes and monitors the strategic lines of business. It also provides corporate services such as legal, accounting and consulting, and is responsible for the management and administration of Group financing, as well as the approval of strategies for both organic and inorganic growth and CAPEX.

The head office, with 121 employees, is located in Madrid, and is where the main decision-making and management bodies convene.

Acerinox's shares are admitted to trading on the Madrid Stock Exchange and the company is part of the selective Spanish IBEX 35. Approximately 47,500 shareholders, including individuals and legal entities, own stock in the company.

At December 31, 2024, Acerinox's share capital consisted of 249,335,371 ordinary shares with a par value of EUR 0.25 each.

Divisions

Acerinox, initially focused on stainless steel production and sale, began diversifying its business in 2020 with the acquisition of VDM Metals, a leading company in the production of high-performance alloys. This year, it has been strengthened by the acquisition of Haynes International. Since then, the Group has had two product divisions:

Stainless Steel Division: includes flat and long stainless-steel products. It is made up of the following factories: Acerinox Europa, North American Stainless (NAS), Columbus Stainless, Roldán, and Inoxfil.

High-Performance Alloys Division: includes flat and long high-performance alloy products. It is made up of the VDM Metals and Haynes International factories.

Both divisions are complemented by an extensive sales network that allows them to distribute in all countries.

Group companies

Stainless steel division		High-Performance Alloys Division
5	Factories	10
17	Service centers	11
26	Warehouses	1
34	Sales offices	26

Production companies

Stainless steel

Roldán S.A

Ponferrada (Spain).

350 employees.

42,227 metric tons of hot-rolled products.

Its product portfolio includes bars, wire rods, angles, hexagonal bars and reinforcement bars, all of them flat products.

More information at: https://www.acerinox.com/es/grupo-acerinox/fabricas/roldan/inicio-roldan/

1957

Inoxfil S.A.

Igualada (Spain)

100 employees.

5,857 metric tons produced.

Manufactures stainless steel wire.

More information at: https://www.acerinox.com/es/grupo-acerinox/fabricas/inoxfil/inicio-inoxfil/index.html

1989

1970

Acerinox Europa

Campo de Gibraltar (Spain)

1,947 employees.

Fully integrated flat product factory. Its melting shop production totaled 294,002 metric tons.

More information at: https://www.acerinox.com/en/acerinox/fabricas/acerinox-europa/index.html

1990

North American Stainless

Kentucky (US)

1,688 employees.

Fully integrated flat- and long-product factory. Its melting shop production totaled 905,747 metric tons.

More information at: https://www.northamericanstainless.com/

Columbus Stainless

Middelburg (South Africa)

1,319 employees.

Fully integrated flat product factory.

Its melting shop production totaled 474,742 metric tons.

More information at: https://www.columbus.co.za/

Eco-efficient products

Our products contribute to:

- Circular economy.
- Offering durable materials.
- Offering 100% recyclable alternatives.
- Reducing the carbon footprint of products from different sectors.
- Improving quality of life with a lower environmental impact.

2002

2020

2024

High-performance alloys

VDM Metals

Unna, Duisburg, Siegen, Altena & Werdohl (Germany).

New Jersey & Nevada (US).

2,074 employees.

77,345 metric tons of melting shop production

Global leader in the production of high-performance alloys, with five factories located in Germany and two in the US.

More information on VDM Metals at: https://www.vdm-metals.com/

Haynes International

Kokomo (Indiana), Arcadia (Louisiana), and Hendersonville (North Carolina, USA).

1,276 employees.

913 metric tons of melting shop production

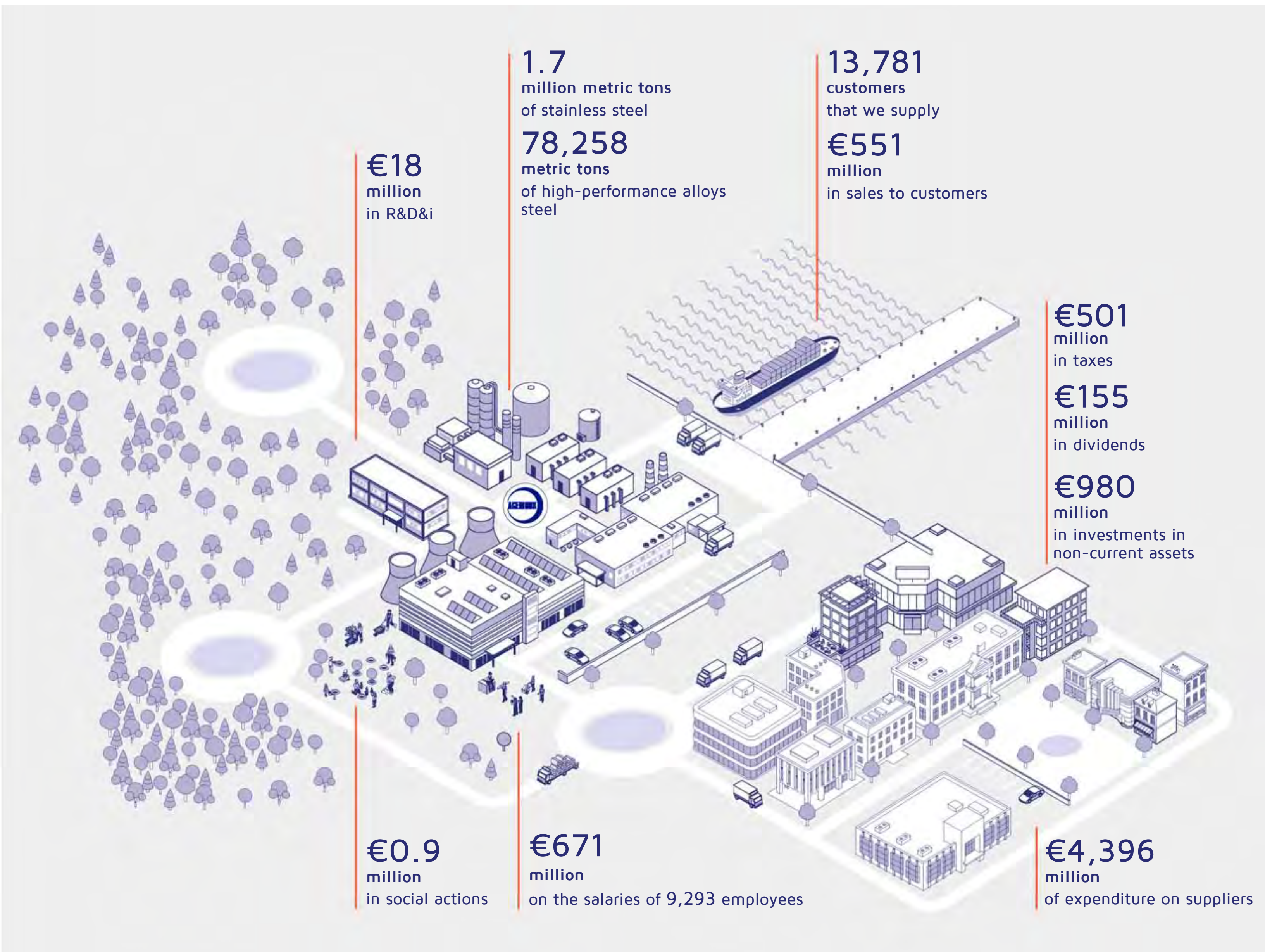
Haynes International is one of the world's largest developers, manufacturers, and distributors of high-performance alloys.

More information about Haynes International is available at https://haynesintl.com/en/.

Creating value

Acerinox contributes to society in the communities where it operates, providing benefits as it carries out its operations in a responsible manner. The Group's activity generates local employment; as a result, it boosts the regional economy and strengthens the social fabric. It also contributes to the development and well-being of communities through its products and services, from parts for small household appliances to the construction of large public works, like bridges and stadiums.

The taxes levied on Acerinox also provide revenues for local governments to pay for essential services and meet the needs of all the places where it operates, both locally and globally. The Group is currently in the midst of a process to diversify its product portfolio, offering solutions with greater added value. This has two main objectives: to continue to drive Acerinox's growth and maximize its positive impact on people and the environment.



3

2024: a transformational year

3.1 Strategy

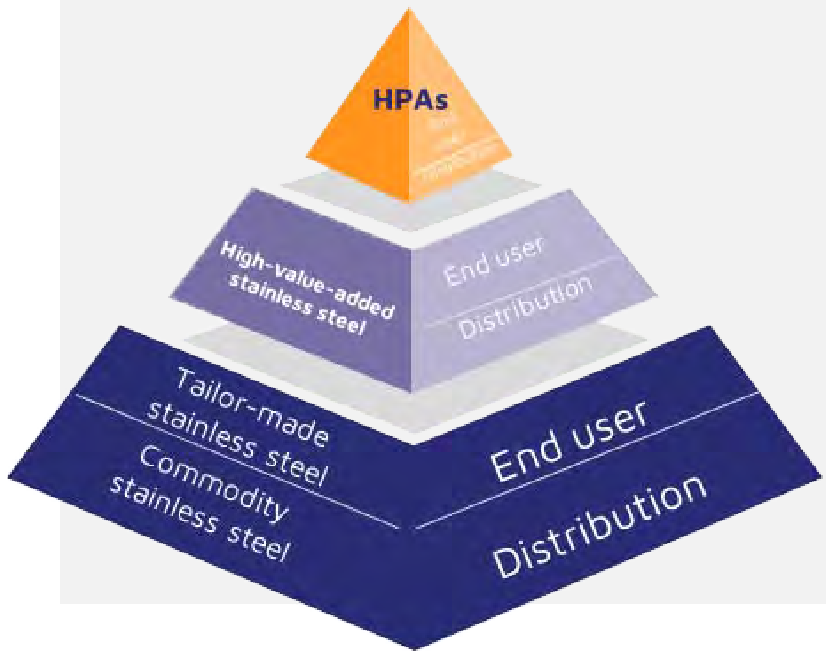
Strategic plan

Acerinox continues to successfully advance in its strategic plan 2021-2025.

Its deployment is based on Acerinox's vision to become a leading supplier that responds to present and future needs by offering the widest selection of materials and solutions. As a leader and driver in circular economy, the Group efficiently manufactures stainless steels and high-performance alloys with a focus on respect and committed to the environment.

The strategic plan is based on four pillars that support short-, medium- and long-term initiatives.

We changed our sales mix to include more **high-performance alloys (HPA)** and **higher value-added products**.



Strategic Plan 2021-2025
Based on 4 key pillars

Excellence

LEADER

Engine to boost the Group's competitiveness

Added value

PREMIUM

Shift in sales mix towards high value-added stainless steels and high-performance alloys

Sustainability

KEY

Business model center and value-added driver

Financial Strength

EFFICIENT

Responsible and transparent capital allocation throughout the cycle

Value creation throughout the entire cycle

3.2 Relevant events

Acerinox's purpose is to be a global leader in the manufacture of stainless steel and high-performance alloys, creating the most efficient materials for the future, maximizing societal benefit, and creating value for its stakeholders.

2024 has been a key year with transformational changes. For one, we completed the acquisition of Haynes International, an American high-performance alloys company with extensive exposure to the aerospace sector. Our Malaysian factory, Bahru Stainless, an asset that was no longer strategic, has been sold, and a new collective bargaining agreement was signed at Acerinox Europa that will facilitate the implementation of the new strategy, based on the production of high value-added materials and greater access to the end customer. All of this was done without forgetting the Group's firm commitment to sustainability, which has led to the launch of our EcoACX® product and a new decarbonization plan.

A. Haynes acquisition: triple A investment (Americas Alloys Aerospace).

Acerinox keeps its firm strategy focused on the development and expansion of higher-value-added solutions. In 2024, the Group acquired Haynes International, a leading company in the high-performance alloys sector in the US with more than 100 years of history.

Haynes International provides access to new markets and industrial sectors such as aerospace and contributes its strength in the research and development of new alloys. The integration of Haynes will generate synergies for the Group in terms of expenses, sales, efficiency and process optimization. The American company was acquired by the Group's US subsidiary, NAS. It will become part of the High-Performance Alloys Division (HPA), created in 2020 with the acquisition of VDM Metals.

Acerinox will invest around USD 200 million over the next four years in the new platform in the US to increase capacity and develop synergies.

The transaction was finalized nine months after its announcement via a cash payment of USD 799 million, after receiving the green light from all regulatory authorities.

The main benefits for the Group are as follows:

- Reinforcement of Acerinox's leading global position in the high-performance alloys segment.
- Expanding our presence in the US.
- Increased significant opportunities in the aerospace sector.
- Initial estimated synergies of USD 71 million.
- Creation of added value through the combination of complementary businesses, the growth of operational capabilities in the US, and a local sales and distribution network with new international locations.
- A solid platform to accelerate the growth of the high-performance alloy and specialty stainless steels business in North America.
- Reinforcement of research and development capabilities and incorporation of a significant patent and approval portfolio.
- Expectations of generating significant growth, as well as margin improvements, supported by Haynes International's track record.
- Haynes International's high-quality service lets us get close to customers, increasing loyalty.
- Expansion of our team of people, bringing highly talented and experienced people on board.

B. New organizational model at Acerinox Europa.

In light of the market conditions and financial results of recent years, the Group decided to implement a new organizational and production model at the Acerinox Europa factory, located in Campo de Gibraltar (Cadiz, Spain).

After almost five months of strike action, Acerinox Europa and the Works Council signed the IV Collective Bargaining Agreement for the plant. This agreement, valid until December 31, 2027, seeks to strengthen the relationship between the company and its employees, promoting flexibility and a positive and collaborative work environment. All of this was necessary to implement the Group's strategy of creating high value-added products and increasing its presence for the end customer.

Among other measures, the following stand out:

a) Voluntary paid polyvalence with workforce training.

b) Voluntary paid availability of employees.

c) New production bonus aligned with the Group's strategy that rewards quality, the broadening of the range of products and the production of high-performance alloys.

d) Factory closed for 2 weeks in August, a period of the year when there is less activity. This time will be taken as an opportunity for maintenance shutdowns.

e) Wage increase of approximately 12% over 4 years.

Additionally, said agreement established, among other conditions, the commitment to sign a social pact agreement for job creation. On December 20 of this fiscal year, the memorandum of agreement was signed, in conjunction with the main trade unions, which included, together with other aspects, a labor rejuvenation program based upon the voluntary adhesion of people who meet the requirements specifically established therein. On that same date, the conditions of the rejuvenation plan applicable for the year 2025 were also agreed. This agreement will allow the workers that adhere to said plan to opt for early retirement subject to the conditions established in the Plan, once they reach a certain age.

C. Closure of Bahru Stainless in Malaysia

Bahru Stainless, the Group's factory located in Johor (Malaysia), announced to its customers in May 2024 that it would cease operations. Strong Asian competition, some of it unfair, and market shifts hindered the development and profitability of this asset, which ceased to be strategic for the Group.

Bahru Stainless was incorporated in 2008, aimed at supplying the Asian market, in addition to adding to the Group's global production through the purchase of semi-finished products from other factories.

On October 10, a contract was signed with Worldwide Stainless Sdn. Bhd, a Malaysian company, to sell Bahru Stainless for USD 95 million. The transaction closed on December 3.

This was an important strategic decision for Acerinox and presented the best possible formula for the various stakeholders.

D. EcoACX®: sustainable innovation

In 2024, Acerinox reached a significant milestone in response to its commitment to sustainability with the launch of the sustainable product EcoACX®. This innovative product represents a quantum leap in the stainless steel industry, guaranteeing a more than 50% reduction in CO_2 emissions versus standard material, using 100% renewable energy and more than 90% recycled material. With EcoACX®, we not only exceed industry standards, but set a new benchmark in sustainability, endorsed by an independent third-party company.

EcoACX® is therefore more than a product: it is a symbol of our commitment to a sustainable future. By choosing it, our customers join us on this journey, also becoming part of the solution.

EcoACX®: **sustainable commitment** to our customers

E. Expansion projects

NAS expansion project

In January 2023, the Group announced an investment of USD 244 million in NAS to increase production capacity by 20%. The new equipment will be aimed at increasing the volume of flat products, with a special focus on increasing those with higher added value.

The NAS expansion project is in its second year of implementation on time and budget.

- The melting shop expansion phase includes an extension of the building structure; this has already been delivered, pending installation.
- The components needed to modernize the annealing and pickling line have also been received.

- Regarding the new rolling and Skin-Pass mills, foundation and installation works are currently in progress.

VDM Metals expansion plan

In January 2024, the Group announced investments in VDM Metals valued at EUR 67 million with the goal of increasing sales by 15%. These include an sprayer to produce stainless steel and high-performance alloy powders for additive manufacturing.

The project is in its first year of development and is progressing on schedule. Purchases of materials and equipment have almost been completed, and construction work has begun at the melting shop located in Unna (Germany). In the fourth quarter, welding wire production also started at the Werdohl (Germany) factory following the increase in line capacity.

The new powder sprayer, however, is experiencing delays due to longer-than-expected administrative processes.

F. Beyond Excellence:

The Group is continuing its drive for operational excellence by launching the Beyond Excellence program, from 2024 to 2026. Its purpose is to increase competitiveness through new continuous improvement projects. Digital transformation, commitment to innovation, and cross-functional collaboration are key elements in its development.

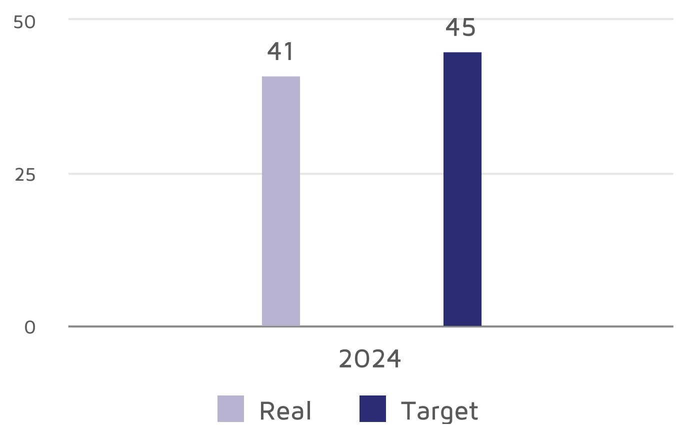
This new plan aims to raise EBITDA by EUR 100 million over the period 2024-2026, with a target of EUR 45 million in 2024.

The savings achieved in this first year totaled EUR 41 million, representing 91% achievement over the 2024 target. It should be noted that Acerinox Europa's projects were delayed for several months due to the strike that took place between February and June. The impact of this occurrence is estimated at EUR -7 million.

The breakdown of the saved EUR 41 million by the Plan's 6 strategic pillars is as follows:

- Productivity (EUR 6 million): improvement and increase of Overall Equipment Efficiency (OEE) in the various workshops involved in the production process by applying SMED (Single-Minute Exchange of Die) and TPM (Total Productive Maintenance) methodologies.
- Efficiency (EUR 19 million): improved yields at the cold rolling mill, improvements in the useful life of refractories and better and greater segregation of internal scrap from our processes for subsequent reuse. Optimization of the raw material mix in the load basket.
- Supply chain (EUR 4 million): optimization of energy costs.
- Customer at the center (EUR 6 million): increased customer satisfaction. Predictive quality improvements through data analytics.
- Value-added products and R&D&i (EUR 4 million): development and sale of new types of steel, in line with the Group's strategy.
- Decarbonization (EUR 2 million): optimizing energy consumption of pumps, compressors, etc., consequently reducing CO_2 emissions.

Beyond Excellence Results (EUR million)



G. Decarbonization plan

In 2020, Acerinox committed to the decarbonization of its business by deploying its sustainability commitment. One of the five pillars that structure the plan is eco-efficiency and climate change mitigation. The target of a 20% reduction in GHG emissions intensity (Scope 1 and 2) by 2030 is set, using 2015 as the base year.

In 2024, we took a further step in this commitment with the development of the Decarbonization Plan with a 2030 horizon and more ambitious carbon emissions reduction targets, approved in early 2025 by the Board of Directors.

The Plan includes the main initiatives related to the improvement of energy efficiency, heat recovery systems, system electrification, and the use of electricity and renewable fuels. It is aligned with the Beyond Excellence 2024-2026 plan.

The new reduction targets, in addition to being more challenging, aim to be compatible with the global warming limit of 1.5°C and are based on science (SBTi); they include reducing Scope 1 and 2 emissions by 45.3% by 2030 compared to 2021. Moreover, a 15% reduction target for Scope 3 emissions has been set for the same year.

H. Investment in R&D&i

For investment and R&D&i expenditures, in 2024 Acerinox earmarked EUR 18 million in various projects.

Among them, it should be noted that the first cycle of the "Materials for the day after tomorrow" project was successfully completed under the motto "Energy of the future." Groups of experts met at Acerinox Europa to develop the ideas generated in the cycle. The teams organized workshops focused on hydrogen storage, combustion, fuel cells, and electrolysis, aiming to incorporate these into the Group's development processes.

The projects underway allow the Group's common portfolio to be expanded, deepening synergies and taking advantage of complementary facilities.

Another key synergy consists of the opportunity to have the high-performance alloys and stainless steel R&D teams both simultaneously involved in new funded projects with a high potential impact for Acerinox.

The addition of Haynes International made it possible to start a new line of R&D work, collaborating with VDM Metals to further strengthen innovation capacity. With it, key synergies are expected in the exchange of knowledge and mutual use of patents on high-performance alloys, cooperation on significant R&D projects to drive innovation, integration of process modeling expertise, and mutual use of Group-wide research facilities, including also the Stainless Steel Division.

In 2024, Acerinox invested EUR 18 million in R&D&i.

3.3 Awards and prizes

The external awards and prizes obtained by Acerinox in 2024 speak to the Group's firm commitment to solid, ethical, and responsible growth. The Company directs all its efforts to include ESG matters in its corporate strategy, consolidating a management model that generates positive impacts on society and the planet. This purposeful vision has been given the thumbs-up by various leading organizations, reaffirming Acerinox's commitment to sustainability matters.

Stainless Steel Industry Awards

WorldStainless highlighted the work being done at various Group companies; Columbus Stainless won a Silver Award in the Safety Category for its Grinding Wheel Tilting Solution, while Roldán won a Bronze Award for its color and sign signaling to improve the identification of overhead crane movements.

Acerinox Europa, for its part, was given a Silver Award in the Sustainability Category for its plan to reduce environmental pollution in the external areas of the factory. Bahru Stainless was granted the Bronze Award in the same category for its sustainable packing material for continual re-use.

In the Market Development category, NAS won the Silver Award for its louvered pipe for groundwater applications.

GOLD | Top 5% ecovadis Sustainability Rating JAN 2025

Ecovadis GOLD

EcoVadis, a provider of business sustainability ratings, recognized Acerinox with its GOLD status, which places the Group among the top 5% of companies rated for their sustainability performance. In its analysis, the ratings provider considered the Group's good practices in the areas of environment, ethics, human rights, and sustainable procurement. The Algeciras strike had a significant impact on the company not obtaining a platinum rating. As soon as possible, we will work to regain this rating, which VDM Metals obtained in 2024.

Corporate ESG Performance Prime RATED BY ISS ESG

ISS ESG Prime

Acerinox also obtained a Prime rating from ISS ESG Corporate Ratings for its sustainability performance. This distinction is awarded to companies that stand out for their superior and outstanding commitment (compared to the sector average) to environmental, social and governance issues.

T-Seal for fiscal transparency

Acerinox received the highest-ranked 'T for Transparency' seal, three stars, from the Fundación Haz. This distinction, which certifies the Group's compliance with over 90% of the indicators, reflects the Company's firm commitment to tax transparency, as shown in public information.

PROGRAMA DE CAPACITACIÓN PROVEEDORES SOSTENIBLES

Company that boosts sustainable suppliers

Acerinox was recognized as a "driving company" in the second edition of the Training Program: Sustainable Suppliers of the UN Global Compact, ICEX and Fundación ICO in order to promote more sustainable value chains.

4

Economic performance

4.1 Global context

The year 2024 was again marked by uncertainties arising from geopolitical tensions, such as the continued conflict between Ukraine and Russia and the conflict in Gaza. It also saw elections in many countries, with regime change in the US and the European Commission. The panorama was one of increasing regionalization, shifting towards policies of strategic autonomy and local industry protectionism.

The stainless steel sector

The stainless steel market once again had a year of low activity. The main cause was the prolongation of the inventory adjustment period that began in the second half of 2022, which led to record lows in both the US and Europe.

As a result, stainless steel production remained low, with moderate growth compared to 2023, but without bouncing back to the level seen in previous years. The exception was Chinese producers, both in China and Indonesia, which continued to generate surpluses with a very negative impact on markets.

Europe

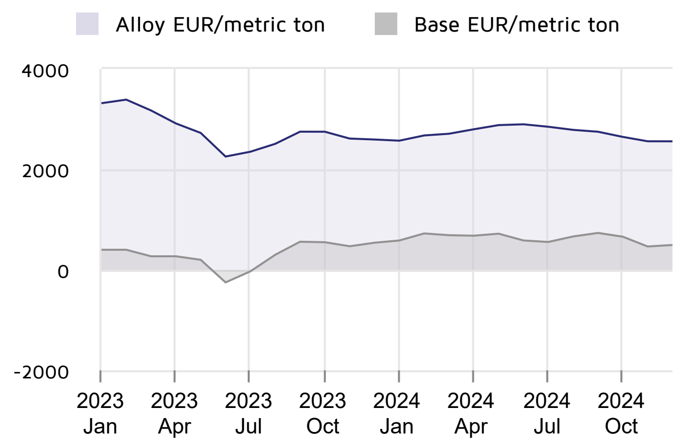
Apparent consumption in Europe rose slightly in 2024 compared to 2023, growing 3% in contrast to the 21% decline seen in the previous year.

Imports once again increased their market share relative to European producers, largely due to the drop in activity at Acerinox Europa due to the strike at the Campo de Gibraltar factory.

Even so, the share of imports remained below 20%, due to low prices and the trade protection measures in place for most Asian materials.

Changes to base price + extra in Europe

Benchmark 304 CR 2B 2mm (EUR/metric ton) Source: CRU



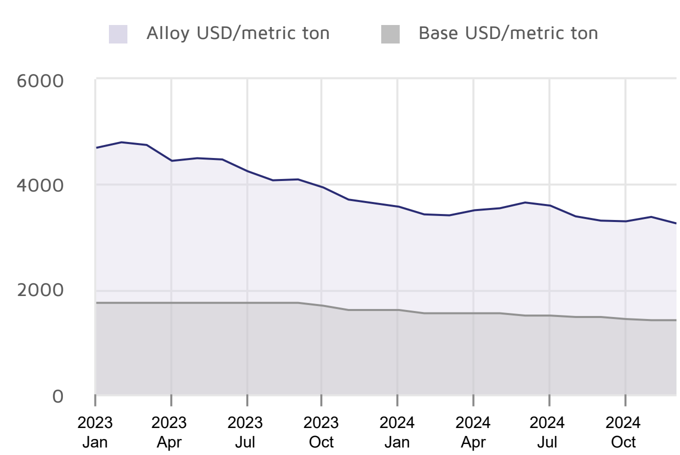
United States

With dynamics quite similar to those in Europe due to the extension of the inventory adjustment period, apparent consumption in the US remained flat in 2024, compared to a 20% drop in the previous year.

In the US, imports increased significantly compared to the previous year (21%) and represent 28% of the total market.

Changes to base price + extra in the United States

Benchmark 304 CR 2B 2mm (USD/metric ton) Source: CRU



South Africa

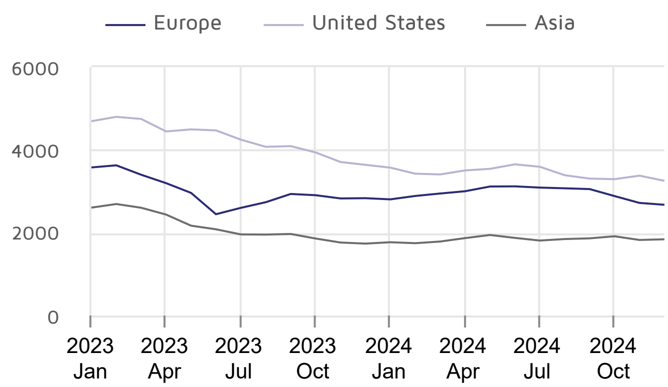
The South African stainless steel market showed a positive performance over the course of 2024, with a 5% increase in apparent consumption.

The main consumption sectors remained at levels equal to or higher than those of the previous year. The pipe sector saw particularly satisfactory performance.

The development of new applications at Columbus Stainless resulted in a substantial improvement in sales.

Price changes by region

(USD/metric ton)



The high-performance-alloys (HPA) sector

The high-performance alloys market maintained a strong position in 2024, although its performance was weaker than in 2023.

The oil and gas sector continued to enjoy high demand while the chemical processing market showed signs of weakness.

The automotive sector showed stronger performance than in 2023, as did the electronics market, which exceeded expectations thanks to demand for OLEDs and renewable energy applications.

The aerospace industry, in which Haynes International has a large presence, performed below expectations due to various disruptions affecting the supply chain.

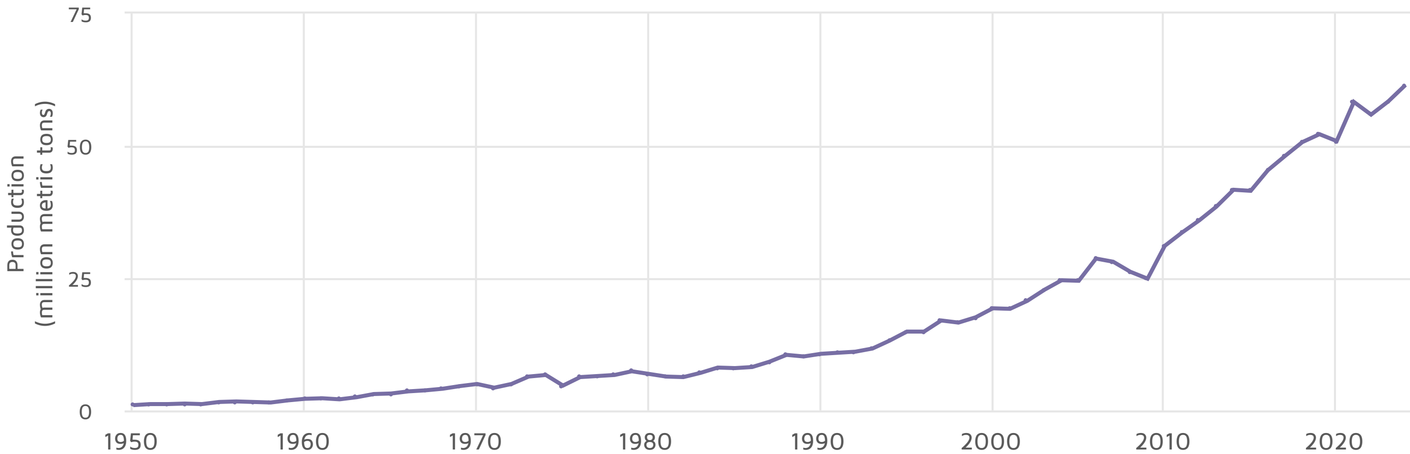
GDP growth (IMF - World Economic Outlook)

	2023	2024	2025
China	5.2	4.8	4.5
Germany	-0.3	0.0	0.8
India	8.2	7.0	6.5
South Africa	0.7	1.1	1.5
Spain	2.7	2.9	2.1
USA	2.9	2.8	2.2
ASEAN-5	4.0	4.5	4.5
Eurozone	0.4	0.8	1.2
World	3.3	3.2	3.2

4.1.1 Global production

Source: World Stainless and Acerinox

Global stainless steel production (millions of metric tons) 1950 – 2024



Global melting shop production (thousands of metric tons)

	Q1	Q2	Q3	Q4	Total
2023	13,828	14,745	15,099	14,773	58,445
2024	14,609	15,762	15,654	17,111	63,136

Global melting shop production by region / country (thousands of metric tons)

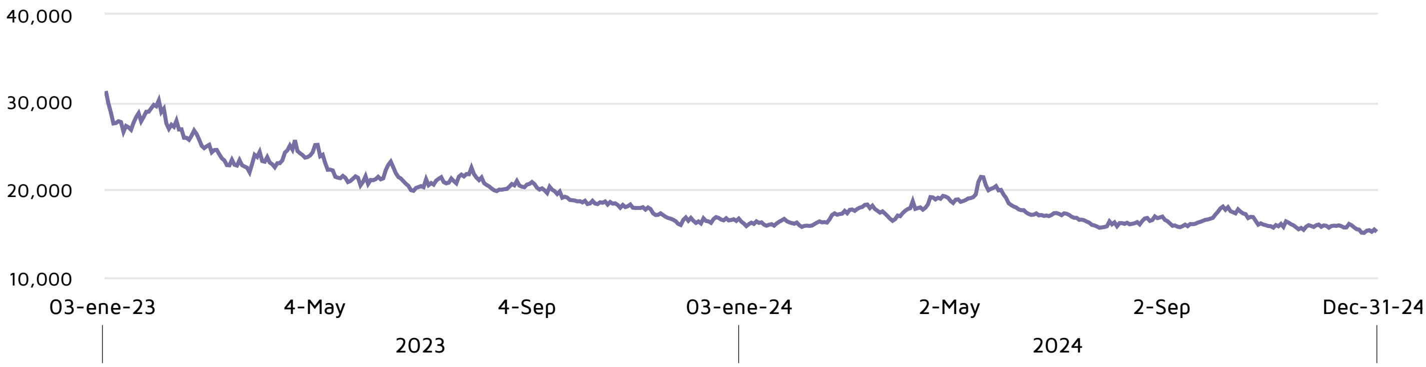
	2023	2024	Variation
Europe	5,902	6,250	6%
USA	1,824	1,950	7%
China	36,676	39,442	8%
India	4,056	4,561	12%
Japan	2,166	2,257	4%
Other	7,820	8,675	11%
Total	**58,444**	**63,135**	**8%**

4.1.2 Raw materials

Nickel

Official price on the LME. 2023– 2024

Average spot price / three months in USD/metric ton



Nickel prices were stable in early 2024, although they increased towards the end of the first quarter. The main reasons for this increase were better consumption prospects in China and lower availability of the mineral in Indonesia due to delays in the granting of mining quotas.

In May 2024, nickel reached its annual high, surpassing USD 21,000 due to the unrest in New Caledonia and the impact of China's economic recovery measures.

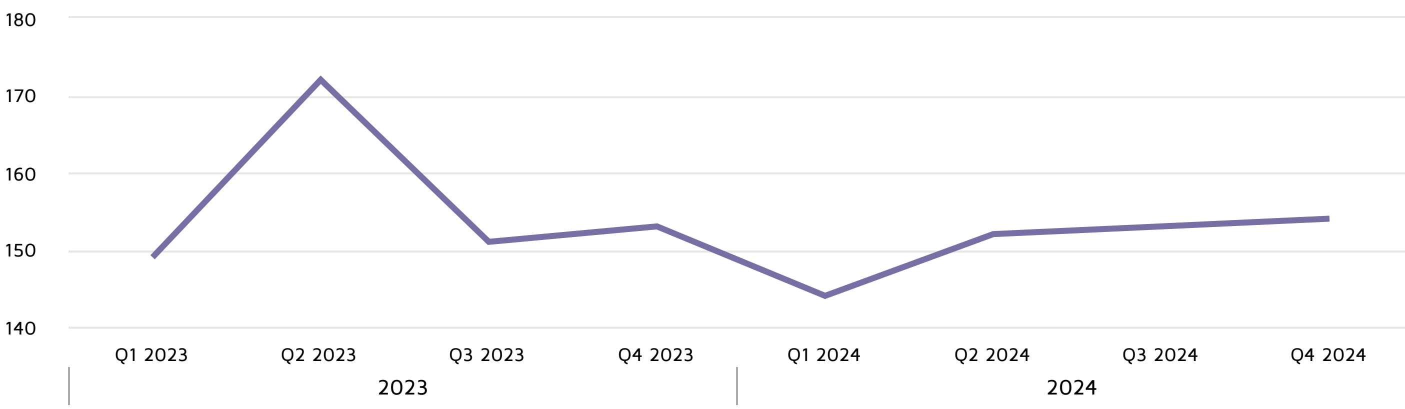
The global economic situation, fears of a possible recession and a surplus of pure nickel subsequently led to a downward price correction. This downward trend was altered only by the announcement of new economic stimulus by the Chinese government at the end of the third quarter.

A notable increase in stocks on the metal exchanges also affected changes in nickel prices in the second half of the year, especially due to the entry of nickel from new production in China and Indonesia.

Ferrochrome

Average quarterly ferrochrome price. 2023-2024

US cent (USc) / pound chrome (lb Cr)

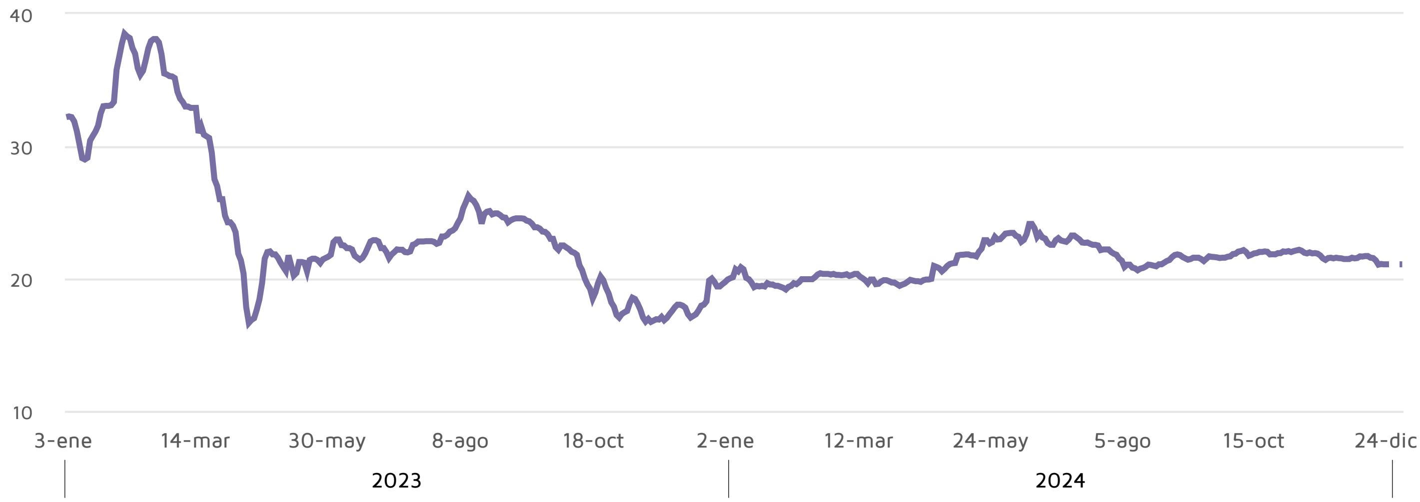


The price of ferrochrome remained relatively stable. Price increases in China and recovering demand, together with a chrome ore price above USD 300/metric ton, caused ferrochrome values to surpass 150 USc/lb Cr from the second quarter onwards.

Molybdenum

2023 – 2024

USD/pound molybdenum (lb Mo)



The existing balance between molybdenum production and demand, mainly for special steels, kept the price at relatively stable levels during practically the whole year.

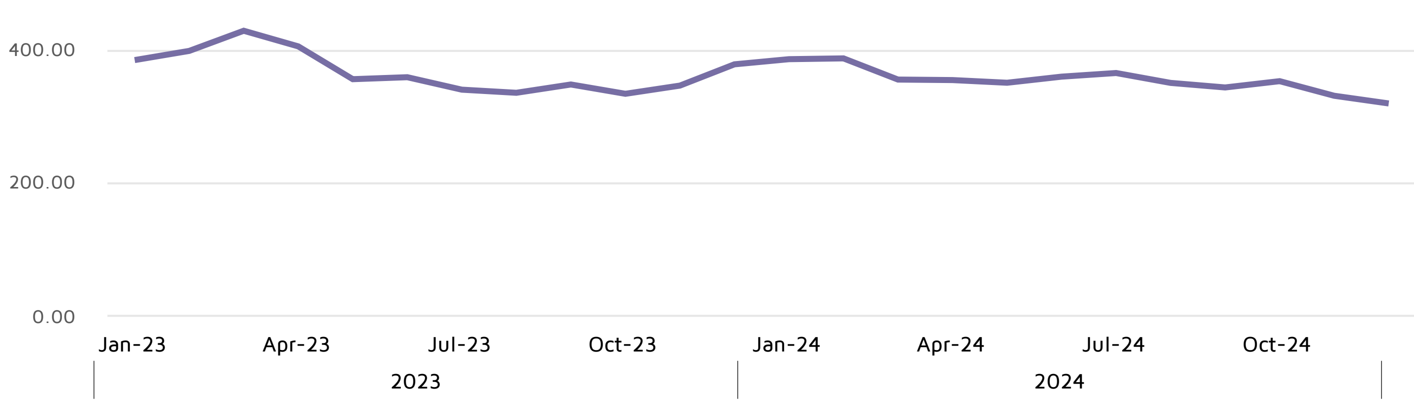
Only in the second quarter did prices increase to USD 24/lb Mo, mainly due to movements in the Asian market. There was subsequently a price reduction, and the year closed at USD 21/lb Mo.

Ferrous scrap

Price of ferrous scrap HMS 1&2 FOB Rotterdam (monthly averages). Years 2023-2024

At the end of the first quarter, there was a drop in prices linked to lower overall demand in the steel industry. This trend continued practically throughout the year.

USD/metric ton



HMS: Heavy melting steel

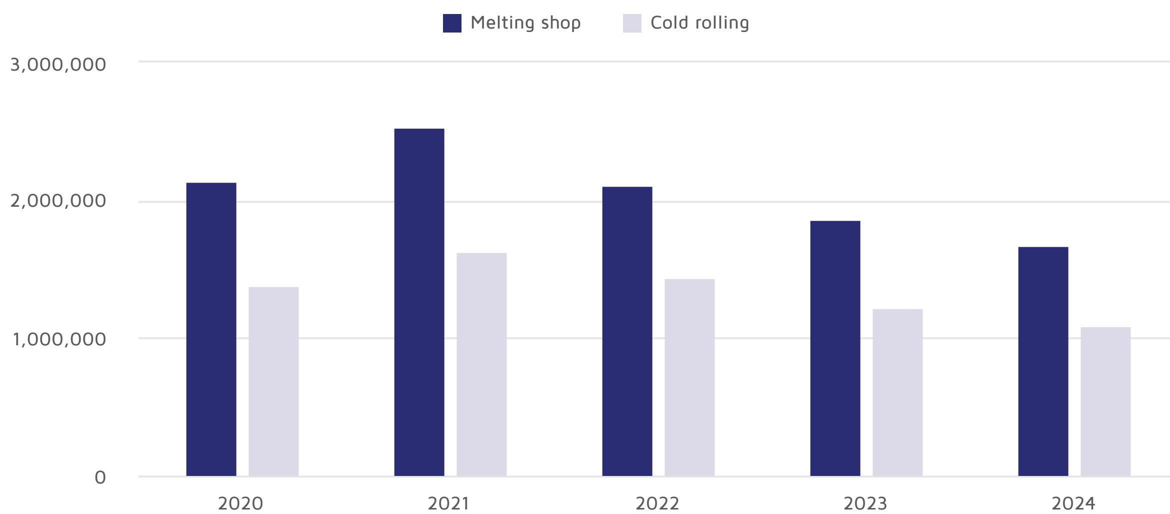
FOB: Free on Board

4.2 Production

Acerinox produced 1.8 million metric tons in 2024. Of these, 96% were produced by the Stainless Steel Division and 4% by the High-Performance Alloys Division.

The total production figure was -10.4% lower than that of financial year 2023, a decrease that is largely explained by the strike at Acerinox Europa, which lasted from February to June 2024.

Changes in total production of Stainless Steel Division factories (metric tons)



Quarterly performance of Stainless Steel Division production (thousands of metric tons)

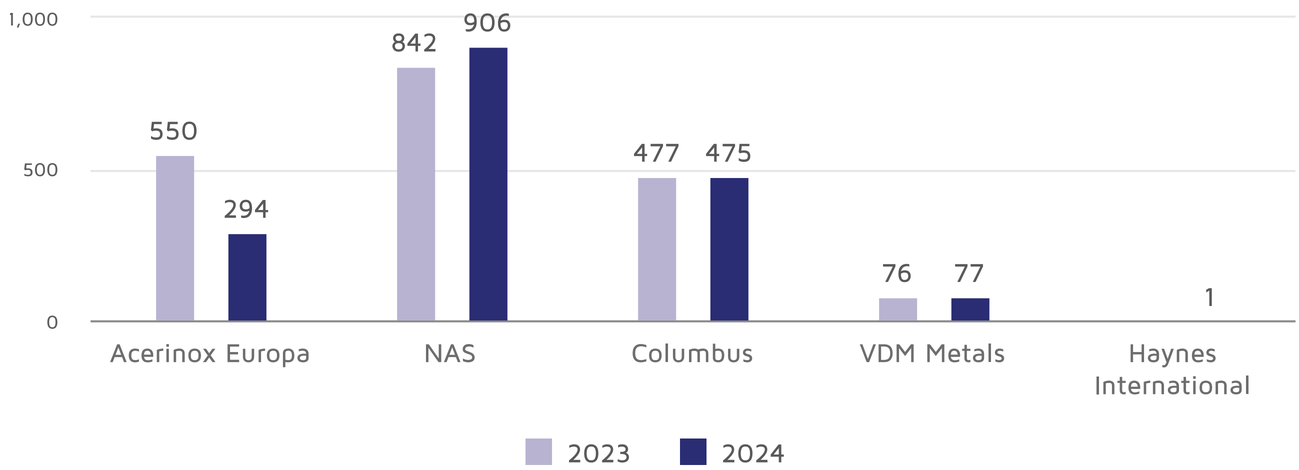
	2024					2023	Variation 2024 - 2023
	Q1	Q2	Q3	Q4	Accumulated	Jan-Dec	
Melting shop	440	384	473	378	1,674	1,869	-10.4%
Cold rolling	282	247	303	256	1,088	1,225	-11.2%
Long products (hot rolling)	32	37	41	29	140	139	0.8%

Quarterly performance of High-Performance Alloys Division production (thousands of metric tons)

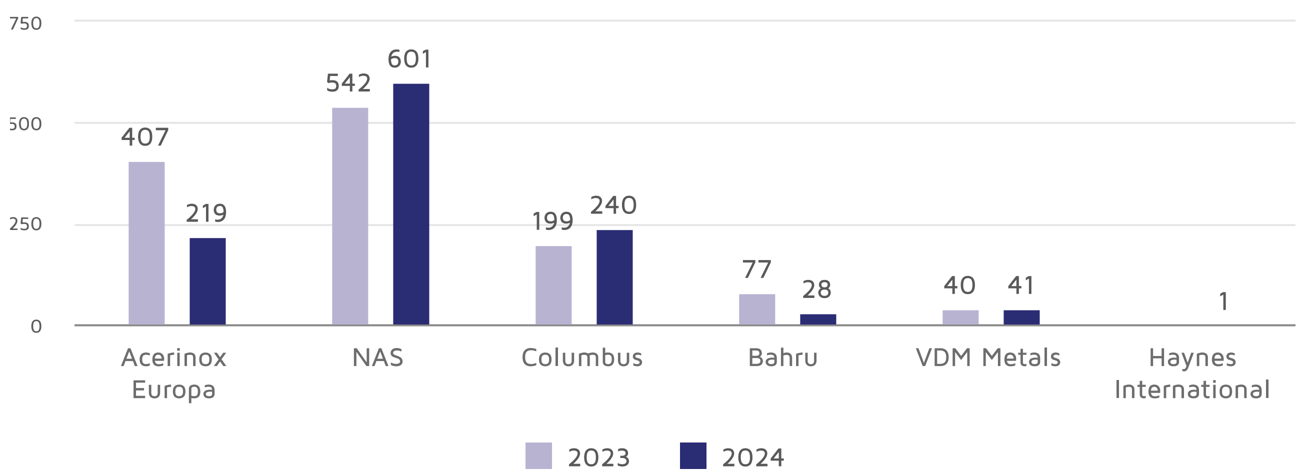
	2024					2023	Variation 2024 - 2023
	Q1	Q2	Q3	Q4	Accumulated	Jan-Dec	
Melting shop	21	20	18	18	78	76	2.6%
Finishing shop	11	10	11	10	42	40	4.0%

Group production

Melting shop production (thousands of metric tons)



Cold rolling / finishings production (thousands of metric tons)



In 2024, low demand throughout the year and the adjustment of inventories meant that all factories in the Stainless Steel Division had to adjust their production to market conditions.

In the case of the High-Performance Alloys Division, demand remained favorable throughout the year, while production activity was slightly higher than in 2023 (+2.6% melting shop production). Haynes has only contributed with one month of production during the fiscal year.

4.3 Financial results

Key indicators - EUR million

5,413	500	225	1,120	9.42%
REVENUE	EBITDA	NET INCOME	NET FINANCIAL DEBT	ROCE
			Without acquisition of Haynes International or the debt payments for Bahru: 219	

Group's consolidated results

In a complex context, Acerinox's results show the Group's resilience even at the toughest market moments. As discussed throughout this report, 2024 was marked by macroeconomic and geopolitical tensions, in addition to the ongoing supply chain challenges and low demand.

The following elements should be highlighted in the Group's results for the year:

a) The impact on Acerinox Europa's EBITDA due to the strike is estimated at EUR -84 million for the year, of which 43 million corresponds to the direct impact of the five-month stoppage in the first half of the year and the remainder to orders lost.

b) The consolidation of Haynes International in the Group's figures took place in December. As a result, the Group's debt has increased significantly, but Haynes has contributed only one month's results.

c) In December, Bahru Stainless, a non-strategic asset for the Group, was sold for USD 95 million. The impact on EBITDA was EUR 146 million, as a result of impairments made in previous years and accumulated exchange differences in equity.

The results obtained in this market environment demonstrate the effectiveness of the strategic decisions made in recent years. Acerinox is managing to mitigate the sector's volatility while making good on its proposal to offer higher value-added solutions to customers.

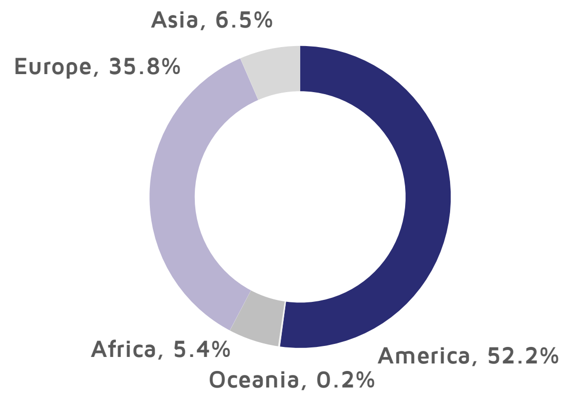
The most important figures for the year and the change with respect to the previous one are summarized in the following table:

EUR million	2024	2023	24/23
Melting shop production (thousands of metric tons)	1,753	1,946	-10%
Net sales	5,413	6,608	-18%
EBITDA	500	703	-29%
EBITDA margin	9%	11%	
Adjusted EBITDA*	445	768	-42%
Adjusted EBITDA margin	8%	12%	
EBIT	348	374	-7%
EBIT margin	6%	6%	
Pre-tax income	342	355	-4%
Profit after tax and non-controlling interests	225	228	-1%
Operating cash flow	294	481	-39%
Net financial debt	1,120	341	228%

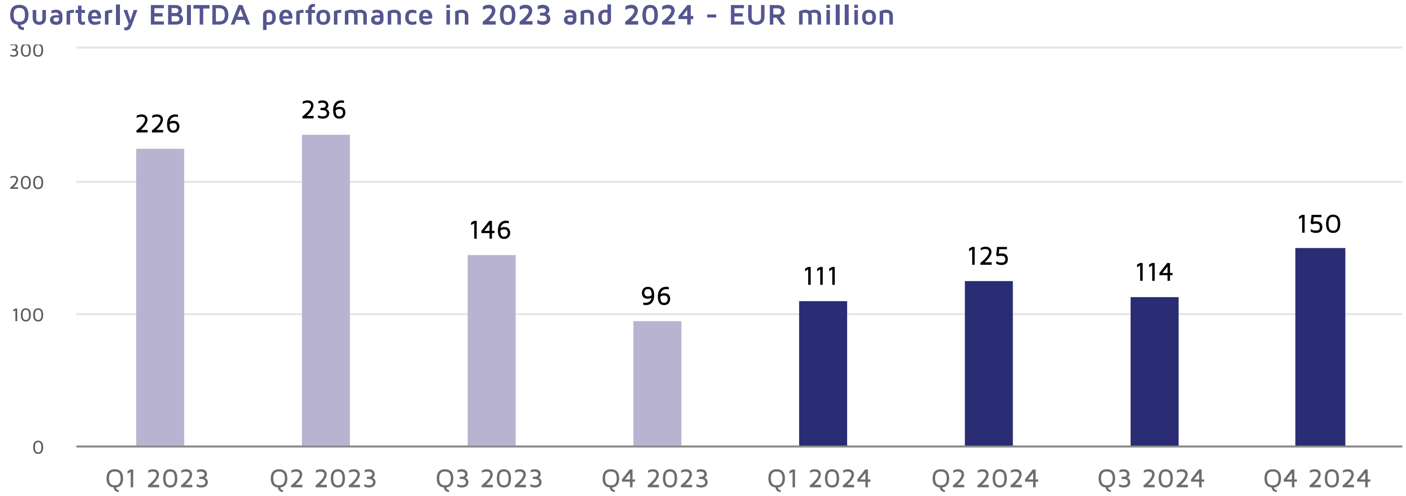
(*) In addition, if we take into account the impact of the strike at Acerinox Europa (EUR 84 million), adjusted EBITDA would have amounted to EUR 529 millions.

Revenue for the year, EUR 5,413 million, was 18% lower than the previous year, marked by the low levels of apparent demand and prices in the main markets where the Group operates, as well as by the strike lasting almost 5 months at the Acerinox Europa factory.

Geographic distribution of sales



Quarterly EBITDA performance in 2023 and 2024 - EUR million



Despite low demand, the Group managed to earn a solid EBITDA of EUR 500 million, showing its resilience in a complex market environment. This was still 29% lower than in 2023. EBITDA for the year was affected by the following extraordinary items:

- The sale of Bahru Stainless resulted in EBITDA income of EUR 146 million.
- The expenses associated with the acquisition of Haynes International amounted to EUR -21 million.
- Provision of EUR -12 million for the Rejuvenation Plan for the workforce of Acerinox Europa.
- Inventory regularization in the sum of EUR -58 million.

Adjusted EBITDA (net of the aforementioned items) would be EUR 445 million. In addition, if we include the impact that the strike at Acerinox Europa has had in the Group's results during this fiscal year, adjusted EBITDA would have been EUR 529 millions.

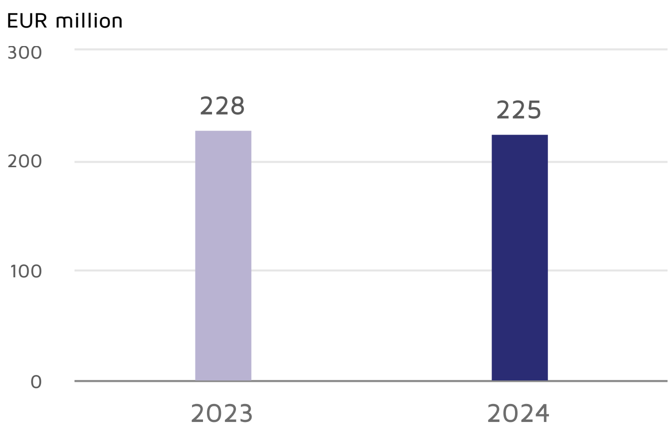
The EBITDA margin rose to 9%.

Depreciation, EUR 160 million, was 7% lower than in the previous year, mainly due to lower depreciation at Bahru Stainless, whose assets were impaired by EUR 156 million in 2023.

Operating profit (EBIT) totaled EUR 348 million, compared to EUR 374 million in 2023 (after impairment of assets at Bahru Stainless).

Profit after tax and non-controlling interests amounted to EUR 225 million, after realizing an impairment of tax credits in the amount of EUR 62 million. This result was 1% less than that of 2023.

Profit after tax and non-controlling interests



Cash generation

One of the Acerinox's strategic pillars is to maintain its financial strength, defined as sustainable cash generation over time to make efficient use of capital, enabling the Group to drive its growth and shareholder value creation strategies.

Cash generation remains one of the Group's priority targets, and it achieved an operating cash flow of EUR 294 million.

In 2024, the reduction in working capital, at EUR 71 million, was lower than expected, despite the market situation, the impact of the Acerinox Europa factory strike and the cessation of activity at Bahru Stainless.

The acquisition of Haynes International (EUR -769 million), the year's investments, mainly in North American Stainless (NAS) and VDM Metals (EUR -205 million), and 20% of the proceeds from the sale of Bahru Stainless (EUR 18 million) resulted in free cash flow of EUR -662 million.

Cash flow - EUR million

EUR million	2024	2023
EBITDA	**500**	**703**
Changes in working capital	71	79
Corporate income tax	-131	-233
Finance costs	-10	-4
Other adjustments	-136	-65
OPERATING CASH FLOW (*)	**294**	**481**
Payment for the purchase of Haynes International	-769	
Sale of Bahru Stainless	18	
Payments due to investment	-205	-175
FREE CASH FLOW	**-662**	**307**
Dividends and treasury shares	0	-152
CASH FLOW AFTER DIVIDENDS	**-818**	**155**
Translation differences	90	-56
Haynes acquired net financial debt	-51	
Changes in net financial debt	**-779**	**99**

(*) The EUR 146 million from the sale of Bahru Stainless had an impact on EBITDA, but does not represent a cash inflow.

Shareholder remuneration amounted to EUR 155 million in ordinary dividends, as a cash payment of EUR 0.62 per share was made, representing a 69% payout.

On the other hand, exchange differences of EUR 90 million were generated, mainly due to the 6% appreciation of the dollar against the euro.

Statement of financial position and financing

The acquisition of Haynes International had a significant impact on the Group's balance sheet due to the incorporation of its assets and liabilities at fair value. Among others, the most notable items were the following:

- Non-current assets, with an increase of 36% (25% due to Haynes)
- Inventory up by 11% (19% due to Haynes)
- Cash and cash equivalents decreased by EUR 531 million (EUR 811 million as a result of the acquisition of Haynes).

ASSETS

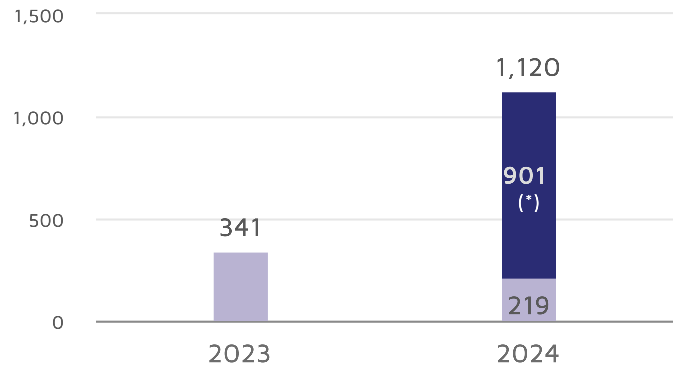
EUR million	2024	2023	Variation
Non-current assets	2,417	1,777	36%
Current assets	4,053	4,322	-6%
Inventories	2,062	1,861	11%
Receivables	606	618	-2%
Customers	551	560	-2%
Other receivables	55	58	-5%
Cash	1,263	1,794	-30%
Other current financial assets	123	50	146%
Total assets	**6,469**	**6,099**	**6%**

LIABILITIES

EUR million	2024	2023	Variation
Equity	2,575	2,463	5%
Non-current liabilities	2,017	1,733	16%
Bank borrowings	1,464	1,291	13%
Other non-current liabilities	553	442	25%
Current liabilities	1,877	1,902	-1%
Bank borrowings	919	844	9%
Trade payables	666	787	-15%
Other current liabilities	292	272	7%
Total Liabilities	**6,469**	**6,099**	**6%**

Net financial debt, at December 31, 2024, stood at EUR 1,120 million, an increase of EUR 779 million (EUR 341 million at December 31, 2023) due to the acquisition of Haynes International (acquisition: EUR 769 million, acquired debt of EUR 51 million and acquisition expenses of EUR 21 million) and the debt payment prior to the sale of Bahru Stainless (EUR 60 million). Without these transactions, net financial debt would have been EUR 219 million.

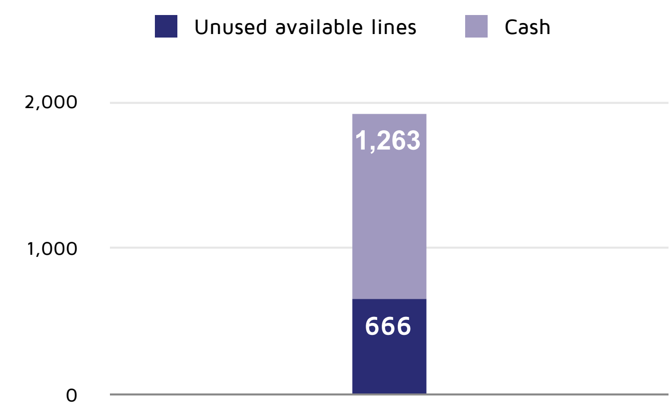
Net financial debt - EUR million



(*) Debt derived from the acquisition of Haynes International and the sale of Bahru Stainless.

Liquidity

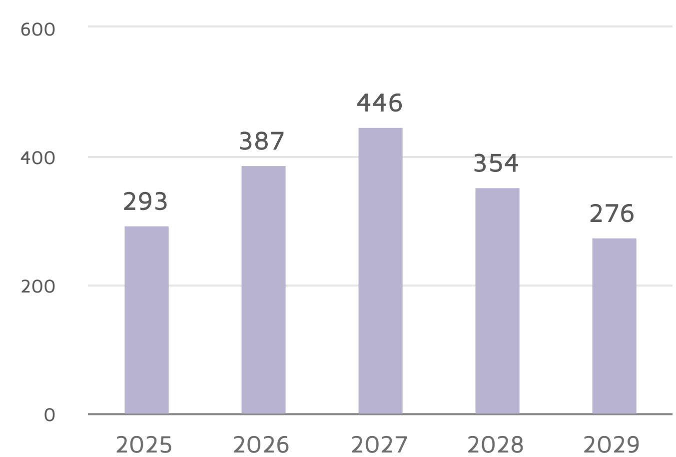
EUR million



Maturities of term debt

EUR million

€1,756 million



As in 2023, during 2024, the Group continued to actively manage its long-term loans and renew its credit lines to maintain liquidity. In this regard, the most significant financial transactions were as follows:

- Signing of thirteen new long-term loans with various financial institutions for an amount of EUR 855 million.
- Renewal and extension of credit facilities up to a total amount of EUR 480 million and USD 135 million.
- Signing of a new loan by VDM Metals for EUR 40 million.
- Extension for an additional year of two bilateral financing lines signed with VDM Metals for a total amount of EUR 80 million.

During this year, good access to liquidity has been maintained through long-term loans and financing facilities in force in amounts greater than those required at any given time, and some long-term loans maturing in 2025 and 2026 have been repaid in advance.

At year-end, the Group had sustainable financing lines totaling EUR 516.6 million, linking their cost to the evolution of the indicators to be reviewed annually.

The Group's total debt as of December 31, 2024 was EUR 2.383 billion, of which 52% was fixed-rate debt and the remaining 48% was variable-rate debt. More than 60% of the Group's total gross debt has a maturity of more than one year.

As of December 31, 2024, Acerinox had liquidity amounting to EUR 1,929 million. Of this amount, EUR 1,263 million corresponded to cash and short-term deposits and EUR 666 million to available financing lines at various Group subsidiaries.

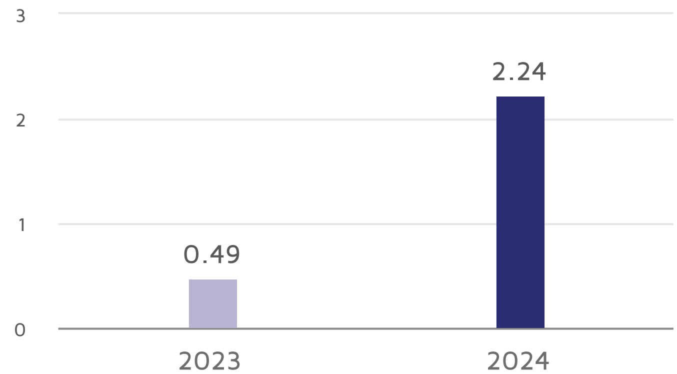
Financial ratios

The net financial debt/EBITDA ratio was 2.24 (0.49 in 2023), mainly due to the acquisition of Haynes International at the end of the year.

The gearing ratio stood at 44%.

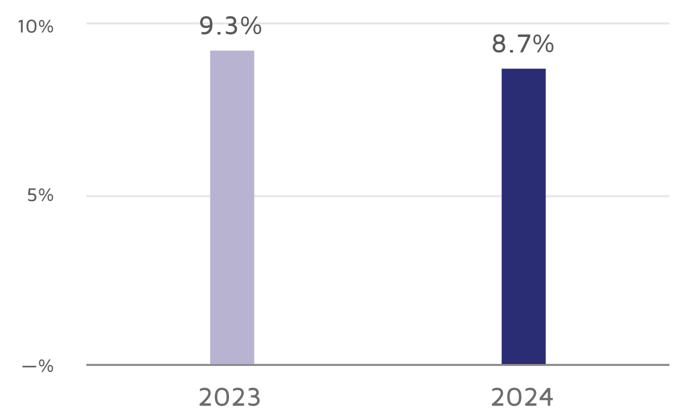
Return on capital employed (ROCE) was 9.4%% in 2024 (13.3%% in 2023).

Net financial debt to EBITDA - No. of times

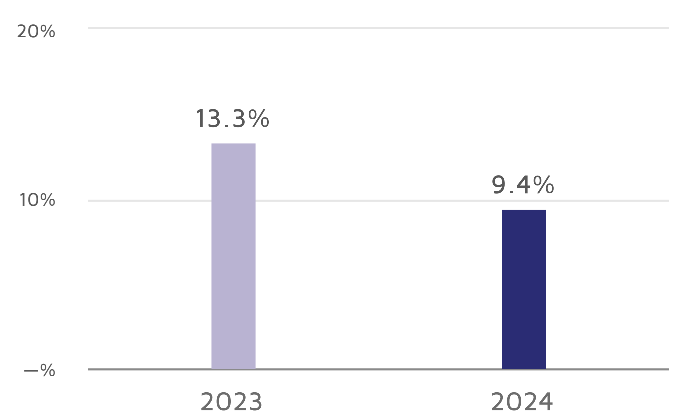


ROE in 2024 stood at 8.7% while ROCE was 9.4%

ROE - %



ROCE - %



Results by divisions

Stainless steel division results

EUR million	2024	2023	24/23
Melting shop production (thousands of metric tons)	1,674	1,869	-10%
Net sales	4,100	5,195	-21%
EBITDA	**384**	**533**	**-28%**
EBITDA margin	**9%**	**10%**	
Depreciation and amortization charge	-124	-138	-11%
EBIT	267	237	13%
EBIT margin	**7%**	**5%**	

Revenue was down 21% compared to 2023 due to lower sales, the Acerinox Europa strike and price drops in all markets where the Group operates.

EBITDA amounted to EUR 384 million, 28% down on 2023. This figure includes an inventory adjustment to net realizable value of EUR 47 million.

For the year as a whole, an operating cash flow of EUR 475 million was generated, with a reduction in working capital of EUR 13 million. This was lower than expected despite the market situation, impacted by the strike at the Acerinox Europa factory and the reduction in suppliers due to the cessation of activity at Bahru Stainless.

Cash flow

EUR million	2024	2023
EBITDA	384	533
Changes in working capital	13	206
Corporate income tax	-130	-230
Finance costs	7	17
Other adjustments	-119	-50
OPERATING CASH FLOW	154	475

The "other adjustments" item includes the EUR 146 million from the sale of Bahru Stainless that has affected EBITDA, however said amount does not represent cash input, as well as the positive conversion differences.

High-Performance Alloys Division results

EUR million	2024	2023	24/23
Melting shop production (thousands of metric tons)	79	76	4%
Net sales	1,334	1,437	-7%
EBITDA	**117**	**175**	**-33%**
EBITDA margin	**9%**	**12%**	
Depreciation and amortization charge	-36	-24	53%
EBIT	**81**	**151**	**-46%**
EBIT margin	**6 %**	**11%**	

The consolidation of Haynes International in the Group's figures took place in December. For this reason, the High-Performance Alloys Division assumed all of Haynes' debt at the time of the acquisition but contributed only one month to the results.

High-performance alloys revenue reflected market momentum with -7% decrease compared to 2023. The major differences with respect to 2023 were mainly due to the effect of raw materials, which were very positive in that year and not so this year.

EBITDA generated, at EUR 117 million, was -33% lower than in the previous year. At year end, an inventory adjustment to net realizable value of EUR 10 million was carried out.

Meanwhile, operating cash flow was EUR 140 million, due to a decrease in working capital of EUR 58 million.

Cash flow

EUR million	2024	2023
EBITDA	**117**	**175**
Changes in working capital	58	-126
Corporate income tax	-1	-3
Finance costs	-18	-25
Other adjustments	-17	-14
OPERATING CASH FLOW	**140**	**7**

4.4 Average supplier payment period

Law 18/2022 of September 29 on the creation and growth of companies modified the regulations related to the average supplier payment period. The third additional provision, which establishes the duty of disclosure, requires all companies to expressly include their average supplier payment period in the notes to their Annual Accounts. It also requests the monetary volume and number of invoices paid in a period shorter than the maximum established in the late payment regulations, the percentage over the total number of invoices and over the total monetary amount of payments to suppliers. Acerinox takes this modification into account.

The average period of payment to suppliers of the Spanish companies that form part of the Group, after deducting payments made to Group companies, is detailed below:

	2024	2023
	Days	Days
Average period of payment to suppliers	67 days	64 days
Ratio of operations settled	66 days	62 days
Ratio of transactions pending payment	72 days	81 days
EUR thousands	Amount	Amount
Total payments made	1,108,598	2,363,976
Total outstanding payments	140,333	189,493

The table includes payments made to any supplier, whether domestic or foreign, and excludes Group companies.

Considering only domestic suppliers, the average payment period is reduced by three days as shown below:

	2024	2023
	Days	Days
Average period of payment to suppliers	64 days	57 days
Ratio of operations settled	64 days	55 days
Ratio of transactions pending payment	63 days	77 days
EUR thousands	Amount	Amount
Total payments made	642,355	1,235,767
Total outstanding payments	83,725	108,716

This year's figures were affected by the strike at Acerinox Europa, which caused the factory to be closed for five months, preventing the management of invoices and payments in a timely manner.

The rest of the Group's Spanish companies comply with the payment terms established for domestic suppliers.

The supplementary information required by regulations is included below:

	2024	2023
a) Monetary volume of invoices paid within a period equal to or less than the maximum established in the regulations on late payment	467,243	1,129,490
Percentage share of total number of invoices of payments to its suppliers	42%	47%
b) Number of invoices paid within a period equal to or less than the maximum period established in the late payment regulations	21,395	22,172
Percentage share of total monetary payments to its suppliers	38%	40%

4.5 Acerinox shares

Acerinox's share capital during 2024 did not change: at December 31, 2024, it stood at EUR 62,333,843, represented by 249,335,371 shares with a par value of EUR 0.25 per share.

All shares are admitted to official trading on the Madrid and Barcelona stock exchanges and are traded on the continuous market.

At December 31 2024, Acerinox had a total of 47,000 shareholders:

	No. of shares	% capital
Corporación Financiera Alba SA	48,101,807	19%
Danimar 1990 SL	14,224,988	6%
Industrial Development Corporation of South Africa LTDA	8,809,294	4%
Other shareholders	178,174,139	71%

Acquisition of treasury shares

In 2024 a total of 181,224 shares, equivalent to a total of EUR 45,306, were delivered from treasury stock to Acerinox senior managers for their participation in LTI programs.

The number of shares acquired as treasury shares in 2024 was 100,000 shares. The par value of the acquisitions was therefore EUR 25,000.

At December 31, 2024 Acerinox held a total of 25,143 treasury shares.

Domestic investors represent 63% of the share capital and foreign investors 37%.

Analyst and investor relations

Acerinox guarantees the market equal access to information through all communication channels. Our website (acerinox.com) plays a very important role in applying this transparent communication policy and serves as a guarantee of access to information.

Any minority shareholder may contact the Shareholder's Office to make any request for information on Acerinox's performance.

Among the most significant issues discussed were the evolution of markets by region, possible corporate operations (mergers and acquisitions), the decarbonization plan, and capital allocation policies.

Share price performance

Throughout 2024, stock markets were characterized by high volatility, mainly affected by the following circumstances:

- Interest rate adjustments implemented mainly by the US' Federal Reserve (Fed) and the European Central Bank (ECB).
- The interruption of crude oil production, geopolitical conflicts, and OPEC decisions.
- Uncertainty due to geo-strategic conflicts.
- Election seasons in the US and Europe

Performance of the world's main indexes in 2024:

	2024
IBEX 35	14.8%
Industrial DJ	12.9%
Nikkei	19.2%
France CAC 40	-2.2%
Euro STOXX 50	8.3%
Germany DAX	18.9%
Ftse MIB	12.6%
CSI 300	14.7%
S&P 100	29.3%
NASDAQ-100 Index	24.9%

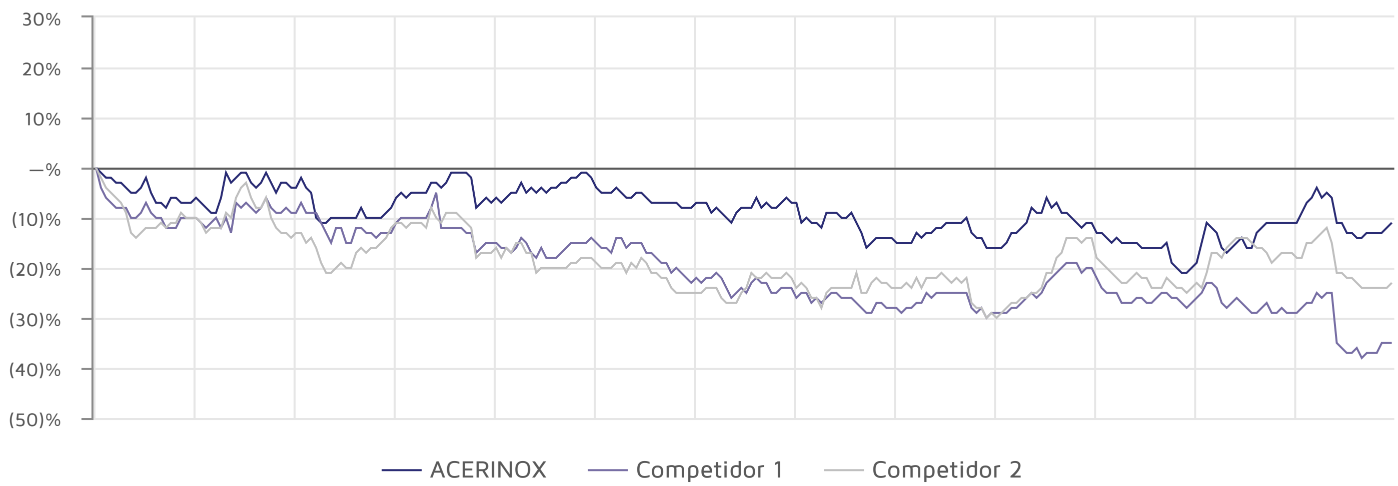
The Acerinox share decreased by 11% during the year and reached a high of EUR 10.59/share on January 2 and a low of EUR 8.41/share on October 31. Our performance, relative to other manufacturers that were treated more harshly by the stock market, shows the successful strategy followed by Acerinox in recent years, with diversification towards higher value-added alloys.

Throughout 2024, Acerinox shares experienced significant movements. The first of these took place in February, following the Haynes International takeover bid and its positive reception by the market.

Low demand during the year and the Acerinox Europa strike led to a prolonged slump for much of the year. At the end of 2024, the sector as a whole was penalized for various "profit warnings" and worst expectations for 2025, although in the case of Acerinox this was offset by the revaluation of the stock due to the electoral change in the US.

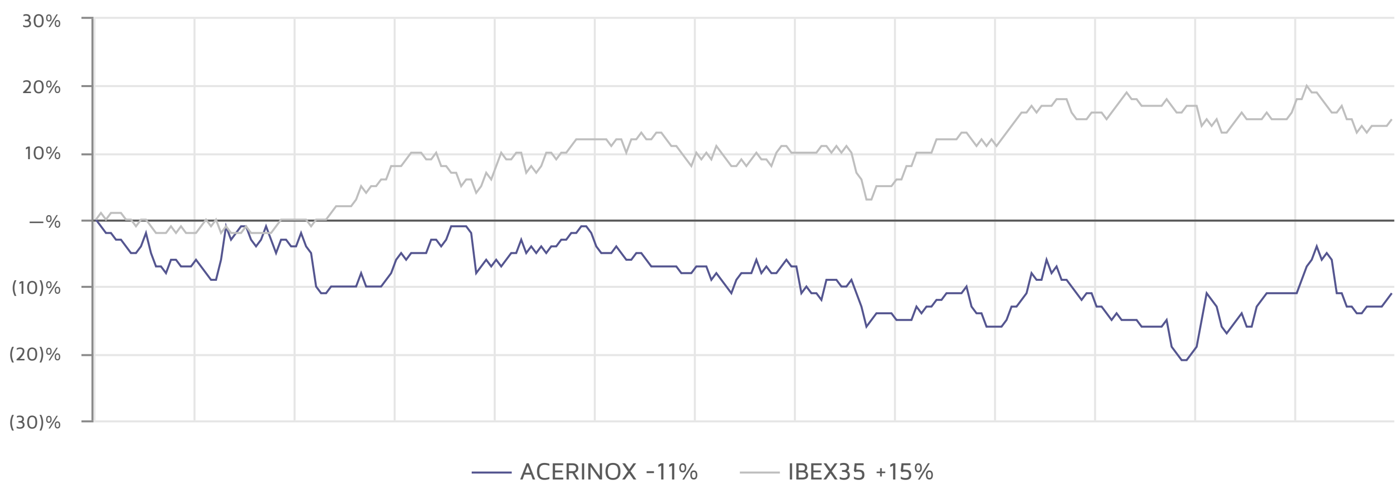
Stock market evolution of Acerinox and its European competitors

Daily percentage data, 2024.



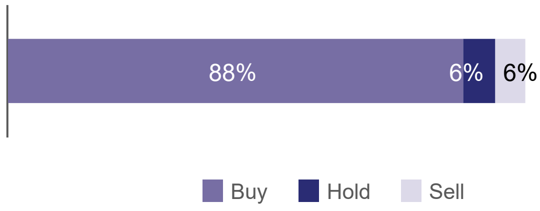
Stock market evolution of Acerinox and the IBEX 35

Daily percentage data, 2024.



Analysts' recommendations regarding Acerinox did not change significantly during the year. 85% issued a "buy" recommendation at the beginning of the year, as did 88% at the close; 6% of analysts advised holding and 6% selling.

Analyst recommendations

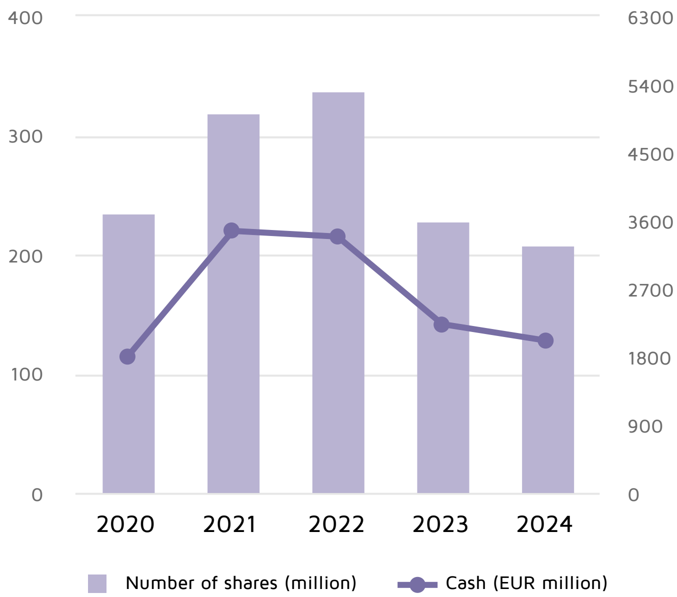


The average target price of analysts following Acerinox was EUR 12.8/share.

In 2024, Acerinox shares traded on the 256 days the continuous market was in operation. The total number of shares traded amounted to 207,558,363, with average daily trading of 810,774 shares.

In 2024, trading totaled EUR 2,010,376,045, entailing a daily average of EUR 7,853,031.

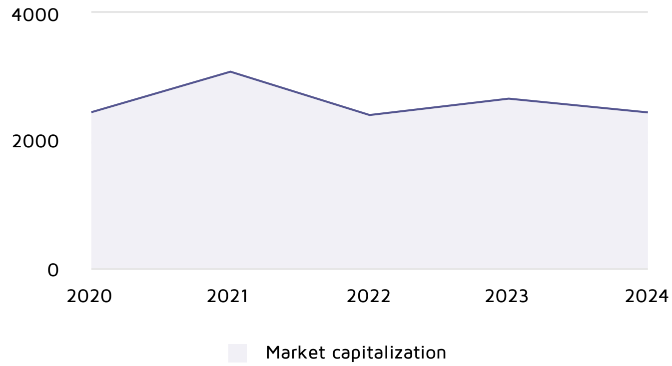
Trading volume



At December 31, 2024, Acerinox's market capitalization was EUR 2,356 million (EUR 2,657 million in 2023).

Market capitalization of Acerinox, S.A.

EUR million



4.6 Shareholder remuneration

In 2024, Acerinox shareholders received EUR 154.5 million in dividends. The General Shareholders' Meeting, held on April 22, 2024, approved the Board of Directors' proposal to pay a dividend for 2023 (to be paid in 2024) totaling EUR 0.62 per share, an increase of 3.3% over the previous year.

Dividend payment

As established in Acerinox's Dividend Policy, in 2024, the following payments were made:

- Interim dividend for 2023 of EUR 0.31 per share, paid in January 26, 2024.
- Final dividend for 2023 of EUR 0.31 per share, paid on July 19, 2024.

Dividend policy

In 2023, the new Acerinox Dividend Policy, approved by the Board of Directors in December 2022, came into effect. Its purpose is to establish the essential principles that will govern the shareholder compensation agreements submitted by the Board of Directors to the General Shareholders' Meeting for approval, connecting shareholder compensation to the Group's financial results.

Proposals for shareholder compensation must be sustainable and compatible with the maintenance of financial soundness.

Provided that market conditions and the Group's earnings performance, and while net debt does not exceed 1.2x recurring EBITDA for the cycle permit, the Board of Directors may resolve to provide Acerinox shareholders with extraordinary shareholder remuneration through share buyback plans or the payment of extraordinary dividends pursuant to authorization at the General Shareholders' Meeting.

As a general rule, the dividend will be paid in two payments:

- A payment on account in January.
- A supplementary payment in July.

This policy may be revised when there are significant and tangible organic and/or inorganic investments in the short term or when market conditions so advise.

4.7 Alternative performance measures (APMs)

In accordance with European Securities and Markets Authority (ESMA) guidelines, a description of the main indicators is included in this report. These indicators are recurrently and consistently used by the Group to evaluate financial performance and explain the evolution of its business:

Alternative performance measures related to the income statement

EBIT: Operating income. EBIT for FY 2024 amounted to EUR 348 million.

EBITDA (or Gross operating income): Operating income + Asset impairment + Depreciation + Amortization + Change in current provisions

EUR million	2024	2023
EBIT	348	374
Impairment of assets		156
Depreciation and amortization charge	160	171
Changes in current provisions	-8	2
EBITDA	500	703

Adjusted EBITDA: EBITDA discounting the extraordinary events during the year:

EUR million	2024	2023
EBITDA	500	703
Sale of assets (Bahru Stainless)	-146	
Acquisition expenses for Haynes International	21	
Provision for Acerinox Europa's Staff Rejuvenation Plan.	12	
Inventory adjustment	58	65
Adjusted EBITDA	445	768

Alternative performance measures related to the Balance sheet and leverage ratios

Net financial debt: Current bank borrowings + Non-current bank borrowings - Cash

EUR million	2024	2023
Current loans	1,464	1,291
Non-current loans	919	844
Cash	1,263	1,794
Net financial debt	1,120	341

Net financial debt / EBITDA:

EUR million	2024	2023
Net financial debt	1,120	341
EBITDA	500	703
Net financial debt / EBITDA	2.2x	0.5x

Debt ratio: Net financial debt / Equity

EUR million	2024	2023
Net financial debt	1,120	341
Equity	2,575	2,463
Net financial debt / Equity	44%	14%

Alternative performance measures related to cash flow

Working capital: Inventories + Customers - Trade payables

EUR million	2024	2023	Variation
Inventories	2,062	1,861	201
Customers	551	560	-9
Trade payables	666	787	-121
Working capital	1,947	1,634	313

Alternative performance measures related to company profitability

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

EUR million	2024	2023
EBIT	348	374
Equity	2,575	2,463
Net financial debt	1,120	341
ROCE	9%	13%

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

EUR million	2024	2023
Adjusted EBIT	348	530
Equity	2,575	2,463
Net financial debt	1,120	341
Adjusted ROCE	9%	19%

ROE: Profit per share after tax and non-controlling interests / Equity

EUR million	2024	2023
Profit after tax and non-controlling interests	225	228
Equity	2,575	2,463
ROE	9%	9%

Other Alternative Performance Measures

Payout: Shareholder remuneration / Profit after tax and non-controlling interests

EUR million	2024	2023
Shareholder remuneration	155	150
Profit after tax and non-controlling interests	225	228
Payout	69%	66%

Book value per share: Equity / no. of shares

	2024	2023
Equity (EUR million)	2,575	2,463
Number of shares at year-end	249,335,371	249,335,371
Book value per share (Euros)	10.3	9.9

Earnings per share: Profit per share after tax and non-controlling interests / No. of shares

	2024	2023
Profit after tax and non-controlling interests (EUR million)	225	228
Number of shares at year-end	249,335,371	249,335,371
Earnings per share (EUR)	0.90	0.91

4.8 Responsible tax policy

In line with the Acerinox goal to advance with the development of ethical and transparent corporate governance, the Group has a firm commitment to sustainability that also extends to taxation. Taxes are a fundamental tool for creating long-term sustainable value and now, more than ever, society needs a commitment from enterprises in all areas concerned with this matter.

Acerinox believes in strict adherence to tax legislation in all the countries where it operates, in cooperating with the tax authorities and in tax transparency.

Since its approval in 2011, Acerinox has adhered to the Code of Good Tax Practices and is an active participant in the Tax Forum for Large Companies.

As a sign of its commitment to best practices in tax matters, collaboration with the tax authorities and transparency, the Group voluntarily submitted for the third consecutive year, a tax transparency report to the Spanish Tax Authority. The purpose of this report is to provide information on certain aspects of the companies' economic activity, among others:

- Explanation of the Group's tax strategy approved by the management bodies.
- Tax contribution.
- The transfer pricing policies applied by the Group.
- The degree of consistency with the principles of the OECD's Base Erosion and Profit Shifting (BEPS) actions.
- Explanation of the most significant corporate actions.
- The cooperative programs in which the Company participates.

As a result of this commitment, the Group was awarded the highest category T for Transparent 2023 seal for responsible taxation and good governance by the Haz Foundation. This award demonstrates compliance with transparency indicators; Acerinox is one of the only 13 companies to have been awarded this seal. It is the leading company in its sector and is consequently perceived as one of the most transparent companies in the industry.

In recent years, in its integrated annual report on the website, the Group has published details of its tax contribution in the countries where it operates, as well as the General Tax Policy.

Likewise, Acerinox has been an active party in various procedures in the cooperative field, including its participation in the OECD-backed ICAP program, which began in mid-2019 and concluded in March 2022 with the receipt of letters from the various participating tax administrations; these categorized the transactions examined, in general, as low tax risk. Acerinox also has a bilateral advance pricing agreement (APA) with the Spanish and German tax authorities; signed in 2017, it is now in the renewal process. In addition, it has collaborated with the tax authorities in the resolution of various mutual agreement procedures.

Key indicators. EUR million

155	131	671	5,557	5,524	33
Shareholder remuneration	Taxes paid	Staff remuneration	Direct economic value generated	Economic value distributed	Economic value retained

The direct economic value generated includes the Group's revenue for other operating income (excluding extraordinary income), subsidy income, interest income, and proceeds from the sale of fixed assets.

Public subsidies received

Public subsidies received (EUR thousands)	2024	2023
R&D	2,271	1,889
Environment	14,083	24,612
Allocation of CO_2 allowances	13,129	19,113
Aid related to COVID-19	0	29
Training	202	273
Other	8	63
Total	**29,693**	**45,979**

The economic value distributed includes purchases of commodities and consumables, operating expenses (excluding extraordinary expenses), taxes, personnel expenses, financial interest expenses, payments, dividend payments, purchases of treasury shares, and corporate income tax payments

Financial Transparency Seal

FISCAL RESPONSIBILITY 2024

Acerinox has been awarded a tax transparency seal by the Haz Foundation, which evaluates the governance system and transparency practices of companies to prevent tax hazards. The company was awarded the highest category of seal (three stars); this seal is granted to entities, such as Acerinox, that meet more than 90% of the indicators. This recognition reflects the company's firm commitment to tax transparency.

Internal monitoring and oversight framework

The Acerinox Group's General Tax Policy forms part of the Company's corporate governance system. It is available on the company website and sets out the principles and good practices for tax management, with a view to ensuring compliance with applicable tax legislation, adequately coordinating the management of all Group companies, and preventing tax risks and inefficiencies when making business decisions. The tax risk management and internal control framework also falls under the Risk Control and Management Policy, available on the company website. See 6. Risk management in this report for details of the management principles.

The Acerinox Group is aware of this importance of BEPS principles within its activity, and has therefore developed different internal mechanisms to comply with them. To ensure compliance with these principles, the Group self-assesses BEPS risks annually, in accordance with the 19 tax risk indicators established by the OECD. Acerinox considers that its tax policy is compliant with the BEPS principles and actions approved by the OECD and does not carry out any aggressive tax planning for the purpose of: i) shifting profits to entities in countries with low or no taxation, or ii) using complex mechanisms that would erode taxable income.

Under Contribution to the welfare state, the Acerinox Group's Code of Conduct and Good Practices expressly prohibits the incorporation or holding of entities in territories classified as tax havens for the sole purpose of reducing the corporate income tax base. For these purposes, Acerinox considers as tax havens those places listed in Ministry of Finance Order 115/2023 of February 9 or its subsequent amendments.

Acerinox also complies with the legislation in each country where it operates and pays the corresponding taxes as per the regulations in force.

4.9 Post-closing events

The Acerinox Board of Directors, at their meeting of December 18, 2024, approved the distribution of an interim dividend for the year 2024 payable in cash of EUR 0.31 gross per share for each existing and outstanding share entitled to receive such dividend.

The interim dividend for 2024 was paid on January 24, 2025 through the depositary entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (IBERCLEAR). This dividend will be submitted for approval at the General Shareholders' Meeting to be held in 2025.

5

Corporate governance

Corporate governance

Corporate Governance is the set of rules, principles, and procedures that regulate the Company's governing bodies.

In 2024, the following modifications were made in the area of Corporate Governance:

- The Acerinox General Shareholders' Meeting held on April 22, 2024, agreed to the Board of Directors' proposal to amend Article 24 of the Company Bylaws to regulate the position of Lead Independent Director. The change was approved with 99.67% of the concurrent voting capital present or represented at the Meeting voting in favor.

- The General Shareholders' Meeting held on April 22, 2024, at the proposal of the Board of Directors, approved the amendment of Article 25 of the Company Bylaws. The aforementioned amendment was approved to eliminate per diems for attending Board and committee meetings from the remuneration system of Acerinox's Board of Directors. Instead, Directors shall receive only fixed annual allowance, payable monthly in arrears and prorated on a daily basis in the event that they do not occupy the corresponding position during the entire year. The determination of the remuneration of each Director shall be made by the board and following a report from the Appointments, Remuneration and Corporate Governance Committee, within the framework of the Bylaws and the Remuneration Policy in force, respecting the maximum annual amount and other criteria contained therein. The amendment of this article of the Company Bylaws was approved with 99.6% of the voting capital in attendance and represented at the Meeting voting in favor.

- The General Shareholders' Meeting held on April 22, 2024 approved a new Directors' Remuneration Policy, applicable from the moment of its approval for fiscal years 2025, 2026 and 2027. This Policy eliminates Directors' per diems for Board and Committee attendance, establishes individual remuneration for Board Members in their capacity as such in accordance with their duties and dedication, modifies the remuneration system for the Chief Executive Officer in relation to his fixed and variable remuneration, and improves the alignment of the Policy with trends in Corporate Governance. This Policy was approved by the General Shareholders' Meeting with 95.19% of the voting capital in attendance and represented at the Meeting voting in favor.

- At its meeting held on April 22, 2024, the Board of Directors approved an amendment to the Regulations of the Board of Directors in order to adapt the aforementioned Regulations to the Directors' Remuneration Policy, eliminating from the directors' remuneration system per diems for attending Board meetings and establishing, in their place, a fixed annual allowance payable monthly in arrears and prorated on a daily basis in the event that the position of Director is not occupied during the entire year.

The Acerinox Board of Directors carried out an annual evaluation of its performance and that of its Committees in 2024 through the Company's internal services.

The 2024 Acerinox Annual Corporate Governance Report, the Directors' Remuneration Report, the Financial Statements and the Management Report are available on the Spanish National Securities Market Commission and Acerinox websites from the date of publication of the 2024 Annual Accounts. The Annual Directors' Remuneration Report for the 2023 fiscal year was approved by the General Shareholders' Meeting held on April 22, 2024,with 95.13% of the shares present or represented.

The Board of Directors, in collaboration with its Committees, approves the Group's policies. The Board of Directors and its Committees, for their part, monitor the company's targets, including those related to sustainability.

Board of Directors

In 2024, the Acerinox Board of Directors, composed of 11 Directors, met on 12 occasions. During the year, there were no changes in the composition of its members.

Board of Directors

CARLOS ORTEGA ARIAS-PAZ

Chairman

Proprietary Director representing Corporación Financiera Alba, S.A.

Member of the Board of Directors since May 2022.
Elected with the favorable vote of 91.99% of the subscribed voting capital attending the 2022 General Shareholders' Meeting.

Holder of 22,222 shares at December 31, 2024.

LAURA G. MOLERO

External Independent

Member of the Board of Directors since 2017, re-elected in 2021.

She chairs the Appointments, Remuneration and Corporate Governance Committee and is a member of the Audit Committee.

Re-elected with the favorable vote of 97.24% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

BERNARDO VELÁZQUEZ HERREROS

Chief Executive Officer

Executive

Member of the Board of Directors since 2010, re-elected in 2014, 2018 and 2022.

Chief Executive Officer since July 2010. He is a member of the Executive Committee.

Re-elected with the favorable vote of 92.55% of the subscribed voting capital attending the 2022 General Shareholders' Meeting.

Holder of 118,944 shares at December 31, 2024.

GEORGE DONALD JOHNSTON

Lead Independent Director

Member of the Board of Directors since 2014; re-elected in 2019 and 2023.

He is a member of the Audit Committee and the Executive Committee.

Holder of 6 shares at December 31, 2024.

Re-elected with the favorable vote of 87.76% of the subscribed voting capital attending the 2019 General Shareholders' Meeting.

ROSA MARÍA GARCÍA PIÑEIRO

External Independent

Member of the Board of Directors since 2017, re-elected in 2021.

She chairs the Sustainability Committee and is a member of the Executive Committee.

Re-elected with the favorable vote of 97.32% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

FRANCISCO JAVIER GARCÍA SANZ

External Independent

Member of the Board of Directors since 2020.

He is a member of the Executive Committee and the Appointments, Remuneration and Corporate Governance Committee.

Elected with the favorable vote of 92.78% of the subscribed voting capital attending the 2020 General Shareholders' Meeting.

TOMÁS HEVIA ARMENGOL

External Proprietary, representing Corporación Financiera Alba, S.A.

Member of the Board of Directors since 2016, re-elected in 2021.

Sits on the Sustainability Committee and the Audit Committee.

Re-elected with the favorable vote of 99.13% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

MARTA MARTÍNEZ ALONSO

External Independent

Member of the Board of Directors since 2017, re-elected in 2021.

Member of the Sustainability Committee.

Re-elected with the favorable vote of 98.05% of the subscribed voting capital attending the 2021 General Shareholders' Meeting.

LETICIA IGLESIAS HERRAIZ

External Independent

Member of the Board of Directors since 2020.

Chairs the Audit Committee and is a member of the Sustainability Committee.

Elected with the favorable vote of 92.59% of the subscribed voting capital attending the 2020 General Shareholders' Meeting.

SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN

External Proprietary, representing Corporación Financiera Alba, S.A.

Member of the Board of Directors since 2002, re-elected in 2006, 2010, 2014, 2018 and 2022.

He is a member of the Executive Committee and the Appointments, Remuneration and Corporate Governance Committee

Re-elected with the favorable vote of 91.57% of the subscribed voting capital attending the 2022 General Shareholders' Meeting.

Holder of 9,997 shares at December 31, 2024.

PEDRO SAINZ DE BARANDA RIVA

External Independent

Member of the Board of Directors since 2023.

He is a member of the Appointments, Remuneration and Corporate Governance Committee, as well as the Sustainability Committee.

Elected with the favorable vote of 92.05% of the subscribed voting capital attending the 2023 General Shareholders' Meeting.

LUIS GIMENO VALLEDOR

Secretary of the Board and General Secretary of the Acerinox Group.

Holder of 32,472 shares at December 31, 2024.

The Company Bylaws establish that the board may have between five and 15 Directors. Although the maximum number has been reached in the past, there are currently 11 Directors after the former chairman stepped down in 2022. This number is considered adequate to understand the needs of the company, although it is subject to change in the future if the circumstances so require.

			Director			Committee				Other
Name	Position	Gender	Executive	Proprietary	Independent	Executive	Audit	Appointments and remuneration	Sustainability	First Appointment as Board Member
Carlos Ortega Arias-Paz	Chairman	Men		●		● *C				2022
Bernardo Velázquez Herreros	Chief Executive Officer	Men	●			●				2010
Laura G. Molero	Director	Women			●		●	● *C		2017
Rosa María García Piñeiro	Director	Women			●	●			● *C	2017
George Donald Johnston	Lead independent director.	Men			●	●	●			2014
Francisco Javier García Sanz	Director	Men			●	●		●		2020
Tomás Hevia Armengol	Director	Men		●			●		●	2016
Leticia Iglesias Herraiz	Director	Women			●		● *C		●	2020
Pedro Sainz de Baranda Riva	Director	Men			●			●	●	2023
Marta Martínez Alonso	Director	Women			●				●	2017
Santos Martínez-Conde Gutiérrez-Barquín	Director	Men		●		●		●		2002
Luis Gimeno Valledor	Secretary	Men				SEC	SEC	SEC	SEC	–

Men   Women

*C: Chairman

36.6% of Board members are women.

	Men	Women
Board of Directors	7	4
Executive Committee	5	1
Audit Committee:	2	2
Appointments Committee	3	1
Sustainability Committee	2	3

Board committees

Executive Committee
Composed of six members, it held two meetings.

Audit Committee:
Composed of four members, it held eleven meetings.

Appointments, Remuneration and Corporate Governance Committee
Composed of four members, it held ten meetings.

Sustainability Committee
Composed of five members, it held seven meetings.

Management Committee
At December 31, 2024, the following members sat on the Acerinox Management Committee:

Lucía Alonso de Noriega	Internal Audit
Esther Camós	Chief Financial Officer
José Campuzano	Health, Safety and Environment
Carlos Castillo	Legal Department
Marisa Dafauce	Human Resources
Antonio Fernández de Mesa	Financial
Miguel Ferrandis	Chief Corporate Officer
Cristóbal Fuentes	CEO of North American Stainless
José Manuel Garcelán	Compliance
Juan García	Risks
Antonio Gayo	Strategy
Luis Gimeno	Secretary General and Secretary of the Board

Fernando Gutiérrez	CEO of Acerinox Europa
Alexander Kolb	Deputy Secretary General
Carlos Lora-Tamayo	Investor Relations, Communication, Consolidation and Reporting
Carlos Marqués	Raw material purchases
Niclas Müller	CEO of VDM Metals
Deniza Puce	Indirect Purchases
Alberto Ruiz	Cybersecurity
Carlos Ruiz	Sustainability
Johan Strydom	CEO of Columbus Stainless
Isabel Vaca	Information Systems
Bernardo Velázquez	Chief Executive Officer

Senior Management remuneration

The variable remuneration of senior management, and therefore of Executive Directors (only the CEO at present), was determined on the basis of a series of metrics:

- The first set of metrics is related to Acerinox's financial performance, such as EBITDA, profit after tax and non-controlling interests, and net debt.
- The second set are specific indicators of the companies for which the pertinent member of management is directly and particularly responsible.
- The third and last set of metrics reflect sustainability performance.

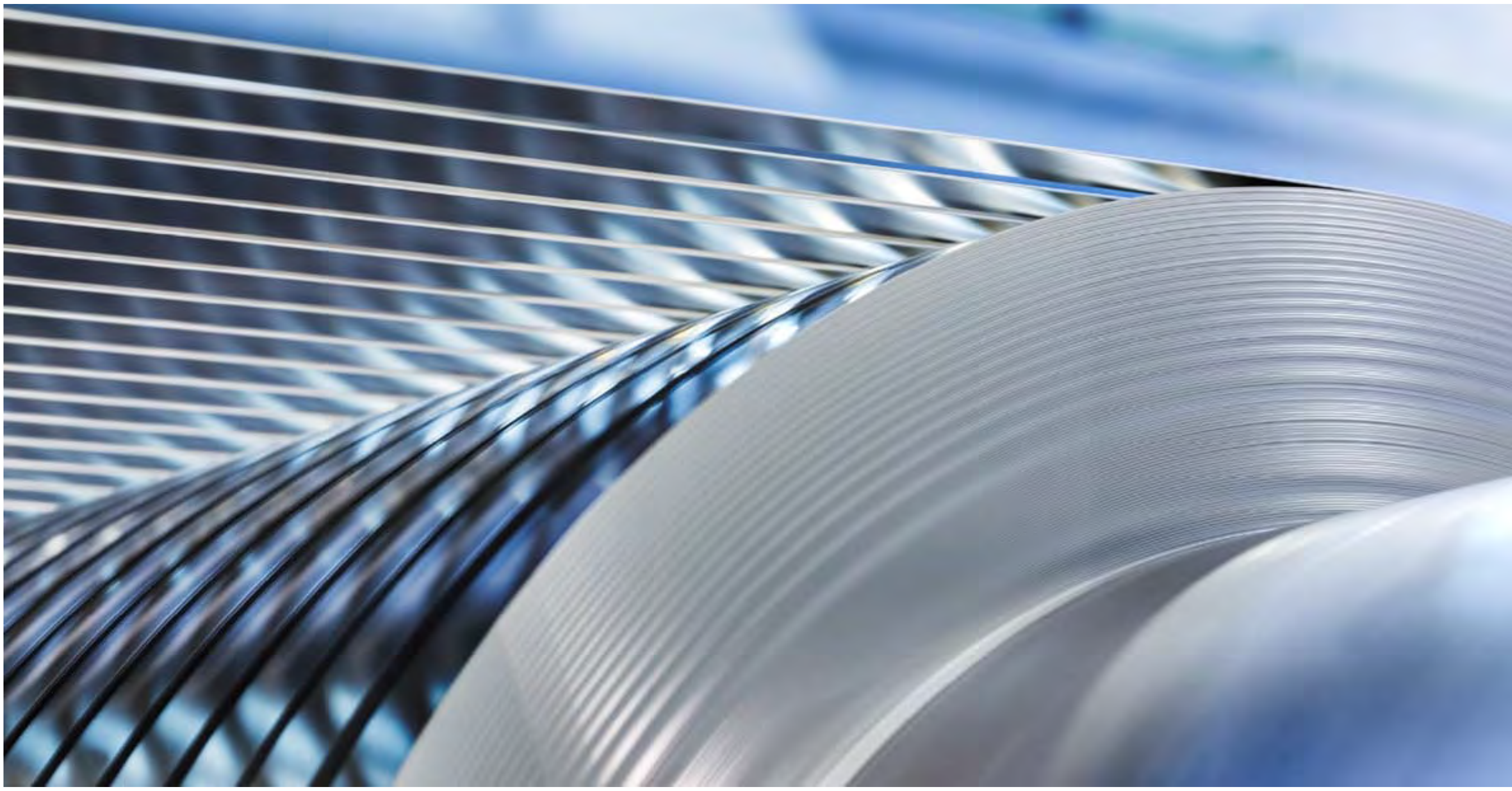
Further details on the CEO's bonus can be found in the Directors' Annual Remuneration Report, which is published at the same time as this report and is available on the Group's website and the Spanish National Securities Market Commission. The total remuneration of senior management can also be consulted in the Annual Corporate Governance Report, which is available on the Company's website and on the CNMV's website.

Senior management remuneration, including the Chief Executive Officer and other ensembles within Group Management, through Company share-based payments, will be determined according to the profit obtained by shareholders over a three-year period. This is measured based on Total Shareholder Return and Return on Equity during these cycles.

General Shareholders' Meeting

The Acerinox General Shareholders' Meeting was held on April 22, 2024 in Madrid with the physical attendance of the Company's shareholders. A total of 1,874 shareholders, either in person or by proxy, were in attendance, representing 58.44% of the subscribed voting capital. All items on the agenda were approved with the sufficient majorities required by the Corporate Enterprises Act and the Company Bylaws.

6
Risk management



Risk management

In today's dynamic business world, Acerinox faces a wide variety of risks and threats that are increasingly complex and difficult to foresee. Against this backdrop, fostering a solid risk culture becomes a fundamental necessity.

Acerinox's entire organization is actively committed to this, starting with senior management, which is responsible for the design, implementation, and monitoring of the Risk Management System. This program, which is overseen by the Board of Directors, is aligned with the COSO ERM three-line model to cover all the Group's business areas:

- The first line of defense comprises operational profiles in charge of identifying and assessing specific risks related to their operations.
- The second line of defense is formed by the Group's Corporate Risk department, which is in charge of developing and monitoring risk management processes, as well as coordinating with the business units to evaluate these properly.
- The third line of defense is the responsibility of the Internal Audit department, which ensures that both previous lines are effective.

To support compliance with the Risk Management System, Acerinox has established the General Risk Monitoring and Management Policy of Acerinox S.A. and its Group of companies. This policy sets out the basic principles and the general framework to monitor and manage the risks faced by the Group.

Integrating risk management at all levels of the company fosters a proactive mindset that helps identify and assess potential threats, reflecting a strong risk culture that translates into:

- **More resilience**: a solid risk culture allows for better preparation to face crises and adapt to unforeseen changes.
- **Improved decision-making**: by systematically considering risks, decisions are made in a more informed and strategic manner.

- **Loss reduction**: identifying and mitigating risks early avoids financial and reputational losses.
- **Regulatory compliance**: a strong risk culture facilitates compliance with regulations and industry standards.
- **Fostering innovation**: the analysis of own risks stimulates innovation and growth, in turn generating new techniques and products.

Source: Institute of Risk Management (IRM)

Integrating risk culture into product development: sustainable product innovation

As part of the Group's risk culture, sustainable product innovation plays a key role in responding to and mitigating environmental and ESG risks:

- Reduction of carbon footprint (renewable energy, recycled material).
- Regulatory compliance (adaptation to increasingly stringent environmental regulations).
- Improved global reputation (growing demand from responsible consumers, better perception of the company in terms of sustainability).

Therefor, Acerinox developed EcoACX®, a new low-emission solution validated under ISO 14067 by an external certification body to meet environmental requirements and, in turn, satisfy market needs.

As described in section 3.1 of this document, three externally validated key indicators stand out:

- More than 90% of the raw materials used in its manufacture come from recovered material.
- It represents a reduction of at least 50% in terms of CO_2 per metric ton compared to the standard product.
- All the energy used to make it is renewable.

Main risks

The Group's risk management model, based on the COSO ERM framework, makes it possible to simplify, unify, and homogenize risk handling, with the Board of Directors as the main driving force and the last line of defense (annual audits) involved. Established risk management provides a solid framework for dealing with risks effectively. The Group, through at least two annual reviews, is able to systematically identify, assess, address, monitor and communicate risks, enabling more informed decisions and improved long-term performance.

Category	Main risks	Description and examples	Main responses
External	**Economic cycles**	The uncertainty associated with political changes following elections in many countries and new policies could lead to new trajectories for inflation, indebtedness, trade flows, and production costs.	Strategic plans focused on higher value-added products with the goal of having a more stable volume and margin base in low price cycles.
	Geopolitical	In an increasingly complex and rapidly changing world, social divisions have deepened, geopolitics is multipolar, and politics is veering toward protectionism, hindering both trade and investment. International military conflicts add stress to supply chains.	Constant global monitoring to mitigate and/ or anticipate economic impacts and potential supply chain disruptions.
	Trade barriers	As a result of geopolitical changes and the shift towards protectionist policies, there is uncertainty about potential impacts due to the Group's global nature.	Monitoring of global trade trends with an active presence in the main local and international organizations and institutions.
ESG	**CO_2 emissions**	In matters relating to environmental, social and corporate governance (ESG), the most significant risks are those related to the reduction of CO_2 emissions, energy and occupational health and safety. Acerinox has targets for 2030 linked to these three areas; the specific action plans can be found in the corresponding sections of this report.	Sustainability Master Plan, called Positive Impact 360° It establishes 5 pillars, including eco-efficiency and climate change mitigation, as well as LTIFR / TIR accident rates reduction.
	Energy		
	Health and safety		
	Labor unrest	The year 2024 was marked by a strike lasting almost 5 months at the Algeciras factory.	Signing of a new collective bargaining agreement effective to December 31, 2027.
	Climate change in the medium and long term	An analysis of transition risks and physical risks was performed following the TCFD. The analysis takes into account the climate-related risks identified in the CSRD.	Decarbonization plan. Implementation of energy efficiency measures, increased use of renewable energies and greater use of sustainable fuels.
Financial	**Raw material price volatility**	The production of stainless steel and high-performance alloys requires raw materials, mainly nickel, ferrochromium and scrap. The prices of these raw materials are subject to significant volatility.	Alloy surcharge mechanisms and/or, if applicable, financial hedges to try to minimize the impact of the volatility linked to raw materials.
	Macroeconomic, market and third-party insolvency variables	This same context may put special stress on different macroeconomic and market variables, such as interest rates, exchange rates and commodity prices, and likewise the insolvency of third parties. These are risks that the Group faces in its daily operations in order to achieve its financial targets.	Partially insure the risk through financial hedging mechanisms and commercial credit insurance policies. There is an internal commercial credit risk management instruction as well as a global Commercial Risk Committee.
Technological	**Cybersecurity**	While cybersecurity has always been present as a risk factor, the irruption of new technologies (AI) has increased this. threat. This could lead to business interruption, loss of critical information, loss of customers and supplier trust or the imposition of fines by the authorities.	The Cybersecurity Master Plan is underway; this will increase our protection capacity and improve our response to potential threats
Operational	**Supply chain. Availability of raw materials / basic supplies**	The availability of raw materials and basic supplies are fundamental to the Company's production process. Their timely and proper availability, as well as the quality and reliability of the products supplied, are fundamental to our work.	Through the implementation of corporate tools, the Group strives to maintain adequate stability in the supply chain, monitoring the quality and reliability of its raw materials suppliers, and other basic supplies necessary to ensure the continuity of our production process
Strategic	**Strategic plans**	The execution and correctness of the strategic plans implemented by the company always comes with a risk of not achieving the targets set. Strategic investments, M&A processes, plans for improvement and target achievement, etc.	Non-strategic divestment plans for the Group (sale of Bahru Stainless), as well as investments focused on higher value-added products (high performance steels) and strategic markets (purchase of Haynes International).

Emerging risks

Managing emerging risks is an ongoing challenge, but one that is essential to the long-term survival and success of any organization. By understanding the characteristics of these risks and taking a proactive approach, the Group can mitigate their impact and take advantage of opportunities associated with them.

Acerinox pays attention to emerging risks, understood as new or unforeseen risks that have not yet been considered or whose potential damages or losses are not fully known. Due to their changing nature, they can be difficult to anticipate and quantify.

In this regard, Acerinox monitors global megatrends and the development of geopolitical tensions; likewise, it may review both the internal environment and specialized third-party publications that anticipate emerging risks which may affect the Group, either directly or indirectly.

These emerging risks include risks associated with:

- Technological Disruption and Automation: the increasing adoption of industrial robots and automated systems could lead to a reduction in the workforce and changes in the skills required.
- Artificial intelligence: could optimize production processes, but also poses challenges in terms of data security and the ethics of automation.
- Trade wars and political instability: tariff policies and protectionism generate trade tensions between countries that can affect supply chains and increase costs. In addition, geopolitical conflicts can disrupt operations in certain regions.

New regulations associated with sustainability, the transition to a low-emissions economy, along with stricter standards on emissions, energy consumption, waste management, and the demand for sustainable products mean a need for products manufactured in a responsible, sustainable manner using recycled materials.

Review of the cybersecurity model

Acerinox considers cybersecurity risk management to be fundamental, and therefore continued to strengthen its organizational structure, processes, and technologies in this area throughout 2024.

To make the strategy established in 2023 a reality, the Company continues to implement its cybersecurity program in line with a three-year master plan, focused on continuous improvement of asset protection, operational resilience, cyber threat detection and response capabilities, and cybersecurity governance.

Its cybersecurity governance, led by the Group's senior management and structured by corporate and business unit security committees, reinforces consistency throughout the organization. In addition, it continues to be subject to independent control and review by the audit committee.

With these efforts, the Group continues to maintain a proactive approach to current and emerging threats, ensuring the protection of information, business continuity, and the trust of its stakeholders.

7

Consolidated Non-Financial Information Statement and Sustainability Information

7.1 General information

General basis for preparation of sustainability information

BP-1

The purpose of the report is to provide our stakeholders with a fair view of the most significant aspects, commitments, practices, and results from 2024. This report is prepared using the same consolidated basis as the financial statements, for Acerinox and all the Group's production and sales companies. Thus, the consolidated sustainability data covers both the parent company and its subsidiaries.

At 2024 year-end, the Group's production network consisted of 15 factories. These include five stainless steel factories: three integrated factories (Acerinox Europa, NAS and Columbus Stainless; the Bahru Stainless plant was sold during the year) and two long product factories (Roldán and Inoxfil). The Company also had seven other high-performance factories in the US and Germany, owned by VDM Metals. At the end of the year, Acerinox acquired Haynes International, also dedicated to the manufacture of high-performance alloys, and which has 3 factories in the US.

The information reported accounts for Bahru's information up to its sale and Haynes' information since its incorporation to the Acerinox Group. In the case of Haynes, its business and operating model is similar to that of the company's other companies in the High-Performance Alloys Division, so no additional material IROs have been identified. We have analyzed different magnitudes related to sustainability, including staff, energy consumption, emissions, health and safety, and so on, identifying similarities with the rest of the group. In this context, from a quantitative point of view, the information relating to Haynes staff has been included in this report. Taking into account its date of incorporation into the Group, it was the only area with a significant effect on the Group's overall data. In addition, it has been verified that there were no significant impacts in the area of health and safety or compliance with business ethics. Details of the Haynes acquisition are explained in Note 1 to the Annual Accounts.

The information covers the value chain to the extent necessary to report on material impacts, risks, and opportunities in accordance with the European Sustainability Reporting Standard (ESRS 1).

The extent to which the policies, actions, metrics, and objectives reported go beyond Acerinox's own operations depends on the nature of the issues, and is therefore noted in each section.

Acerinox also reports in response to the qualitative and quantitative requirements of Law 11/2018 on non-financial information and diversity.

Details on omitted information have been provided in each corresponding chapter of this document.

Disclosures in relation to specific circumstances

BP-2

The time horizons considered for the preparation of this report are the following:

- Short term: one year
- Medium term: one to five years
- Long term: more than five years.

Origin of estimates and uncertainty in results: Acerinox aims to report data as correctly and accurately as possible using primary measurement data for our activities.

However, the Company uses estimates in its reports on specific requirements. If this is the case, it is indicated in the relevant section.

Changes: The sustainability information reported in this report has been modified and adapted to comply, for the first time, with the requirements of the CSRD and ESRS in 2024. In those cases in which the calculation criteria have been modified with respect to the previous year, such changes are indicated in the relevant section.

Omissions: Classified information not included in this report is reported in the specified chapters. This includes the financial sums linked to risk levels..

Business model and strategy

SBM-1

The Group, headquartered in Spain, manufactures stainless steel and high-performance alloys and has a melting capacity of 3.5 million metric tons.

Its production network comprises 15 factories on three continents. The Group has five factories in its Stainless Steel Division: three integrated flat product factories (Acerinox Europa - 2,364 employees, North American Stainless - 1,688 employees - and Columbus Stainless - 1,319 employees), along with two long product factories (Roldán - 350 employees - and Inoxfil - 100 employees).

The Group's High-Performance Alloys division (a world leader in this sector) is made up of VDM Metals - 2,074 employees, and Haynes International - 1,276 employees, which have 10 production sites in the US and Germany.

Acerinox products have a wide range of references and are distributed through a wide sales network across more than 80 countries.

Because of their versatility, their physical, chemical and mechanical properties, and their aesthetics, the materials manufactured by the Group are used in a wide variety of sectors.

Our integrated business vision is set out in the Strategic Plan 2021-2025. More details can be found in Section "3.1 Strategy."

Its deployment is based on the Group's vision: to become a supplier that responds to present and future needs by offering the widest selection of materials and solutions. Acerinox efficiently manufactures stainless steels and high-performance alloys with an environmentally-friendly approach that takes into account the needs of the value chain,

The Strategic Plan 2021-2025 includes 4 pillars: added value, excellence, sustainability and financial strength. The Sustainability pillar is deployed through the 360° Positive Impact Master Plan, which is structured around 5 strategic lines:

- Ethical, responsible, and transparent governance: promote the development of a responsible and transparent management model and solid corporate governance, with a sustainable and long-term vision, which identifies and proposes responses to new ESG challenges and opportunities.
- Eco-efficiency and climate change mitigation: establish commitments and objectives in climate change mitigation and develop an action plan to achieve them that includes energy efficiency measures, which are the bedrock of the climate change model.
- Circular economy and sustainable product: integrate circular economy processes into all operations by driving the development of sustainable and low-emission products.
- Committed team, culture, diversity, and safety: strengthen the alignment of people with the values of Acerinox, boosting their commitment to sustainability, promoting equality, the development of talent and the improvement of the climate, guaranteeing safety, health and well-being.
- Supply chain and societal impact: manage the supply chain responsibly and be a company recognized for its commitment to local society and creating positive community impact.

An explanation of the value chain, along with its main inputs and agents, can be found in the SBM-3 and E5-4 chapters.

Double materiality analysis

SBM-2, SBM-3, IRO-1

As a fundamental part of the process of adapting to the Corporate Sustainability Reporting Directive (CSRD), the Group conducted a dual materiality analysis to identify the most significant sustainability issues. The previous materiality analysis was performed in 2022 using a simple materiality methodology. The dual materiality analysis will be reviewed periodically when there are significant changes in the environment, the value chain, or the Group's strategy.

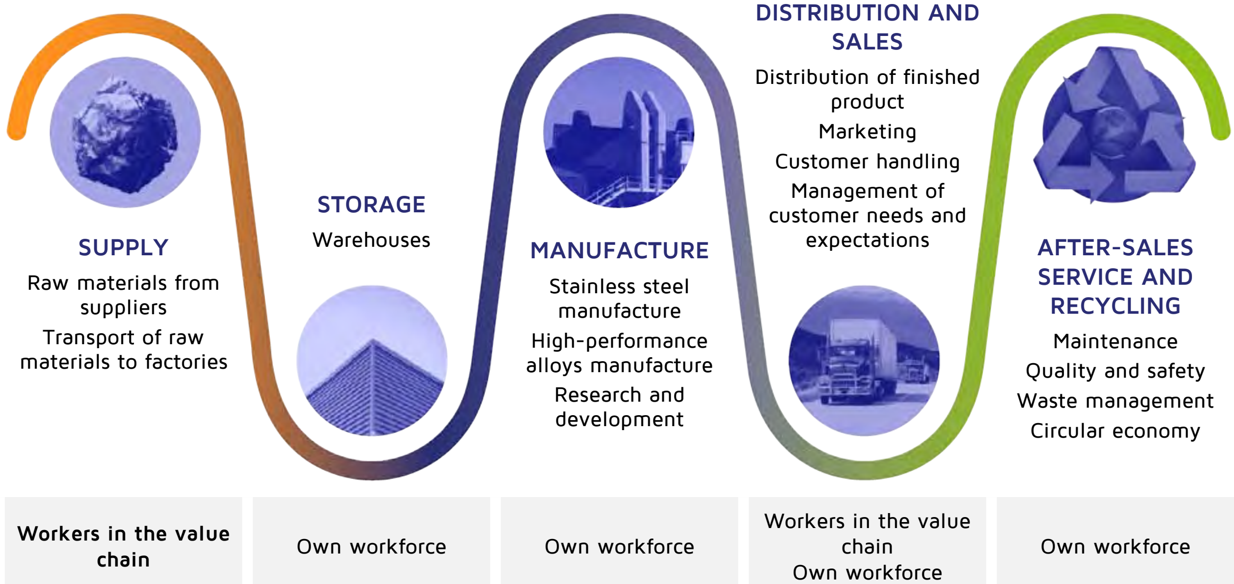
This active listening process allows us to understand the needs and expectations of our stakeholders, both internal and external, as well as to incorporate their views into the analysis based on a comprehensive methodology that includes quantitative and qualitative consultations with employees, management, customers, suppliers, proxy advisors, and investors.

Dual materiality makes it possible to identify the Impacts, Risks and Opportunities (IROs) to which the Group is exposed and those caused by its activity and business relationships. In other words, the environmental matters that impact the Group (financial materiality) and the impact of the Group's activities on the environment and people (impact materiality).

The determination process, carried out in 2024, consists of four phases.

The first phase is the analysis of the organization's context, which allows us to find the main aspects to be considered and take a first look at the most significant impacts, risks and opportunities. For this purpose, internal and external sources have been consulted. These internal sources notably include the results of the 2022 materiality analysis, the Group's risk map, including climate and transition risks, Group assets and resources and Acerinox's sustainability commitment. External sources include the regulatory framework, sectoral ESG trends, and the expectations of analysts and investors. In addition, a sector benchmarking analysis has been performed.

Value chain



The second phase is the identification of IROs for the topics, subtopics and sub-subtopics affecting Acerinox and the environment, grouped by topic according to their connection to the environment, society, or governance.

- **Impact**: The effect that the Group's processes, activities, products and/or relationships have on its surroundings (people, environment or society) over time, whether actual or potential, positive or negative.
- **Risk**: Possible events that, if they occur, could have an adverse effect on the Company's business model, financial condition, or strategy.
- **Opportunity**: Possible events which, if they occur, would have a positive effect on the Group's business model and strategy..

For this identification, in addition to the topics proposed in the CSRD standards, the internal and external context analysis from the previous phase - as well as the 2022 materiality exercise - were taken into account.

The Group's entire value chain was also taken into account. In the context analysis, different sources of information were analyzed to help identify the value chain; internal interviews were conducted with the heads of the stakeholder groups to gain an in-depth understanding of the value chain and the significance of the various areas; and surveys were conducted with external stakeholders from different segments of the value chain to get their perceptions and opinions. This phase also took into account the connection of impacts and dependencies with risks and opportunities.

The third phase consisted of the assessment of the IROs, with the participation of internal stakeholders (key area managers, managers, and employees) and external stakeholders (proxy advisors, suppliers, and customers) through interviews and surveys.

The following metrics were used to evaluate or prioritize the identified IROs:

- Magnitude (or scale of impact): How serious or beneficial the impact is or could be for people or the environment.
- Scope of impact: Size of the impact, based on the geographic extent of damage and stakeholders affected.

- Remediability of the impact: Difficulty involved in undoing or compensating for the damage derived from a negative impact.
- Likelihood: Likelihood of a potential impact, risk, or potential opportunity occurring, following the same scale as the Group's risk model.
- Economic valuation: For financial materiality, the magnitude of the consequence of the risk or opportunity was assessed in monetary terms (e.g., income or expense), following the same scale as the Group's risk model.

Metrics used

Magnitude (scale of impact)	
1 to 5	Rating granted on the basis of how inherently beneficial or detrimental the impact is considered to be.

Scope of impact		
5	Global	Extensive effect on people and geography.
3	Medium	Effect on specific geographical areas or groups of people.
1	Limited	Effect on local people or geographical area.

Remediability of the impact		
5	Not remediable	Returning to the state before the impact occurred is not possible.
4	Very difficult to remedy	Requires action (>5 years) that will involve resources from various areas of the company and a recurring budget allocation
3	Difficult to remedy	Requires action (2-5 years) that will involve resources from various areas of the company and one-time budget allocation
2	Remediable with effort	Requires action (<2 years) that will require the area involved to dedicate specific resources, along with one-time budget allocation
1	Easily remediable	Requires one action (<1 year) and no significant resources.

Likelihood		
1	Very high	100% occurrence
0.85	High	75% occurrence
0.7	Medium	50% occurrence
0.6	Low	25% occurrence
0.5	Very low	10% occurrence

Economic evaluation of risks and opportunities*	
5	Very serious damages/Very high benefits
4	Serious damages/High benefits
3	Localized damages/Average benefits
2	Minor damages/Minor benefits
1	No damages or slight damages/No benefits

*The economic magnitudes associated with each risk level are classified information and are therefore not included in this report.

In addition, different time horizons and their relative importance or weight in the final assessment of risk or opportunity were considered:

Time horizon			Weight
Risk / opportunity	Short term	1 year	50%
	Medium term	1-5 years	30%
	Long term	More than 5 years	20%
Impact	Potential	If the action could occur in the future	
	Current	When the action is currently happening or starting to be felt	

The following measurement guide was used to quantify and prioritize material issues:

Measurement guide			
Impact	Positive	Current	(Scale + Scope) x 1.5
		Potential	(Scale + Scope) x 1.5 x Likelihood
	Negative	Current	Scale + Scope + Remediability
		Potential	(Scale + Scope + Remediability) x Likelihood
Financial	Risk		(Economic valuation x likelihood x short-term weight) + (Economic valuation x likelihood x medium-term weight) + (Economic valuation x likelihood x long-term weight)
	Opportunity		(Economic valuation x likelihood x short-term weight) + (Economic valuation x likelihood x medium-term weight) + (Economic valuation x likelihood x long-term weight)

* In the case of potential negative impacts related to human rights, severity is prioritized over likelihood.

The last phase of prioritization consisted of analyzing the results of the IRO assessment in order to identify those that are material.

Result of the dual materiality analysis

SBM-3, IRO-1, IRO-2, GOV-2

There are eight material issues for Acerinox: energy, climate change, water management, circular economy, workforce, supply chain, customers and end-users, and corporate governance and ethics.

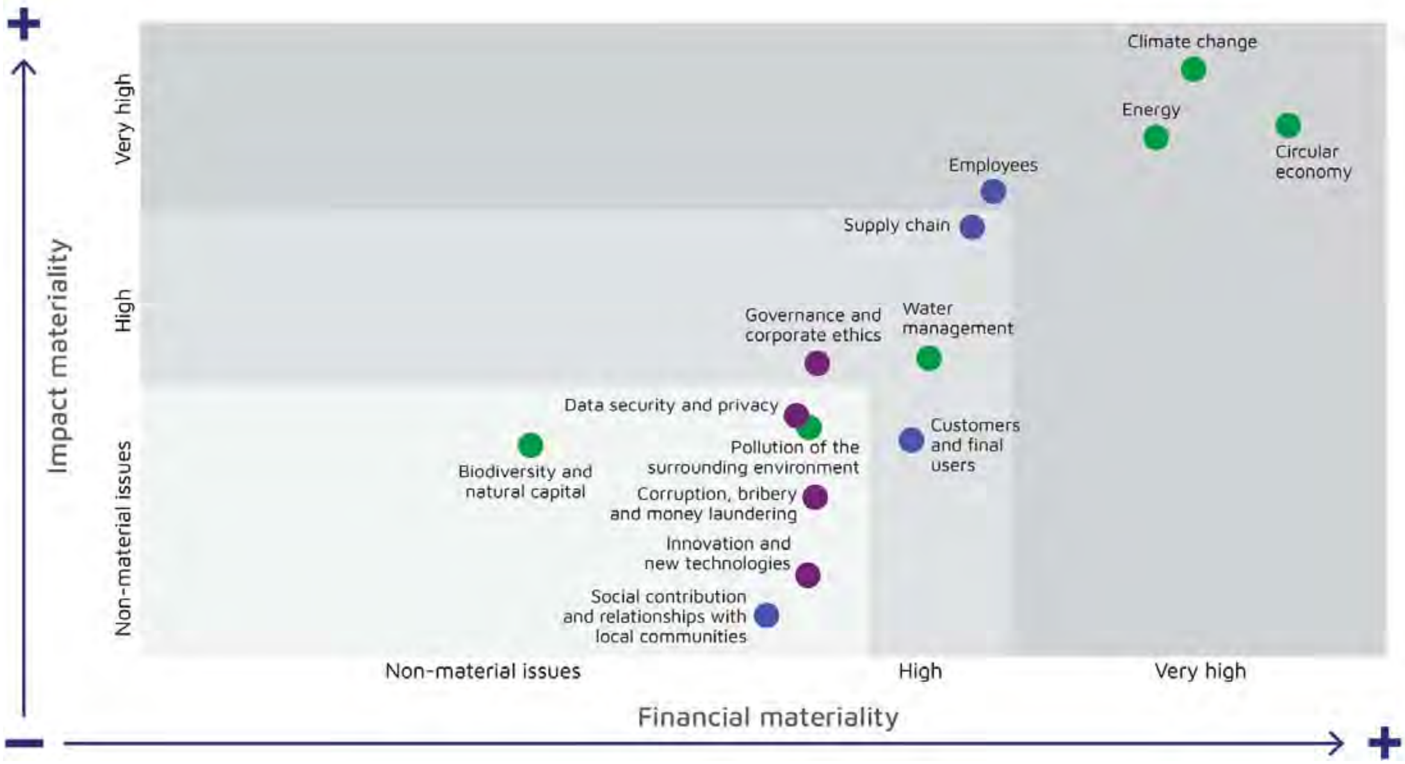
These results were approved by the Sustainability Committee, the Audit Committee and subsequently by the Board of Directors. No changes to the company's business model, strategy or assets were identified, demonstrating the Group's resilience for addressing impacts and risks and taking advantage of business opportunities. This information is taken into account in the review of the Group's risk map.

The complete list of material IROs and their connections to the different topics, subtopics and sub-subtopics included in the CSRD are detailed in Appendix 8.5 List of material IROs..

	ESRS		Acerinox topic	Impact materiality	Financial materiality
E	ESRS E1	Climate change	Energy	●	●
			Climate change	●	●
	ESRS E3	Water and marine resources	Water management	●	●
	ESRS E5	Resource use and circular economy	Circular economy	●	●
Y	ESRS S1	Own workforce	Employees	●	●
	ESRS S2	Workers in the value chain	Supply chain	●	●
	ESRS S4	Consumers and end-users	Customers and end-users	○	●
G	ESRS G1	Business conduct	Governance and business ethics	●	○

● Material ○ Non-material

Double materiality matrix



The most significant material issues, both in terms of their impact on the environment (impact materiality) and their relevance to the business model (financial materiality), are three: climate change, circular economy and energy, though not in that order.

Impact materiality	Financial materiality
1 Climate change	1 Circular economy
2 Circular economy	2 Climate change
3 Energy	3 Energy

The process followed to analyze the IROs specific to the CSRD topics that were found to be material is explained in detail in the chapters corresponding to each ESRS. The process used to analyze the IROs associated with the issues that have turned out not to be material is detailed below:

- E2 Pollution (IRO-1): the Group has analyzed all its operations to identify IROs. To this end, we have taken into account the context and value chain analysis, sector benchmarking, consultations with internal managers and external consultations. in addition, all available information on legal requirements regarding the subject, sanctions that may have been levied, and claims/complaints from interested parties has been incorporated. As a result of the evaluation of the IROs, this issue has not been identified as material.

In addition, the Group has an ISO 14001-certified environmental management system, which structures the management of pollution-related activities at the Group's different locations.

The Group complies with the emission and discharge limits established in the Best Available Techniques (BAT), as well as with the applicable regulations regarding the presence of hazardous substances in products.

Each year facilities conduct an assessment of their compliance with environmental legal requirements under the ISO 14001 standard. This standard establishes a specific management procedure through which the organization can monitor the environmental aspects of its activities that may affect the environment, either positively or negatively.

- E4 Biodiversity and ecosystems (IRO-1): the Group has analyzed all its operations to identify IROs. To this end, we have taken into account the context and activity chain analysis, sector benchmarking, consultations with internal managers, and external consultations. In addition, all available information on legal requirements on the subject, sanctions that may have been levied, and claims/complaints from interested parties has been incorporated. As a result of the evaluation of the IROs, this issue has not been identified as material.

In addition, the Group has an ISO 14001-certified environmental management system, which structures the management of biodiversity and ecosystem-related activities at the Group's different locations.

Acerinox carries out and keeps environmental impact assessments at its production centers in accordance with applicable regulations.

Some of the factories are located in protected areas, but the Environmental Impact Assessments and Permits have identified no significant impacts on these areas.

In addition, some of the factories, such as Columbus Stainless, have a biodiversity management plan that includes actions aimed at protecting native flora and fauna.

Factory	Surface area (hectares)	Protected areas	KBAs
Acerinox Europa SAU	110.85	18	5
Roldán, S.A.	18.55	3	1
Inoxfil, S.A.	3.11	11	2
North American Stainless	400	2	0
Columbus Stainless	400	1	1
Bahru Stainless	151.25	0	1
VDM Metals - Unna	27.4	81	1
VDM Metals - Werdhol	9.473	41	0
VDM Metals - Altena	5.52	58	0
VDM Metals - Siegen	1.4	42	1

KBAs: key biodiversity areas

- S3 Affected communities (IRO-1): the Group has analyzed all its operations to identify IROs. To this end, we have taken into account the context and activity chain analysis, sector benchmarking, consultations with internal managers, and external consultations. In addition, all available information on legal requirements on the subject, sanctions that may have been levied, and claims/complaints from interested parties has been incorporated. As a result of the evaluation of the IROs, this issue has not been identified as material.

  Acerinox is committed to creating value and helping build a more prosperous and sustainable environment in the local communities and countries where it is present in order to increase its positive social impact. The company's activity represents an opportunity for job creation and local economic development. To this end, it maintains relationships of trust with the communities affected by its activities. It also has a framework for social action to harmonize its activities along five priority lines: socio-economic development, social welfare of people, environmental protection and restoration, commitment to quality education,and inclusive development.

  For more information on how IRO management is integrated into decision-making and internal oversight, see the Sustainability governance section.

  The current material financial effects in 2024 are disclosed in Note 4 of the Consolidated Annual Accounts, which detail the impact of the Acerinox Europa strike, and Note 9 on Investments and Environment.

Additionally, other current non-material financial effects are included in notes 5.1.3 on the variation of energy prices and renewable energy contracts (PPAs), 5.4 on the estimated investment to implement the Decarbonization Plan and on the Group's sustainable financing lines. No material IROs have been identified for which there is a significant risk of a material adjustment occurring in the next annual reporting period in the Annual Accounts.

With respect to the anticipated financial impacts, we are using the phase in of Appendix C of ESRS-1.

Stakeholder engagement

SBM-2, SBM-1

Acerinox is aware of the importance of strengthening relationships with stakeholders to create shared value. The stakeholder engagement strategy is based on increasing transparency and effective dialogue to build relationships of trust.

These relationships allow us to understand what is expected of the Group, what issues are most important, and how to collaborate on common challenges. In 2022, the stakeholder management model was approved; this establishes the way in which Acerinox identifies and classifies stakeholders, both from a corporate point of view and in its business units. It also determines the method for identifying their needs and expectations.

Acerinox's main stakeholders are entities and groups that are related to the Company, influencing it with their decisions and opinions even as they are affected or impacted by its activities. These groups, located along the value chain as well as in Acerinox's environment, are as follows:

- Employees: they play a fundamental role in the Company's strategy and operations. It is therefore essential to consider the views and concerns of the workforce when shaping the Group's strategy, mission, and vision. Includes employees and their representatives (unions and work councils).
- Shareholders and investors: all persons or groups that have a financial interest in the Company.

- Customers: companies that purchase and use the products supplied by the Group. Understanding and optimizing for their needs is a fundamental part of business management.
- Suppliers: companies or individuals that provide services or supply raw materials or other material. Includes suppliers of goods and services, intermediaries, consultants, and other business partners of the Group.
- Local communities: places where the Group's facilities are located, including local entities that represent social initiatives, humanitarian goals or collective interests with expectations about the local environment, the environment, infrastructure, and Acerinox's impact on employment and prosperity in the area.
- Public agencies: governmental agencies whose powers include the granting of permits, authorizations, or licenses.
- Civil society: voluntary civic institutions and organizations that seek the common good.

In order to strengthen our relationship with each of these groups, specific subgroups will be determined in accordance with the criteria established in the aforementioned management model, so that the involvement and integration of stakeholders in business decisions responds to their legitimate expectations and their present and future needs.

The company has different listening and dialogue tools for each stakeholder group. The most important relationship channels are listed below:

Stakeholders	Communication channel	Purpose of communication
Employees	• Platform for employee management. • Internal messages via e-mail • Acerinox Insights (internal presentations). • Ideas mailbox	Strengthen corporate culture. Exchange information. Provide a broad vision of the company. Improve collaboration
Shareholders and investors	• Presentation of results - webcasts • Shareholder mailbox • General Shareholders' Meeting • Roadshows • Corporate reporting • Corporate website • Messages via e-mail and phone calls Relevant Information	Promote efficient communication. Promote information transparency. Allow all questions to be answered.
Customers	• Satisfaction survey • Remote channels (telephone, mail, etc.)	Respond to inquiries, questions, complaints, and suggestions received. Increase customer loyalty.
Suppliers	• Supplier portal in the company website • Registration platform • Risk management platform • Specific e-mails	Clearly define requirements. Build strong relationships. Optimize purchasing processes.
Local communities	• Corporate website • Events and meetings • Social networks	Provide accurate information in the area of influence of operations. Maintain a relationship based on trust and mutual respect. Align interests.
Public agencies	• Alliances and collaborations • Administrative procedures	Establish lasting bonds. Align interests.
Civil society	• Media channels • Events and conferences • Social networks	Promote social dialogue Inform and mobilize stakeholders Increase trust and shared value

It should be noted that Acerinox makes a confidential channel available to its stakeholders for reporting possible breaches of compliance.

The Group also publishes information on its activities in order to ensure truthful, transparent, and clear communication:

- Reports and presentations of results, such as the Consolidated Management Report and quarterly results presentations.
- Informative brochures, such as product catalogs and technical brochures.
- The Group's corporate policies, which are publicly available on its website.
- Publications and news on the global and local websites of each of the Group's business units.
- Active presence on social networks such as LinkedIn and YouTube.

Acerinox stakeholders were involved in assessing the results of the IRO identification, as well as in selecting the material topics and subtopics within the framework of the dual materiality analysis conducted in 2024.

Stakeholder dialogue and communication was conducted both through online surveys (questionnaires for employees, customers, suppliers and investors, and voting advisors) and interviews (the format used for dialogue with Company senior managers and directors).

Listening results are reported to the Board of Directors. It was not thought necessary to change this strategy or the business model in 2024.

Sustainability governance

GOV-1, GOV-2, GOV-5, IRO-1

The Acerinox Board of Directors is the body responsible for representing and managing the Company. This body has all the non-delegable powers established by Royal Legislative Decree 1/2010, of July 2, which approves the revised text of the Corporate Enterprises Act, as well as those established in the Regulations of the Board of Directors, including the monitoring and supervision of sustainability management at the Group, including the monitoring and execution of related policies.

In accordance with Article 19 of the Company Bylaws and Article 4.1 of the Regulations of the Board of Directors, the Board of Directors shall be comprised of a number of Directors to be determined by the General Shareholders' Meeting, between a minimum of five and a maximum of fifteen. The General Shareholders' Meeting held on April 11, 2019 set the maximum number of members of the Board of Directors at fourteen. It is currently comprised of 11 Directors (one of whom is an executive). The Secretary of the Board of Directors is not a Director.

- Non-Executive Directors represent a substantial majority compared to the Executive Director (90.91% compared to 9.09%).
- Independent Directors represent 63.63% of the members of the Board.

The selection of candidates takes into account an adequate balance of training, knowledge, experience, age, gender, and background on the Board of Directors as a whole. This enriches decision-making and contributes a variety of viewpoints to the debate on matters which it governs.

Acerinox makes a special effort to seek out candidates who meet the required profile if future vacancies should arise. The current Acerinox Diversity of the Board of Directors and Selection of Directors Policy, approved on December 16, 2021, set the target that by 2022, the number of female Directors should at least 40% of the total. All this has led to a progressive increase in the number of female Directors from 23.08% in 2018 to 36.4% at December 31, 2024, complying with the figure set for eleven-member Boards according to the Annex to Directive (EU) 2022/2381 of the European Parliament and of the Council of November 23, 2022 on improving the gender balance among directors of listed companies and related measures. Among the Independent Board Members, female members represent 57% of the Board.

When new vacancies have arisen, the Appointments, Remuneration and Corporate Governance Committee endeavors to ensure that the candidates include women who meet the desired profile, ensuring a non-discriminatory process with the underrepresented sex.

Pursuant to the appointments and re-elections proposed to the General Shareholders' Meeting in recent years (Ms. Rosa María García Piñeiro, Ms. Laura González Molero and Ms. Marta Martínez Alonso in 2017; Ms. Leticia Iglesias Herraiz in 2020; and Ms. Laura González Molero, Ms. Rosa María García Piñeiro and Ms. Marta Martínez Alonso in 2021), the appointment policy used by the Company demonstrates that not only are there no implicit biases that could imply any discrimination and hinder the election of female Directors, but that the Company has deliberately sought to appoint female Directors who meet the requirements of honorableness, suitability, recognized professional solvency, skill, experience, qualifications, training, availability, and commitment, which are indispensable for the proper performance of their duties.

At the behest of the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors drew up and approved its own skills matrix. This document is made to serve as a mandatory guide for all Board Member selection processes and assignments to specific Committees.

In order to ensure that Directors have the necessary skills to carry out their duties properly, the Appointments, Remuneration and Corporate Governance Committee appointed the members who, in accordance with the current General Board Diversity and Director Selection Policy, meet the requirements of honorableness, suitability, recognized professional solvency, skill, experience, qualifications, training, availability, and commitment to their duties, which are indispensable for the proper performance of their duties.

The members of the Board of Directors bring together a huge range of skills, encompassing industry, sales, investment banking, and finance, as well as specialization in areas such as audit, sustainability, energy and new technologies. It is also common for directors to have previous experience on the boards of other major international companies. The criteria for assigning profiles to each Committee are similar to those of the Board.

Matrix of competencies of the Directors

		1	2	3	4	5	6	7	8	9	10	11
Industry or related industries knowledge and experience	Metallurgy	●		●						●	●	
	Steel industry	●		●						●	●	
	Heavy industry	●		●						●	●	
	General industry	●	●	●				●	●	●	●	●
Business knowledge and experience	Regulation / relationship with regulators	●	●	●		●	●	●		●		●
	Strategy and business development	●	●	●	●	●	●	●	●	●	●	●
	Customer relations	●	●	●			●	●	●		●	●
	International experience	●	●	●		●	●	●	●		●	●
	Capital markets	●		●	●	●	●			●		●
	Distribution		●	●				●	●		●	
	Logistics			●				●			●	
	Raw materials	●		●							●	
	Energy	●						●		●	●	●
Cross-cutting knowledge and experience	Experience on Boards of Directors of listed companies	●	●	●	●	●	●	●	●	●	●	●
	Boards of Directors, other governing bodies of non-listed companies	●	●	●	●	●	●	●	●	●	●	●
	Corporate governance	●	●	●		●	●	●		●	●	●
	Financial			●	●	●	●			●	●	●
	Taxation				●	●	●			●		
	Legal			●		●						
	Human Resources		●	●			●	●		●		
	Accounting				●	●	●			●	●	●
	Senior management and organizational management	●	●	●	●	●	●	●	●	●	●	●
	Audit		●	●	●	●	●				●	●
	Project management			●		●		●	●	●	●	●
	Sustainability and environment	●	●	●		●				●	●	
	Risk management and compliance		●	●		●	●	●		●	●	●
	Comprehensive security	●	●	●				●			●	
	Digital transformation			●		●		●	●		●	
	Communications		●								●	
	Educational institutions		●									●
	Public sector experience					●						
	Languages	●	●	●	●	●	●	●	●		●	●

There are no directors representing employees and other workers.

Sustainability is integrated into Corporate Governance. In this regard, various Company bodies are involved in the establishment, supervision, and management of these issues.

The Board of Directors is responsible for the Company's overall strategy. As part of this, it is responsible for overseeing sustainability-related IROs, approving the setting of targets that contribute to advancing the Group's commitment to the environment, people and society, as well as overseeing the monitoring of progress in this area. Sustainability issues are part of the decision-making process of the Board of Directors, which is regularly updated on the Group's targets and progress in these matters. For more information, see the list of material issues in Appendix 8.5. In addition, in 2024, training was provided to the Board on the contents of the CSRD and the implications at the Board level and on the Group's management and reporting.

The Sustainability Committee is the body in charge of promoting and coordinating the Company's sustainability actions in accordance with the guidelines approved by the Board of Directors, as well as proposing the adoption of any measures related to the aforementioned matters. Its duties also include implementing and monitoring the Group's Sustainability Plan, as well as reporting on this area.

The Sustainability Committee is also responsible for periodically evaluating the Group's Sustainability Policy so that it complies with its mission of promoting the corporate interest and that it considers, as appropriate, the legitimate interests of the remaining stakeholders.

The most significant activities of the Sustainability Committee in 2024 were as follows:

- Monitoring of the targets defined as indicators or KPIs by the Board, the associated action plans, and the resources required to achieve them.
- Monitoring of the Non-Financial Statement.
- Review of ESG indicators for the calculation of senior management bonuses.
- Drafting of a plan to adapt to the Corporate Sustainability Reporting Directive.
- Review of sustainability policies.

The Sustainability Committee maintains direct communication with Sustainability Management, which is responsible for establishing the Group's sustainability commitment and strategy. The Sustainability Department reports, at least quarterly, on the degree of achievement of the established targets and the Company's progress on environmental matters, social impact, health and safety indicators, and aspects related to due diligence according to the initiatives implemented by the Group. This is done prior to the publication of the quarterly external reports.

The Sustainability Director is also a member of the Management Committee. This Committee is responsible for the regular review of the Company's strategy and business and investment plans, integrating sustainability into these decisions. In this way, the Sustainability Department maintains regular and direct communication with the various corporate areas that are also part of Acerinox's sustainability strategy.

The Audit Committee also acts as a supervisory mechanism in sustainability matters as it is responsible for the supervision of financial and non-financial information, as well as the Group's risk management and monitoring, which is reported on a quarterly basis. In order to ensure coordination between the two committees, the Chair of the Audit Committee is also a member of the Sustainability Committee.

Acerinox is also developing a Internal Control System over Sustainability Reporting (ICSSR) to guarantee the accuracy and integrity of the data, the availability of qualitative and quantitative indicators throughout the value chain, and the availability periods for information.

To this end, risks related to the reporting of sustainability information, which are not significant, have been identified in collaboration with the internal data owners, and a comprehensive set of internal monitoring measures will be implemented to ensure its accuracy and reliability.

The methodological approach is aligned with the three lines of defense (COSO) risk model. Key to the model is the establishment of projected roles and responsibilities to ensure and oversee compliance with the ICSSR: Board of Directors, data management and monitoring officers, internal monitoring, internal audit, etc.

The ICSSR Manual establishes the roles and responsibilities in the system's monitoring and control process, as well as regular reporting to the Audit Committee.

Sustainability in the incentive system

GOV-3

The Acerinox Directors' Remuneration Policy states that the CEO's Bonus goals (variable remuneration) are linked to sustainability criteria such as safety at work, GHG emissions, diversity, and recycling. The weighting of these goals in the total computation of the bonus may not be less than 10%.

The Sustainability Committee and the Appointments, Remuneration and Corporate Governance Committee proposed that the weighting of sustainability indicators in the Acerinox Group's Senior Management variable remuneration should increase to 15% of the total by 2024 in the case of the Chief Executive Officer, the Chief Corporate Officer, the General Secretary and the Deputy Secretary General, and maintain a 10% weighting for the other members of Senior Management.

The ESG indicators used to calculate the Senior Management variable remuneration for 2024 are as follows:

a. 26% annual reduction in Total Incidents Recorded (TIR) for the Group compared with 2023, with a weighting of 50%.

b. 1.54% reduction in the Group's greenhouse gas emissions (Scope 1 and 2) compared to 2023, with a weighting of 16.6%.

c. 4.01% increase in the Group's waste recycling ratio compared to 2023 levels, with a weighting of 16.6%.

d. 0.25% increase in the number of women in the Group's workforce compared to 2023 levels, with a weighting of 16.6%.

For the CEOs of the various business units, the sustainability index is defined in the aforementioned manner, albeit with reference to the specific targets of the companies for which they are responsible.

At the beginning of FY 2025, the Sustainability Committee and the Appointments, Remuneration and Corporate Governance Committee reviewed compliance with ESG targets, which reached 59%.

The ESG indicators for calculating Senior Management bonuses are reviewed annually by the Sustainability Committee and the Appointments, Remuneration and Corporate Governance Committee, and subsequently by the Acerinox Board of Directors.

Due diligence

GOV-4

The due diligence approach aims to reduce the probability and exposure of the Group to risks and impacts and to seize opportunities that impact sustainable value creation. The Group takes on and promotes a series of principles that must govern its actions:

a) To understand due diligence as a continuous, dynamic process to identify and manage risks and adverse human rights and environmental impacts related to the Group's business activity and its partners in the business chain.

b) To address issues with suitable measures proportional to the severity and likelihood of the actual or potential risks and adverse effects.

c) To integrate due diligence into management systems and procedures, promoting alignment between the different internal departments.

d) To repair any actual adverse effects caused by the Company or its subsidiaries through the implementation of remediation measures proportional to the Group's degree of involvement in producing the adverse impact.

e) Collaborate with partners in the business chain to improve the effectiveness of implemented preventive or corrective action plans.

f) Establish free, accessible, and non-retaliatory complaint, participation, and consultation mechanisms for stakeholders to communicate and participate in the management of adverse effects.

g) Disclose and publicly report information on due diligence processes and measures taken to identify and manage actual or potential adverse effects, including findings and outcomes.

These principles will be taken into account in the management of IROs. They were incorporated in the development of the new Sustainability Due Diligence Policy, which was approved at the beginning of 2025; a project to establish and implement the due diligence model is now underway. This model integrates the company's existing management practices in this area. Some of the included sources of information (ethics channel, customer complaints, stakeholder consultations, etc.) have already been considered in the dual materiality analysis to identify material IROs.

Parameters and targets

The Group's commitment to sustainability, 360° Positive Impact, responds to one of the four key areas in which Acerinox's strategy is structured.

Positive Impact 360° is deployed using five pillars, which are aligned with the results of the materiality analysis, ESG risks and the Group's strategy. The commitment identifies the levers of value generation and establishes long-term objectives to make them a reality.

This Plan includes the sustainability targets as a company with a 2030 horizon. These targets were revised in 2024, updating the carbon emissions reduction target, aiming for compatibility with the goal of limiting global warming to 1.5°C and based on science (SBTi); the water consumption intensity target was also revised, focusing on improving the intensity of the blue water footprint. Detailed information is included in the corresponding chapters of this report.

Our targets for 2030

45.28% reduction of CO_2 Scopes 1 and 2 emissions compared to 2021 (intensity and absolute value)

15% reduction of CO_2 emissions (Scope 3) compared to 2021

7.5% reduction in energy intensity compared to 2015

3% annual reduction in the intensity of the blue water footprint

90% recycled waste

10% annual reduction in LTIFR

15% women in staff

These targets are monitored monthly by the sustainability managers at each factory and later reviewed by the corporate sustainability team. Likewise, changes are assessed on a quarterly basis by the Sustainability Committee, which subsequently reports to the Board of Directors. In each case, the necessary measures are taken.

The annual variable remuneration of the Group's main senior managers is linked to the achievement of these targets, which are being deployed in the different organizational areas. The specific objectives included in variable remuneration for 2024, in line with the 2030 Group roadmap, are as follows:

Pillar	2030 targets	Variable remuneration targets 2024 vs 2023	Real 2024	Real 2024 vs 2023
	20% reduction in Scopes 1 and 2 CO_2 emissions compared to 2015*	-1.54%	1.067 tCO_2/metric ton of steel produced	-2.21%
	90% waste recycled	+4.01%	82.29%	+3,20%
	26% annual reduction in TIR	-26%	19.21	-8%
	15% women at the organization	0.25%**	13.4%	+0.11%

*This target was initially set for the Stainless Steel Division, but was extended to the entire Group in 2024.
**Increase in the percentage of women on staff compared to the previous year, excluding the Haynes staff as it was not part of the scope when the targets were defined.

The targets linked to variable remuneration for 2025, in line with the target's review carried out and compatible with the 2030 Group roadmap, are as follows:

Pillar	2030 targets	2025 target	Target 2025 vs 2024
	45.3% reduction in Scopes 1 and 2 CO_2 emissions intensity compared to 2021	0.993 tCO_2/metric ton of steel produced (Scope 1+2)	-6.81%
	3% reduction in blue water footprint intensity	1.62 m^3/metric ton of steel	-3%
	90% waste recycled	84%	+2.1%
	10% annual reduction in LTIFR	3.2	-10%
	15% women on staff*	13.66%	+0.27*

*Increase in the percentage of women on staff compared to the previous year.

7.2 Environmental information

European Taxonomy on sustainable finance

The European taxonomy is part of the European Commission's action plan for financing sustainable growth, which aims to redirect capital flows to sustainable activities and define a common classification system. To achieve this, a common language and a definition of what a sustainable investment is are needed.

In June 2020, Regulation (EU) 2020/852 was approved, establishing the criteria for determining whether or not an investment can be classified as sustainable. The aforementioned European Regulation establishes six environmental objectives:

1. Climate change mitigation.
2. Climate change adaptation.
3. Sustainable use and protection of water and marine resources.
4. Transition to a circular economy.
5. Pollution prevention and control.
6. Protection and restoration of biodiversity and ecosystems.

Subsequently, the European Union adopted other delegated acts and communications that complement the Regulation and assist in its interpretation. In addition to setting out the technical criteria for substantial contributions to each objective, these determine whether an economic activity causes significant harm to the other environmental objectives and establish minimum social safeguards.

In accordance with the Regulation, non-financial companies must report on the proportion of their revenue, CAPEX and OPEX associated with sustainable activities to determine whether they comply with the taxonomy regulation.

Acerinox is a specialist in the manufacture, distribution and marketing of stainless steel and high-performance alloys with a presence on five continents.

At 2024 year-end, the Group's production network consisted of 15 factories. These include five stainless steel factories: three integrated factories (Acerinox Europa, NAS and Columbus Stainless; the Bahru Stainless plant was sold during the year) and two long product factories (Roldán and Inoxfil). Acerinox also had seven other high-performance alloys factories distributed across the US and Germany, owned by VDM. At the end of the year, the Group acquired Haynes International, also dedicated to the manufacture of high-performance alloys, and which owns three factories in the US.

The integrated production process consists of three stages: melting, hot rolling and cold rolling.

During the melting process, raw materials (scrap, ferro-alloys and other elements) are melted down to make stainless steel. First, the product is melted in electric arc furnaces, reaching temperatures of 1,600 degrees Celsius. Once melted, it is transferred to the A.O.D. converter, where the steel decarburization and refining operations take place. The resulting material is transferred using a ladle to the continuous casting machine, where the slag is removed and the product is refined.

In the subsequent hot rolling stage, the thickness or diameter is reduced, taking advantage of the higher ductility of the material at high temperatures.

In the hot rolling mill, the slabs are heated in a walking beam furnace, then pass successively through a roughing mill and a finishing mill, with entry and exit furnaces. Later, steam jets are used to descale and clean the surface. The resulting range of products is finally passed to a coiler that winds them, creating coils.

In the last stage, cold rolling, the material is subjected to heat treatment, then undergoes a mechanical and chemical process to remove surface oxidation.

Acerinox conducted a comprehensive analysis to assess which of the Group's activities may be eligible and aligned under the six objectives of the taxonomy. These potentially eligible activities were then cross-referenced with the definitions in the taxonomy to identify eligible initiatives.

Company activity	Eligible activity	Eligible and potentially aligned activity	
The activity is identified in Appendix I of the Delegated Regulation.	Does it make a substantial contribution to one of the 6 environmental objectives?	Does it comply with the do no significant harm (DNSH) principle?	Does it comply with the minimum social safeguards?
ELIGIBILITY	ALIGNMENT		

Acerinox has an analysis tool that records the data used and the results thereof, serving as a document manager and guaranteeing the traceability of the information.

Eligibility

The Group has identified potentially eligible economic activities for these environmental objectives.

- **Climate change mitigation:** manufacture of basic iron and steel and ferro-alloys.
- **Climate change adaptation:** manufacture of basic iron and steel and ferro-alloys; flood risk prevention and protection infrastructure.
- **Transition to a circular economy:** valorization of hazardous and non-hazardous waste materials, renovation of existing buildings and preparation to reuse products and product components at the ends of their useful lives.

Acerinox also carries out other cross-cutting activities related to its core business that also fall under the objective of climate change mitigation.

Once potentially eligible activities have been identified, the activities included on the taxonomy list are reviewed. Specifically, this involves those included in the Climate Delegated Act (mitigation and adaptation) and in the Delegated Act for the other objectives (water and marine resources, circular economy, pollution prevention, and biodiversity).

For this purpose, the precise definition of the activities carried out is reviewed, as well as their correspondence with the statistical classification of economic activities as set out in Regulation (EC) No 1893/2006 (NACE codes*). The activities carried out by Acerinox are included in Group C. Manufacturing industry, subgroup 24. Metallurgy: manufacture of iron and steel and of ferro-alloys.

Activities falling under NACE subgroups C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52 qualify as transitional (eligible) activities under article 10(2) of Regulation (EU) 2020/852 when they meet the technical eligibility criteria.

For each Group company, the applicable NACE code was identified and compared with the previous codes. An exhaustive analysis of the activities of each company was also carried out, verifying that these activities comply with the definition provided by the European taxonomy.

According to this analysis, the following activities may be considered eligible: infrastructures for prevention and protection against related flood risks, valorization of hazardous and non-hazardous waste materials, renovation of existing buildings and preparation to reuse products and product components at the ends of their useful lives. However, given the nature of the stainless steel production, which includes both upstream and downstream processes, these activities fall within the production process and are therefore grouped under the climate change mitigation objective.

In this regard, the company is working on improving the information's granularity level in order to assess whether there are significant adaptation measures to be calculated as part of economic activities linked to the adaptation target.

In the next three years, Acerinox expects to have more detailed CAPEX and OPEX information related to the remaining climate targets.

In conclusion, the manufacture of basic iron and steel and ferro-alloys (NACE 24.20) linked to the climate change mitigation objective is considered eligible.

Code	Name of the activity	Description	Taxonomic target	Alignment
3.9	Manufacture of iron and steel	Manufacture of basic iron and steel and ferro-alloys.	Climate change mitigation	YES

This eligible activity does not include the production of high-performance alloys nor stainless steel long products.

Alignment

The activity, in addition to being eligible, must demonstrate that it meets the requirements of Article 3 of the Regulation:

- Substantial contribution to one or more of the six EU environmental objectives.
- It does not cause significant detriment to the other environmental objectives (Do No Significant Harm, DNSH).
- Compliance with minimum social safeguards.

Substantial contribution

In relation to the climate change mitigation objective, appendices I and II of the Delegated Climate Regulation establish the technical criteria for substantial contribution.

In particular, paragraph 3.9 establishes as a substantial contribution the production of steel in electric arc furnaces (EAF) producing EAF carbon steel or EAF high alloy steel as defined in Commission Delegated Regulation (EU) 2019/331 and where the steel scrap input relative to production output is:

- 70% for the production of high alloy steel.
- 90% for the production of carbon steel.

Some Group companies were not aligned in this analysis, as they are part of the production chain but do not have EAFs in their facilities; therefore, the significant contribution criterion could not be measured. The companies at which the substantial contribution criterion of fine steel production can be measured are Acerinox Europa, NAS and Columbus Stainless.

Therefore, in order for these companies' activity to be considered aligned, 70% of stainless steel production must come from scrap. The percentage used at each of the identified companies was calculated; all three companies exceed the established threshold, reaching scrap usage ratios of nearly 90% in some products.

Following the analysis of the substantial contribution criteria for the different eligible activities, the compliance of these activities with the do no significant harm (DNSH) principle, explained below, has been assessed.

Compliance with the principle of do no significant harm (DNSH)

Compliance with the conditions set out to do no significant harm to the other environmental objectives for each of the companies identified was then verified.

Climate change adaptation

The Group conducted an analysis of physical and transitional climate risks in the medium and long term (2030 and 2050) with the help of an external consultant. Physical risks were assessed using IPCC (Intergovernmental Panel on Climate Change) climate projections, namely the SSP 1-2.6 (RCP2.6) and SSP 5-8.5 (RCP8.5) scenarios for each of the company facilities identified.

The analysis showed significant risks related to water stress at some facilities; the Group quantified the financial impacts of the relevant risks there and established climate change adaptation plans. As a result of this assessment, the Company implemented adaptation measures to mitigate the impact of the Group's most significant risks. In relation to the risk of flooding, the main equipment was raised to protect it, and containment and drainage measures were established to channel the water. In relation to the risk of water stress and drought, water consumption efficiency measures have been implemented, and investments have been made in treatment and recovery plants. For the Acerinox Group, which includes the companies under analysis, a water withdrawal reduction target was set.

Regarding the risk associated with the development of mechanisms and taxes on carbon emissions, energy efficiency and emissions reduction measures were implemented. Actions were also taken to increase the consumption of renewable electricity. In addition, studies were carried out on the replacement of natural gas consumption with low-carbon fuels (hydrogen and biomethane) and carbon capture, storage and use projects were analyzed. A carbon intensity reduction target was set for the Group.

In addition, a new Decarbonization Plan 2025-2030 and a more ambitious carbon emissions reduction target for 2030 have been approved. For more information, see the Climate Change chapter.

The climate risk analysis will be updated in 2025, incorporating risks related to the value chain, and a climate change adaptation plan will be developed based on the results obtained.

Sustainable use and protection of water and marine resources

Acerinox Europa, Columbus Stainless, and NAS have an integrated environmental authorization and all other legally required permits regarding water pollution prevention, and groundwater and surface water extraction and use. At facilities located in water-stressed areas, improvement actions were set out within the framework of the environmental management objectives.

The Water and Marine Resources section provides further information on these matters. Appendix 8.2 NFIS supplementary information includes detailed information on water withdrawal and discharge in areas with and without water stress.

Environmental impact assessments were also carried out at the facilities without identifying any risk of environmental degradation to bodies of water. The water footprint of each Group company was analyzed. For facilities that discharge water into rivers, such as NAS, the gray water footprint has been calculated to estimate the degree of pollution associated with a process. It was concluded that the concentration of contaminants at the NAS facilities was less than 1,000 mg/l.

In addition, it was evaluated whether the activity of aligned companies has a negative or hindering impact on seawater. Acerinox Europa is the only company that discharges water into the sea. It discharges into the Bay of Algeciras by means of a general collector managed by the Major Industries Association of Campo de Gibraltar. This discharge is subject to regular analysis in accordance with the Plan for the Monitoring and Control of the Receiving Environment for Discharges into the Bay of Algeciras.

In the case of Columbus Stainless, given that it is located in a water-stressed area, a zero-effluent discharge operation is used.

Finally, NAS has strict measures in place to prevent, avoid and act in the event of spills or discharges resulting from the storage of other substances. The facility has neutralization plants to treat acidic and basic waters, as well as emergency berms to prevent spills into the outside environment and other safety apparatus to eliminate possible spills. The tanks are equipped with a permanent secondary containment mechanism, as well as cleaning and emergency shutdown services. The final effluent water is discharged back into the Ohio River in equal or better condition than it was withdrawn, thus avoiding any possible environmental impact.

Transition to a circular economy

In accordance with the specifications established in the European Taxonomy, the iron and steel manufacturing activity has no impact on this objective. Therefore, no additional disclosure is required in connection with the DNSH principle.

Pollution prevention and control

The Group complies with the emission and discharge limits established in the Best Available Techniques (BAT), as well as with the applicable regulations regarding the presence of hazardous substances in products.

Each year, the facilities of Acerinox Europa, Columbus Stainless, and NAS conduct an assessment of their compliance with environmental legal requirements under the ISO 14001 standard. This standard establishes a specific management procedure through which the organization can monitor the environmental aspects of its activities that may affect the environment, either positively or negatively.

Likewise, internal and external ISO 14001 certification audits regularly include compliance evaluations for the aforementioned requirements.

At Acerinox Europa, the Regional Government of Andalusia's technical services team carries out regular legal compliance evaluations as part of their monitoring program for certain facilities.

Likewise, an exhaustive analysis was performed on the products used by the Group in their manufacturing and sale processes, in accordance with the specifications established in the taxonomy regulations.

It concluded that none of the Acerinox Europa, Columbus Stainless or NAS facilities manufacture or market organic compounds, substances, or mixtures that contain them, nor any substances listed in Article 57 of the REACH Regulation or mercury-added products. Companies take measures to avoid the use of metallic material containing mercury, using the applicable industry BAT. Purchase contracts with suppliers also specify the requirements that the scrap must meet.

The facilities only use authorized substances with ozone-depleting potential in auxiliary operations, as part of the refrigeration equipment, and in accordance with the operating, maintenance and waste management requirements established in national standards.

Stainless steel does not contain elements or substances covered by Directive 2011/65 in quantities exceeding the values indicated in Appendix II, as attested by the Acerinox Europa, Columbus, and NAS Declaration of Restriction of certain Hazardous Substances (RoHS) in electrical and electronic equipment.

Protection and restoration of biodiversity and ecosystems

Acerinox carries out and keeps environmental impact assessments at its production centers in accordance with applicable regulations.

The Acerinox Europa factory is located near several protected areas of the Natura 2000 network (Estrecho, Los Alcornocales, Marismas del Río Palmones). The

Environmental Impact Study and the Integrated Environmental Authorization did not identify any significant impacts in these areas.

The Columbus Stainless mill is located near the Vaalbank Private Nature Reserve. Its industrial activity does not negatively affect this protected area. Nevertheless, the Columbus Stainless Biodiversity Management Plan provides for actions aimed at protecting the native flora and fauna. In partnership with a local landscaping contractor, it also actively monitors native plant species to avoid possibly altering the local ecosystem.

The NAS factory is located near the Splinter Ridge and Switzerland Hills Fee protected areas, which see no significant negative impacts from its industrial activities.

Factory	Surface area (hectares)	Protected areas	KBAs
Acerinox Europa	110.85	18	5
North American Stainless	400	2	0
Columbus Stainless	400	1	1

KBAs: key biodiversity areas

Compliance with minimum social safeguards

Acerinox complies with minimum social safeguards in terms of human rights, corruption and bribery, fair competition, and taxation.

The Group's global human rights policy,available on its website and updated in early 2025, sets out Acerinox's commitments regarding the management of human rights, in accordance with the principles established in the United Nations Universal Declaration of Human Rights, the declaration on fundamental principles and rights at work and its follow-up by the ILO (International Labor Organization), and the Guiding Principles on Business and Human Rights of the United Nations.

Acerinox continues to work on developing a human rights due diligence process by identifying, preventing and mitigating current and potential negative impacts on human rights arising from own, Group, and value-chain activities. In addition, in 2024, the new Sustainability Due Diligence Policy was developed. It was approved in early 2025, and a project is underway to establish and implement the due diligence model.

No human rights violation reports were received in 2024. For more information, see chapter on General disclosures, specifically the due diligence model, workforce and business conduct sections.

The Group extends its commitment to sustainability to the entire value chain. Acerinox has a responsible procurement policy, available on the company website, that outlines general principles for purchasing goods and services (including economic, competitive, social, and environmental aspects), and simultaneously defines the objectives and core action framework rolled out in all its companies.

Acerinox has also established a code of conduct for business partners was established, which defines its principles and requirements with respect to suppliers of goods and services, and vis-à-vis intermediaries and advisors. The aforementioned code is an essential requirement for any contractual relationship with Acerinox. The principles and requirements included are based on the Group's code of conduct and good practices, general contracting conditions, general purchasing policy, and other Company corporate policies. In addition, they are aligned with the 10 Principles of the Global Compact, ILO, etc.

The new Group purchasing strategy 2023-2027 is based on three pillars, one of which is specifically related to compliance with ESG standards and the management of risks inherent in the supply chain. This detailed information is available in the "Workers in the value chain" chapter.

Relatedly, the Group's crime prevention program is aimed at eliminating the risk of committing criminal acts, especially those that entail criminal liability for the legal entity, including risks related to corruption and bribery, competition, and so on. This program includes several phases: updating of protocols and monitoring, self-assessment of monitoring, evaluation and certification, and the action and training plan.

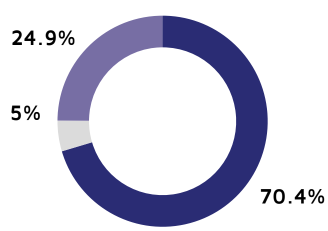
In 2024, Acerinox's crime prevention program was certified under the UNE 19601 standard for criminal compliance management systems. For more information, see chapter on Business Conduct, specifically the crime prevention program section.

As a sign of its commitment to best practices in tax matters, Acerinox is a signatory to the Code of Good Tax Practices, actively participates in the Tax Forum of Large Companies and has voluntarily submitted, for the third consecutive year, a tax transparency report to the Spanish Tax Authority.

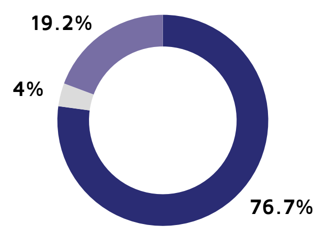
As a result of this commitment, the Group has received the highest classification of the Haz Foundation's T for Transparency seal for responsible taxation and good governance, moving up this year from the 1-star category to the 3-star one.

This report includes details of the tax contribution in the countries where it operates, as well as the general tax policy. For further information, please refer to the section on responsible taxation and Appendix 8.2 NFIS supplementary information.

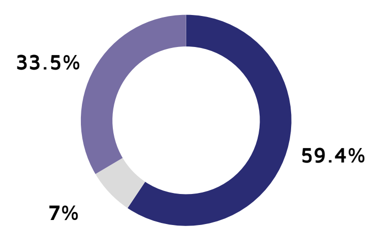
Revenue



CAPEX



OPEX



Appendix 8.3 Taxonomy-related information includes details on the calculation of financial indicators and ratios related to revenue, CAPEX and OPEX.

Climate Change (ESRS E1)

Governance

Integration of sustainability-related performance in incentive schemes

GOV-3

Acerinox has sustainability targets linked to environmental, social and corporate governance performance, as set out in its Sustainability Master Plan and based on international standards such as the Paris Agreement and the Sustainable Development Goals (SDGs), among others. In addition, the variable remuneration of the members of the Management Committee, including the CEO, is linked to the achievement of certain sustainability targets.

One of these targets, the reduction of CO_2 emissions, is related to GHG emissions due to the Group's business model. Positive impacts on GHG Reduction are due to the implementation of measures to mitigate climate change; this comes with the risk of Loss of market share due to non-compliance with CO_2 rates, Increase in costs due to non-compliance with CO_2e rates and Increase in costs (CAPEX and OPEX) to meet emissions reduction targets.

Until 2023, the CO_2 emissions intensity target (Scope 1 and 2) was linked to remuneration at the Stainless Steel Division. In accordance with the Sustainability Master Plan, the Company committed to reduce by 20% the intensity of Scope 1 and 2 CO_2 emissions by 2030, reaching a ratio of 0.95 tCO_2/metric ton compared to the 2015 value (1.20 tCO_2/metric ton). Taking into account the 2023 ratio (1.07 tCO_2/metric ton) and the 2030 target (0.95 tCO_2/metric ton), the annual Scope 1 and 2 emissions reduction pathway has been set on a linear basis of 1.54% between 2023 and 2030.

In 2024, the reduction target for Scope 1 and 2 CO_2 emissions intensity was extended to the entire Group, including the High-Performance Alloys Division. To this end, a reduction in the emissions intensity ratio of 1.54% with respect to 2023 was applied. Considering that the Group's intensity ratio was 1.088 tCO_2/metric ton in 2023, the target for 2024 was 1.07 tCO_2/metric ton.

The 2024 target was set in January 2024 taking into account the current scope at that time, i.e. including Bahru Stainless (Haynes International was not part of the Group). Acerinox did not re-set the sustainability targets linked to remuneration, as these are approved in January by the Appointments, Remuneration and Corporate Governance Committee, and are annual in nature. The 2025 target will take into account changes in the scope.

The annual variable remuneration bonus is determined based on the achievement of financial and non-financial targets, such as those related to sustainability and climate change. In 2024, 15% of the CEO's bonus and 10-15% of the bonuses of the other members of Senior Management were linked to ESG targets. The CO_2 emissions intensity reduction target accounts for 16.6% of the ESG targets. In 2024, the target related to climate change reached 100% compliance, entailing a weighting between 1.66% and 2.49% of senior management's remuneration:

Pillar	2024 targets	Real 2023	Real 2024	2024 vs 2023
Eco-efficiency and climate change mitigation	Reduction in CO_2 emissions intensity (Scopes 1 and 2)	1.09	1.07	-2.26%

The CO_2 emissions intensity ratio (Scope 1 and 2) is calculated by dividing the estimated Scope 1 and 2 emissions from the 2024 GHG Inventory by the total metric tons produced. The perimeter includes Acerinox Europa, NAS, Columbus Stainless, Bahru Stainless, VDM Metals, Roldán, and Inoxfil.

The Stainless Steel Division also has sustainable loans linked to the reduction of its carbon footprint; these are tied to a 1% annual reduction in emissions intensity (scope 1+2). The 2024 target was met as the ratio was 1.044, below the target of 1.075 tCO2eq/metric ton of production.

Strategy

Transition plan for climate change mitigation

E1-1

In 2020, Acerinox committed to decarbonizing its activity by implementing its Sustainability Master Plan Positive Impact 360°. One of its pillars is eco-efficiency and climate change mitigation. The Master Plan set the target of a 20% reduction in GHG emissions intensity (Scope 1 and 2) by 2030, using 2015 as the base year for the Stainless Steel Division. This was extended to the entire Group in 2024.

Among the initiatives implemented by the Group's entities to fulfill this commitment are the improvement of energy efficiency, the promotion of heat recovery systems, the electrification of systems and vehicle fleets, and the increased use of renewable energies.

In 2024, it took a further step in the transition to climate change mitigation with the creation of a Decarbonization Plan through 2030 that integrates existing and new initiatives to drive the decarbonization of operations and the value chain. It also integrates the decarbonization initiatives included in the new Beyond Excellence 2024-2026 efficiency plan, approved by the Board of Directors in 2023. The 2025-2030 Decarbonization Plan has the following pillars:

- Improvement of energy efficiency: the adoption of new technologies or machinery that allow better management of process times and more efficient management of consumption.
- Promotion of heat recovery systems from process sources: installation of recovery systems that optimize processes and allow the reuse of the heat generated at the exit of furnaces or boilers. The aim is to increase the efficiency of the recovery process and generate more steam, thus avoiding its production in gas boilers.
- Electrification of systems: replacement of machinery or boilers that use fossil fuels with others that use electricity (e.g. heat pumps).
- Electrification of the vehicle fleet: replacement of the fossil fuel fleet (company cars, vans, forklifts, etc.) with electric vehicles.
- Increased use of renewable energies and, in particular, renewable electricity: signing of green energy purchase contracts with guarantee of origin (GoO), purchase of renewable energy certificates and installation of solar panels for self-supply.
- Use of low-carbon alternative fuels: use of alternative fuels in the production process (e.g. hydrogen/natural gas mix in boilers, use of biomethane, etc.).
- Increased use of scrap: installation or expansion of scrap recovery plants, improved segregation and use of scrap.
- Increased use of low-carbon raw materials or ferroalloys: prioritization of suppliers and purchase of low-carbon raw materials or ferroalloys.
- Others.

The Decarbonization Plan has a bottom-up approach, as it is designed in collaboration with each factory's technical teams and CEOs in alignment with the factory's strategy. It is also aligned with Beyond Excellence 2024-2026, the Group's strategic plan to drive competitiveness across the board.

CDP Discloser 2024

Acerinox has once again earned a **B rating** from the Carbon Disclosure Project (CDP) for its contribution to climate change mitigation

The Decarbonization Plan does not include climate change adaptation measures. The climate risk analysis will be updated in 2025, and an adaptation plan will be developed based on the results achieved.

The Plan and the proposed emissions reduction targets for each of the factories and at the Group level were presented to the CEOs of the factories and the Group's Chief Executive Officer. They were subsequently approved by the Board of Directors, at the proposal of the Sustainability Committee, in January 2025. The targets will be monitored regularly after approval. At least quarterly, the Sustainability Director reports to the Sustainability Committee on target evaluation.

The Decarbonization Plan sets more ambitious Scopes 1 and 2 emissions reduction targets, with the aim of being compatible with limiting global warming to 1.5°C and aligned with science-based targets (SBTi): Acerinox must reduce Scope 1 and 2 emissions by 45.28% by 2030 compared to 2021. It also sets a Scope 3 emissions reduction target of 15% for the same year. Acerinox is not excluded from the EU benchmarks harmonized with the Paris Agreement. Section E1-3 describes the plan's decarbonization levers and quantitative contributions to meet the described targets.

To prepare this, emissions avoided if these initiatives were implemented in each of the years were quantified. The analysis estimated that some emissions could not be eliminated with current technologies. For this reason, the best available technologies are taken into account to advance with decarbonization, and the purchase of carbon credits to compensate for emissions not avoided will be assessed.

However, the Decarbonization Plan has adopted a conservative approach, and only technologies available today have been taken into account in the emissions reduction estimates. This mitigates the potential risk of not meeting the approved emissions reduction targets.

Prior to the approval of the 2025-2030 Decarbonization Plan, during 2024, the OPEX allocated by the Group to decarbonization was EUR 28,127,871 (95% associated to Taxonomy activities), of which 1% corresponds to energy efficiency and 99% to all other decarbonization levers. CAPEX totaled EUR 2,038,078 (49% associated to Taxonomy activities), of which 69% corresponds to energy efficiency and 31% to all other decarbonization levers (Note 9). Property, plant and equipment - Environment in the Consolidated Annual Accounts).

The 2025-2030 Decarbonization Plan requires an estimated annual investment of EUR 817,500 in CAPEX and EUR 1,711,315 in OPEX. For more information, see section E1-3.

Like all Acerinox's activities, the Plan is aligned with the Taxonomy, as described in the section "European Taxonomy on Sustainable Finance." However, some Group companies do not comply with the Taxonomy due to the work they do or their operating characteristics. Therefore, taxonomic CAPEX and OPEX are applied to Acerinox Europa, NAS, and Columbus Stainless. In 2024, the key performance indicators (CAPEX and OPEX) established in Commission Delegated Regulation (EU) 2021/2178 were EUR 164.512.879 and EUR 57.235.954, respectively.

The Decarbonization Plan does not identify initiatives to adapt economic activities to the Taxonomy.

The Group is excluded from reporting CAPEX related to coal, oil, and gas, as they have no related economic activities.

Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3

In the dual materiality analysis, all sustainability aspects with significant relevance for the Group were identified and evaluated. Included in the 2024 list of material impacts, risks and opportunities are those related to climate for the Company's own operations. For more information on the materiality process, see the Result of the dual materiality analysis section in the 7.1 General disclosures chapter.

The following table shows climate-related impacts, risks, and opportunities and their categorization as physical or transitional climate risks, according to the Task Force on Climate-Related Financial Disclosures (TCFD) methodology. The IPCC scenarios for physical risks were taken into account in the climate risk analysis. For transition risks, the International Energy Agency's Stated Policies Scenario (STEPS) and Sustainable Development Scenario (SDS) scenarios were evaluated.

Acerinox manages significant IROs associated with climate change mitigation and adaptation at all levels of the organization. For example, in the Sustainability Master Plan, which sets targets for the most significant climate-related IROs: energy, emissions and water use.

With respect to the last point, the Group has calculated its water footprint and is currently working on various projects to improve the efficiency of its water consumption.

Double materiality analysis		Climate risk analysis	
IRO	**Description**	**Type of risk/ opportunity**	**Description**
Negative impact	High energy consumption in factories due to the company's business model.	Transition - Market	Energy efficiency
Positive impact	Use of efficient equipment and heat recovery in furnaces in factories	Transition - Market	Energy efficiency
Negative impact	Greenhouse gas emissions due to the company's business model.	Transition - Legal	Carbon mechanisms and carbon taxes
Positive impact	Reduction of greenhouse gases due to the implementation of measures to mitigate climate change.	Transition - Mercado	Energy efficiency Use of renewable or low carbon energy
Positive impact	Implementation of systems and measures for the minimization and reuse of water resources in all factories (including sanitation, rainwater, groundwater, seawater, etc.).	Physical - Chronic	Water stress and drought
Risk	Increase in energy costs due to the geopolitical situation.	Transition - Market	Transition to low carbon technologies
Risk	Increase in energy costs due to Acerinox's high energy consumption due to its business model.	Transition - Market	Transition to low carbon technologies
Opportunity	Reputational improvement due to the contracting of energy with a guarantee of renewable origin (PPAs and GoOs)	Transition - Market	Use of renewable or low carbon energy
Risk	Increase in costs derived from the purchase of electricity due to poor implementation of energy efficiency measures.	Transition - Market	Energy efficiency Transition to low carbon technologies
Opportunity	Cost reduction due to the implementation of measures such as heat recovery.	Transition - Market	Energy efficiency
Risk	Loss of market share due to non-compliance with CO_2 rates.	Transition - Market	Changes in consumer preferences
Risk	Increase in costs due to non-compliance with CO_2 rates.	Transition - Legal	Carbon mechanisms and carbon taxes More demanding environmental regulation
Risk	Increase in costs (CAPEX and OPEX) to meet emission reduction targets.	Transition - Market	Transition to low carbon technologies
Risk	Production stoppages have occurred due to water consumption limitations in areas of high water stress, such as Columbus (South Africa) and Algeciras (Spain).	Physical - Chronic	Water stress and drought

In the process of reviewing and updating the decarbonization plan, no significant changes were identified in the business model or in the company's assets, demonstrating the company's resilience to climate change.

Incident, risk, and opportunity management

Description of the processes to identify and assess material climate-related IROs

E1 IRO-1

The Group's climate change management model identifies and assesses the impacts of our operations on climate change following TCFD recommendations. The Greenhouse Gas (GHG) emissions inventory, conducted annually, uses methods consistent with internationally recognized standards. The carbon footprint is certified by an external verifier.

In 2024, Acerinox reviewed its activities to determine future sources of GHG emissions. In addition to calculating the carbon footprint of the factories, an estimate was made for the service centers, warehouses and sales offices. The results concluded that these emissions are not significant, as they account for less than 2.5% of the total emissions.

Scope 3 categories not previously included in the GHG inventory were also estimated, and those that were material were reported.

In 2024, the Group's total GHG emissions (Scopes 1, 2 and 3) were 6,376,035 metric tons of CO_2 equivalent, 13% higher than the previous year carbon footprint, mainly as a result of the increase of emissions associated with the acquisition of materials and ferroalloys and the consideration of new reporting categories.

Corporate risk analysis analyzes short-term climate risks. The time horizon refers to the period adopted by the company as the reference period in its financial statements. The medium-term horizon (2030) is aligned with the term of the Sustainability Master Plan and its targets, while the long-term horizon (2050) is linked to the climate neutrality targets set by the most ambitious geographical area (European Union).

Climate change impacts were identified and assessed according to the methodology described in ESRS 2 SBM-3 on climate change.

The impact of climate risk on the Group's financial statements is structured into three main areas: analysis of the recoverability of non-financial assets, determination of the useful lives of plants and equipment and credit ratings. Due to Acerinox's structure and business model, at the end of this year (short term), no material impacts related to climate change have been identified; accordingly, it is considered that there is no material impact of climate change risk that should be considered in future estimates for the calculation of cash flows.

In the medium and long term, climate risk analysis using different scenarios helped us to better understand our risks and make better decisions.

In 2025, the climate risk analysis will be updated, incorporating risks related to the value chain; Haynes International will also be included.

Physical risks

Two scenarios were selected from the Intergovernmental Panel on Climate Change (IPCC):

- SSP5-RCP 8.5: High emissions scenario, with a business-as-usual perspective. It forecasts that carbon dioxide emissions levels will triple by 2075, with global temperatures rising by 4.4°C.
- SSP 1-RCP 2.6: Low emissions scenario aligned with the Paris Agreement, in line with achieving net zero emissions by 2050. It forecasts global temperatures to rise and stabilize at 1.8° Celsius by the end of the century.

The difference in global emissions between RCP 8.5 and RCP 2.6 represents the implementation gap to reach the Paris Agreement's target of below 2°C.

The analysis was carried out at all the Group's factories. Site-specific climate data is extracted from each plant location for each individual climate hazard included in the CRISP platform. The analysis took into account the climate-related risks identified in the CSRD. The nine most relevant are detailed below:

- Extreme heat.
- Extreme cold.
- River flooding.
- Flooding due to extreme precipitation.
- Coastal flooding.
- Tropical cyclones.
- Wildfires.
- Rainfall-induced landslides.
- Water stress and drought.

The CRISP global climate database includes different databases from various leading climate data providers across the world (ISIMIP 3b Protocol CMIP6 historical & projections models, World Resources Institute, Aqueduct Water Risk Atlas, World Resources Institute, Aqueduct Floods, Fathom, International Best Track Archive for Climate Stewardship, American Meteorological Society, NASA's Landslide Susceptibility Map, and the European Space Agency).

For each hazard, the platform contains a global climate indicator for the starting point and future time horizons (medium and long term).

Most physical risks take into account the duration of the risk to determine the level of criticality. The results of the climate hazards (magnitude) and degree of exposure (likelihood) are combined to calculate risk scores, which can range from 0 to 10. This allows climate hazards to be compared, determining the relative level of risk associated with each hazard.

Transition risks

The analysis was carried out using two International Energy Agency (IEA) scenarios.

- **Stated Policy Scenario (STEPS)**: provides foresight based on the latest policy measures, including energy, climate, and related industrial policies. More conservative outlook ("business as usual"), with no additional or more ambitious measures to address climate change, highlighting the risks if announced targets are not met.
- **Sustainable Development Scenario (SDS):** aligned with the Paris Agreement, this scenario assumes that all national climate and energy sector-related targets announced by governments are met in full and on schedule. Provides information on risks if the planet successfully transitions to a low-carbon economy. Under this scenario, current pledges of net zero emissions will be achieved by 2050 in advanced economies, by 2060 in China and by 2070 in all other countries, with a 50% probability of limiting global temperature increase to 1.65°C.

The global emissions gap between STEPS and the SDGs represents the implementation gap that must be closed for governments to achieve their announced decarbonization targets.

Transition risks have been assessed for the Company's assets in five geographical blocks: European Union, United States, Africa, Southeast Asia, and global.

The transition risk assessment includes seven climate scenario indicators that describe the risks and opportunities associated with the transition to a low-carbon economy:

- Risk: Carbon mechanisms and carbon taxes.
- Risk: More stringent environmental regulations.
- Risk: Changes in consumer preferences.
- Risk: Transition to low-carbon technologies.
- Opportunity: Increased demand for low-carbon products.
- Opportunity: Energy efficiency.
- Opportunity: Use of renewable or low-carbon energy.

Each indicator scores each location by combining the relevance weighting with the difference between the scenarios over the time horizons, also known as the "scenario delta." The higher the delta, the greater the difference between the scenarios and, consequently, the greater the risk. Thresholds denote high, moderate, and low risk, as well as high, moderate, and low opportunities.

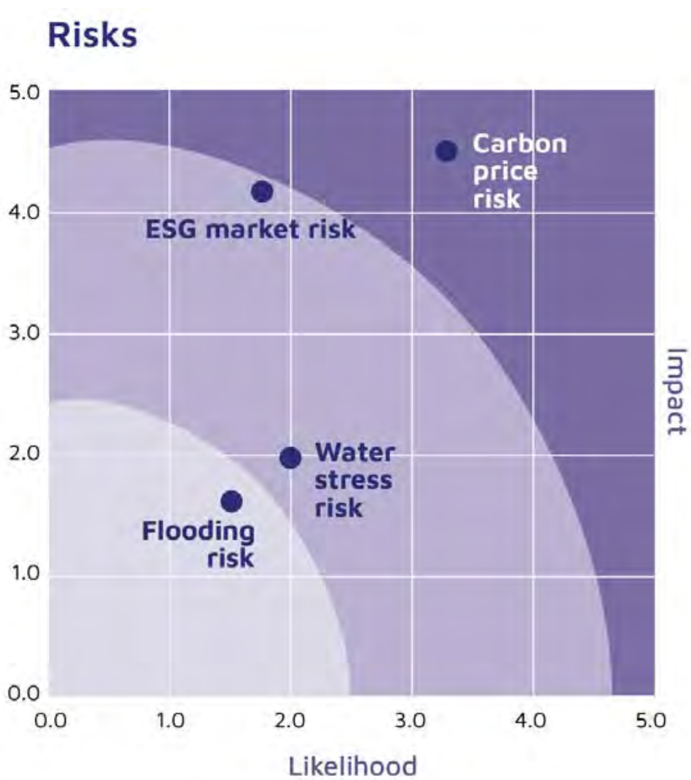
The results show that transition risks are more significant for some assets depending on their location. However, no assets have been identified that are incompatible with a transition to a climate-neutral economy.

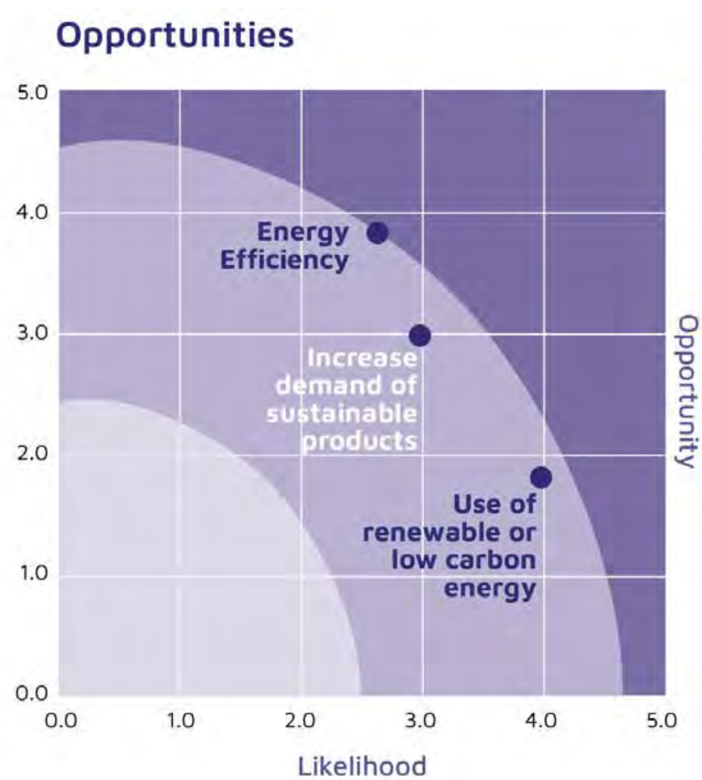
The following table shows the results of the climate analysis of risks and opportunities for the Group.

Risk	Type of risk	Classification	Time horizon	Scenarios	Potential business impact	Mitigation and control measures
Risk of water stress and drought	Physical - chronic	High*	Medium and long term	RCP 2.6 and 8.5	Limited water supply or interruption of water supply for extended periods of time	Setting objectives to reduce water consumption
					Increased water treatment costs due to the low quality of the resource	Implementing water consumption efficiency measures
						Investing in water treatment and recovery plants
Risk associated with the introduction of mechanisms or levies that tax carbon emissions	Transition - political or legal	Moderate and high	Medium and long term	STEPS and SDS	Direct impact on operations	Setting targets to improve carbon intensity within the framework of the Decarbonization Plan.
					Indirect impact on supply chains, implying potential additional operating costs in inputs and energy prices	Adopting energy efficiency and emissions reduction measures
						Increasing the consumption of renewable electricity
						Looking into replacing natural gas with low-carbon fuels (hydrogen and biomethane)
						Analyzing carbon capture, utilization and storage projects
Changes in customer preferences	Transition - market	Low and moderate	Medium and long term	STEPS and SDS	Decrease in demand	Setting of 2030 sustainability targets
						Sustainability Master Plan - Positive Impact 360°
						Decarbonization plan and setting of carbon intensity targets
						Developing premium products that meet more stringent sustainability criteria (ECO ACX)

*Physical risks include the highest level identified at any of our facilities.

Opportunity	Type of opportunity	Classification	Time horizon	Scenarios	Potential business impact	Stimulus measures
Increasing demand for more sustainable products	Products and services	High	Short, medium and long term.	STEPS and SDS	Increased steel demand due to the development of new technologies and products for the energy transition	Setting of 2030 sustainability targets
						Sustainability Master Plan. Positive Impact 360°
						Developing premium products that meet more stringent sustainability criteria (ECO ACX)
Improving energy efficiency	Resource efficiency	Moderate	Short, medium and long term.	STEPS and SDS	Reduction of environmental impact	Setting targets aimed at improving carbon and energy intensity
					Reduction of operating costs	Adopting energy efficiency and emissions reduction measures
Use of renewable or low-carbon energy	Energy sources	Moderate	Short, medium and long term.	STEPS and SDS	Reduced exposure to the future price of fossil fuels	Setting targets aimed at increasing the consumption of renewable energy
					Improving business sustainability	





Policies related to climate change mitigation and adaptation

E1-2

Climate change is one of the greatest environmental, social, and economic challenges. The Group believes that mitigation should be integral to every activity and decision, knowing that this goal can be achieved without sacrificing excellence, profitability, efficiency, and returns for all stakeholders.

This commitment is embodied in the General Sustainability Policy and the Climate Change Policy, presented to the Sustainability Committee in October 2024 and approved by the Board of Directors in February 2025.

The General Sustainability Policy establishes the principles that should govern the Acerinox Group's strategy and guidelines for managing sustainability incidents, risks and opportunities, including mitigation and adaptation to climate change.

The Group takes on and promotes a series of principles that must govern its actions. These include, among others, mitigating climate change by implementing energy-efficiency measures, promoting the use of renewable energies, and optimizing water consumption, as well as adapting to the effects of climate change where appropriate.

The General Sustainability Policy also addresses the promotion of the circular economy and the rational and sustainable use of natural resources, as well as the protection and recovery of biodiversity and ecosystems.

The Group's Climate Change Policy establishes a framework for its business model and strategy to be consistent with its commitment to the transition to a low-carbon economy and limiting global warming.

The purpose of the Acerinox Group's Climate Change Policy is rooted in its General Sustainability Policy, the Sustainability Due Diligence Policy, the Group's Human Rights Policy, the Sustainable Development Goals, and the United Nations Global Compact Principles, among others.

Policies are developed in specific action plans, such as the Beyond Excellence Plan, Decarbonization Plan, and so on.

Both policies apply to all entities within the Group, which will ensure that the principles of these policies are also adopted by other business partners in the activity chain.

The Board of Directors oversees compliance with both policies, and they will be available on the Company website.

Actions and resources in relation to climate change policies

E1-3

In 2024, more than 50 decarbonization initiatives were carried out, saving more than 450,000 tCO_2. The main decarbonization lever was the increased use of renewable energies, which in 2024 accounted for 44.45% of the Group's electricity consumption, having increased by almost 10%. Also noteworthy are the energy efficiency measures and the increased use of scrap.

Each of the actions has an associated budget (CAPEX or OPEX) that must be approved by the CEO of the corresponding factory. The table below reports the emissions avoided in 2024. Based on the financial data, an estimate has been made to allocate CAPEX or OPEX to energy efficiency (EUR 1,402,478 and EUR 216,933 respectively) and to the other decarbonization levers (EUR 635,600 and EUR 27,910,939 respectively). The Group is currently working to improve the granularity of the financial information associated with climate change actions (Note 9. Property, plant and equipment - Environment in the Consolidated Annual Accounts).

The 2025-2030 Decarbonization Plan requires an estimated annual investment of EUR 817,500 in CAPEX and EUR 1,711,315 in OPEX. 95% of the CAPEX and 49% of the OPEX of the 2024 decarbonization initiatives is aligned with the Taxonomy (Acerinox Europa, Columbus Stainless and NAS). It is estimated that, in the future, the Company will have an aligned CAPEX and OPEX percentage in a similar range to that of 2024, taking into account the uncertainty that exists in this estimate.

Taxonomic CAPEX and OPEX includes the CAPEX and OPEX of the aligned activities, which includes all the work carried out at Acerinox Europa, Columbus Stainless, and NAS. On the other hand, the CAPEX and OPEX of the Decarbonization Plan comprises the CAPEX and OPEX of all the activities defined in the Decarbonization Plan implemented by the Group's factories (Acerinox Europa, Columbus Stainless, NAS, Roldán, Inoxfil, and VDM Metals). In 2025, Haynes International will be included.

Decarbonization lever	Current (2024)				Planned (2025-2030)			
	Number of initiatives	Scope 1 emissions savings (tCO_2eq)	Scope 2 emissions savings (tCO_2eq)	Scope 3 emissions savings (tCO_2eq)	Number of initiatives	Scope 1 emissions savings (tCO_2eq)	Scope 2 emissions savings (tCO_2eq)	Scope 3 emissions savings (tCO_2eq)
Improving energy efficiency	15	4,228.00	1,875	581	43	203,526	200,877	3,837
Promotion of heat recovery systems from process sources	4	2,848.60	0	0.0	4	49,896	0	0
Electrification of systems	0	0.00	0	0.0	9	80,962	-77,818	0
Electrification of vehicle fleet	3	18.00	0	0	4	158	0	0
Increased use of renewable energies and, in particular, renewable electricity	14	759.00	438,691	0	50	1,840	4,229,988	0
Use of alternative low-carbon fuels (e.g. green hydrogen, biomethane)	0	0.00	0	0	0	0	0	0
Increased use of scrap metal	17	1,933.00	0	20704	22	22,702	0	185,732
Increased use of low-carbon commodities or ferroalloys	1	820.00	0	0	1	4,920	0	0
Other	0	0.00	0	0	1	0	442	0
Total	**54**	**10,607**	**440,566**	**21,284**	**134**	**364,004**	**4,353,489**	**189,569**

The table includes own and upstream decarbonization measures for Acerinox Europa, NAS, Columbus Stainless, VDM Metals, Roldán, and Inoxfil. Haynes International's initiatives will be integrated into the 2025-2030 Decarbonization Plan. Specific targets and actions for climate change adaptation are expected to be added in the coming years.

The Decarbonization Plan has adopted a conservative approach, and only feasible technologies that are available today have been taken into account in the emissions reduction estimates. This mitigates the potential risk of not meeting the approved emissions reduction targets.

To carry out the initiatives, in addition to internal financing, Acerinox has sustainable credits linked to the fulfillment of decarbonization targets.

For one, the Group has a sustainable credit linked to the increase in renewable energy sources. The Company committed to improving the renewable electricity intensity ratio of the entire Group (Stainless Steel and High-Performance Alloys Divisions) by 4% per year from 2020. In 2024, this target was 273 renewable Kwh/metric tons of steel; the actual figure was 578 renewable Kwh/metric tons of steel, reaching the target. In 2024, renewable energy accounts for 44.45% of the Group's electricity consumption.

Group's renewable energy intensity (renewable kWh/metric ton of steel produced)

For another, the Stainless Steel Division signed credits linked to a 1% annual reduction in emissions intensity (Scope 1+2). The 2024 target was met as the ratio was 1.044, below the target of 1.075 tCO_2eq/metric ton of production.

Parameters and targets

E1-4

Stainless steel is a very sustainable, long-lasting, and infinitely recyclable material. Despite these positive qualities, its manufacture accounts for a considerable proportion of global industrial emissions due to the intensive use of electrical energy to melt scrap and ferroalloys, as well as the use of fossil fuels, such as natural gas, in the heating and smelting processes. In addition, the production of stainless steel and high-performance alloys requires the use of ferroalloys and other raw materials, and their availability is crucial to the Group.

One of the pillars of the Sustainability Master Plan is eco-efficiency and climate change mitigation, which sets a target of a 7.5% reduction in energy intensity, a 20% reduction in GHG emissions intensity (Scopes 1 and 2) and a 20% reduction in water withdrawal intensity by 2030, based on 2015. For more information, see ESRS 1 GOV-3.

In relation to the emissions reduction target, the 2025-2030 Decarbonization Plan establishes new, more ambitious targets, aiming to be compatible with limiting global warming to 1.5°C, and based on science (SBTi). According to this methodology, Acerinox must reduce Scope 1 and 2 emissions by 45.28% by 2030 compared to 2021. A Scope 3 emissions reduction target of 15% for 2030 compared to 2021 has also been set. To achieve these goals, the 2025-2030 Decarbonization Plan has been approved. Section E1-3 describes the plan's decarbonization levers and its quantitative contributions to reach the listed targets.

2021 has been selected as the base year because it is the first year in which the GHG Inventory of the entire Group, including VDM Metals, was calculated and verified by an external party, as per the GHG protocol. Due to the sale of Bahru Stainless in 2024 and given that the inventory was conducted at the factory level, the recalculation involved the accurate subtraction of emissions associated with Bahru Stainless operations. Acerinox Group emissions in 2021, excluding Bahru Stainless, were 3,117,325 tCO_2e Scope 1 and 2 and 4,877,793 tCO_2e Scope 3.

In 2025, Haynes International will be integrated into the perimeter of the Decarbonization Plan and its associated targets.

The established emissions reduction targets include the operational approach and the same GHG gases that are included in the GHG inventory. The market-based approach is also used for Scope 2 emissions. The target for 2030 is 1,705,705 tCO_2e of Scope 1 and 2 emissions and 4,146,124 tCO_2e of Scope 3 emissions.

Prior to the approval of the decarbonization targets, the Company examined two scenarios: the baseline scenario and the achievable sustainable scenario (that aims to be compatible with limiting global warming to 1.5°C).

First, a baseline scenario in which production remains constant between 2025 and 2030 at 2023 values while the measures included in the Decarbonization Plan are implemented. Under this scenario, the use of renewable energy will not increase in the future.

Second, the achievable sustainable scenario, in which production increases according to internal forecasts in 2030 compared to 2023 and 60% of electricity comes from renewable sources.

Depending on the production level and starting point of each factory, internal goals are established for each premise, with targets for each factory. The individual targets ensure compliance with the group-level target for Scopes 1 and 2. In addition, the overall target is also set in terms of intensity.

Similarly, Scope 3 emissions reduction targets are set at the factory level, both in absolute and relative terms. Under this scenario, the 15% reduction target in Scope 3 emissions by 2030 compared to 2021 is also achieved.

The Decarbonization Plan includes the adoption of new technologies that cannot currently be implemented due to their level of maturity, such as the use of biofuels.

Some studies and pilot projects on hydrogen injection into the natural gas grid were carried out in different factories in Europe, and the biomethane market is being assessed.

Some of these projects are expected to be completed by the end of the plan period.

According to applicable policies, the definition of the energy, emissions and blue water footprint targets was set based on estimated production capacity and industry benchmarks, Stakeholder participation was not considered.

The Sustainability Committee reviews the progress the indicators of energy intensity, emissions intensity and water footprint intensity intensity against the target quarterly, evaluating at the group, division, and factory levels. If significant discrepancies arise, the Head of Sustainability consults with factory managers and presents explanations for these discrepancies to the Sustainability Committee.

The targets established in terms of energy, GHG emissions and water withdrawal are in response to the climate risk analysis conducted in 2023 according to the TCFD methodology

The assessment showed significant transition risks related to carbon taxation mechanisms and significant physical risks related to water stress at the Acerinox Europa and Columbus Stainless factories.

Below are the impacts, risks, and opportunities identified as material in the double materiality analysis and its related goals:

IRO	Description	Goal
Negative impact	High energy consumption in factories due to the company's business model	7.5% Reduction in energy intensity in 2030 compared with 2015
Positive impact	Use of efficient equipment and heat recovery in furnaces in factories	7.5% Reduction in energy intensity in 2030 compared with 2015
Negative impact	Greenhouse gas emissions due to the company's business model	45.28% reduction of CO_2 emissions (scopes 1 and 2)* and 15% (scope 3) in 2030 compared to 2021
Positive impact	Reduction of greenhouse gases due to the implementation of measures to mitigate climate change	45.28% reduction of CO_2 emissions (scopes 1 and 2) and 15% (scope 3) in 2030 compared to 2021
Positive impact	Implementation of systems and measures for the minimization and reuse of water resources in all factories (including sanitation, rainwater, groundwater, seawater, etc.)	3% Annual reduction in the intensity of the blue water footprint
Risk	Increase in energy costs due to the geopolitical situation	7.5% Reduction in energy intensity in 2030 compared with 2015
Risk	Increase in energy costs due to Acerinox's high energy consumption attributed to its business model	7.5% Reduction in energy intensity in 2030 compared with 2015
Opportunity	Reputational improvement due to the contracting of energy with a guarantee of renewable origin (PPAs and GoOs)	45.28% reduction in CO_2 emissions (Scopes 1 and 2) by 2030 compared to 2021
Risk	Increase in costs derived from the purchase of electricity due to poor implementation of energy efficiency measures	7.5% Reduction in energy intensity in 2030 compared with 2015
Opportunity	Cost reduction due to the implementation of measures such as heat recovery	7.5% Reduction in energy intensity in 2030 compared with 2015
Risk	Loss of market share due to non-compliance with CO_2 rates	45.28% reduction of CO_2 emissions (scopes 1 and 2) and 15% (scope 3) in 2030 compared to 2021
Risk	Increase in costs due to non-compliance with CO_2 rates	45.28% reduction of CO_2 emissions (scopes 1 and 2) and 15% (scope 3) in 2030 compared to 2021
Risk	Increase in costs (CAPEX and OPEX) to meet emission reduction targets	45.28% reduction of CO_2 emissions (scopes 1 and 2) and 15% (scope 3) in 2030 compared to 2021
Risk	Production stoppages have occurred due to water consumption limitations in areas of high water stress, such as Columbus, South Africa, and Algeciras (Spain).	3% Annual reduction in the intensity of the blue water footprint
Opportunity	Reputational improvement due to Acerinox's adherence to the UN CEO Water Mandate as a cornerstone for the development of efficiency plans in the management of water resources in our operations	3% Annual reduction in the intensity of the blue water footprint

*The joint CO_2 emissions reduction target (Scopes 1 and 2) of 45.28% is disaggregated into a 42% reduction of Scope 1 and 46.72% of Scope 2, as defined in the SBTi methodology.

Energy consumption and mix

E1-5

In some industrial sectors, such as the steel industry, energy use is intensive due to their activity. Acerinox consumes substantial amounts of fossil fuels and electricity to melt scrap and ferroalloys.

Energy consumption and mix (MWh)	2024
Fuel consumption from coal and its derivatives	8.04
Fuel consumption from crude oil and petroleum products	43,747.87
Fuel consumption from natural gas	2,675,623.54
Fuel consumption from other fossil sources	75,765.74
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	1,274,657.52
Total fossil energy consumption	4,069,802.71
Proportion of fossil sources in total energy consumption (%)	79 %
Energy consumption from nuclear sources	46,477.53
Proportion of nuclear sources in total energy consumption	1 %
Fuel consumption by renewable source	0.00
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,057,277.30
Consumption of electricity with guarantees of origin	962,202.25
Consumption of renewable electricity from the energy mix	95,075.04
Consumption of self-generated renewable energy not used as fuel	0.00
Total consumption of renewable energy	1,057,277.30
Proportion of renewable sources in total energy consumption (%)	20 %
Total energy consumption	5,173,557.54

*Renewable electricity consumption from the energy mix refers to the percentage of renewable energy from the remaining energy mix, excepting Columbus Stainless, VDM Metals USA, and Bahru Stainless from the supplier's energy mix.
**Acerinox does not produce its own energy.
***Acerinox does not consume hydrogen as fuel.

For more details on the calculation methodology and assumptions related to these metrics, see Appendix 8.4. Calculation of the Greenhouse Gas Inventory. The measurement has not been verified by any independent external body beyond the verification provider. However, the environmental management system is certified under ISO 14001.

The activity carried out is considered to be a sector with high climate impact, included in Section C. Manufacturing, subgroup 24. Manufacture of basic metals in accordance with Regulation (EC) No. 1893/2006 (NACE Codes).

Energy intensity per net income	Comparison	2023	2024
Total energy consumption from activities in sectors with a high climate impact by net income from activities in sectors with a high climate impact (MWh/EUR thousand)	10.80 %	0.86	0.96

Where:

	2,023	2024
Net income from activities in sectors with a high climate impact used to calculate GHG intensity (EUR thousand)	6,607,978	5,413,128
Net income (others) (EUR thousand)	0	0
Total net income (financial statements) (EUR thousand)	6,607,978	5,413,128

*Acerinox Group net income is included in the Net Revenue figure of the Profit and Loss Statement of the financial statements.

Acerinox has been promoting innovation and the development of more efficient and cleaner technologies in steel production for years.

Since 2015, energy management has been monitored in terms of intensity (GJ/metric ton of steel produced), and in 2020, a target was set to reduce the Stainless Steel Division's energy intensity by 7.5% in 2030 compared to 2015 levels. In 2024, the target was expanded to include the entire Group.

The achievement of this target has been affected by the drop in production, the Group's internal situation and the macroeconomic and political environment. The strike undertaken by Acerinox Europa workers and the closure of the Bahru Stainless factory have had an impact on the drop in melting shop production of approximately 10% (12% if factories without melting shop are included). To these factors, we must add the impact of the energy crisis and international conflicts.

These circumstances worsened the indicator of energy intensity per metric ton of steel produced, which stood at 10.19 GJ/metric ton of steel (2023: 9.9 GJ/metric ton of steel).

Gross Scopes 1, 2, 3 and Total GHG emissions

E1-6

The Group's carbon footprint has been calculated following the GHG Protocol Corporate Standard and the GHG Protocol Corporate Standard for Value Chain Accounting and Reporting (Scope 3).

2021 is established as the baseline year for Scope 1, 2 and 3 emissions, due to the change in regulations and the inclusion of new categories. The calculation methodology is explained in detail in Appendix 8.4: Calculation of the Greenhouse Gas Inventory.

	Retrospective				Milestones and target year	
tCO_2eq	2021	2023	2024	Variation 2023 vs 2024	2030	Annual target %/ baseline year
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO_2eq)	974,048	778,993	708,348	-9.07%	550,436	-4.35%
1.1. Stationary combustion	779,291	640,816	568,131	-11.34%		
1.2. Mobile combustion	6,525	6,200	10,618	71.27%		
1.3. Process emissions	181,740	126,853	124,909	-1.53%		
1.4. Fugitive emissions	6,492	5,124	4,690	-8.47%		
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)	32.49 %	26.61 %	21.04 %	-20.94%		
Scope 2 GHG emissions						
2.1. Location-based gross Scope 2 GHG emissions (tCO_2eq)	1,530,710	1,112,290	891,928	-19.81%		
2.2. Market-based gross Scope 2 GHG emissions (tCO_2eq)	2,206,722	1,483,866	1,243,056	-16.23%	1,155,269	-4.76%
Significant Scope 3 GHG emissions						
Total gross indirect GHG emissions (Scope 3) (tCO_2eq)	5,179,138	3,384,875	4,424,631	30.72%	4,146,124	-1.99%
3.1. Goods and services purchased	4,055,026	2,597,316	3,541,689	36.36%		
3.2. Capital assets	0	0	146,606			
3.3. Fuel and energy activities not included in Scope 1 or Scope 2	296,997	219,481	201,038	-8.40%		
3.4. Upstream transport and distribution	98,154	49,017	49,462	0.91%		
3.5. Waste generated in operations	307,686	252,513	237,915	-5.78%		
3.6. Business travel	281	1,089	1,928	77.04%		
3.7. Transport used on the way to and from work	1,169	8,087	7,600	-6.02%		
3.8. Upstream leased assets	0	0	0			
3.9. Downstream transport and distribution	418,377	256,306	237,090	-7.50%		
3.10. Processing of sold products	0	0	0			
3.11. Use of sold products	0	0	0			
3.12. End of useful life treatment of sold products	1,448	1,066	1,303	22.22%		
3.13 Downstream leased assets	0	0	0			
3.14 Franchises	0	0	0			
3.15. Investments	0	0	0			
Total GHG emissions						
Total GHG emissions (location-based) (tCO_2eq)	**7,683,896**	**5,276,158**	**6,024,907**	**14.19%**	**N/A**	**N/A**
Total GHG emissions (market-based) (tCO_2eq)	**8,359,908**	**5,647,734**	**6,376,035**	**12.90%**	**5,851,829**	**-3.00%**

*The organization's carbon footprint includes GHGs (carbon dioxide, methane, and nitrous oxide) generated by the company. For more information, see Appendix 8.4.
**The organization's 2023 and 2024 carbon footprint does not include emissions generated by Haynes.
***Acerinox does not generate biogenic emissions.
****Scope 2 emissions include electricity purchased by Acerinox. The Company does not consume acquired cooling, steam or heat.
*****Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%) is calculated using the following formula: (GHG equivalent and GHG emissions in (tCO2 equivalent) from EU ETS facilities + domestic ETS facilities + non-EU ETS facilities / Scope 1 GHG emissions (tCO2eq).
******GHG emissions from purchased cloud computing and data center services are not material, given Acerinox's business model.
*******The measurement has not been verified by any independent external body beyond the verification provider. However, the environmental management system is certified under ISO 14001.

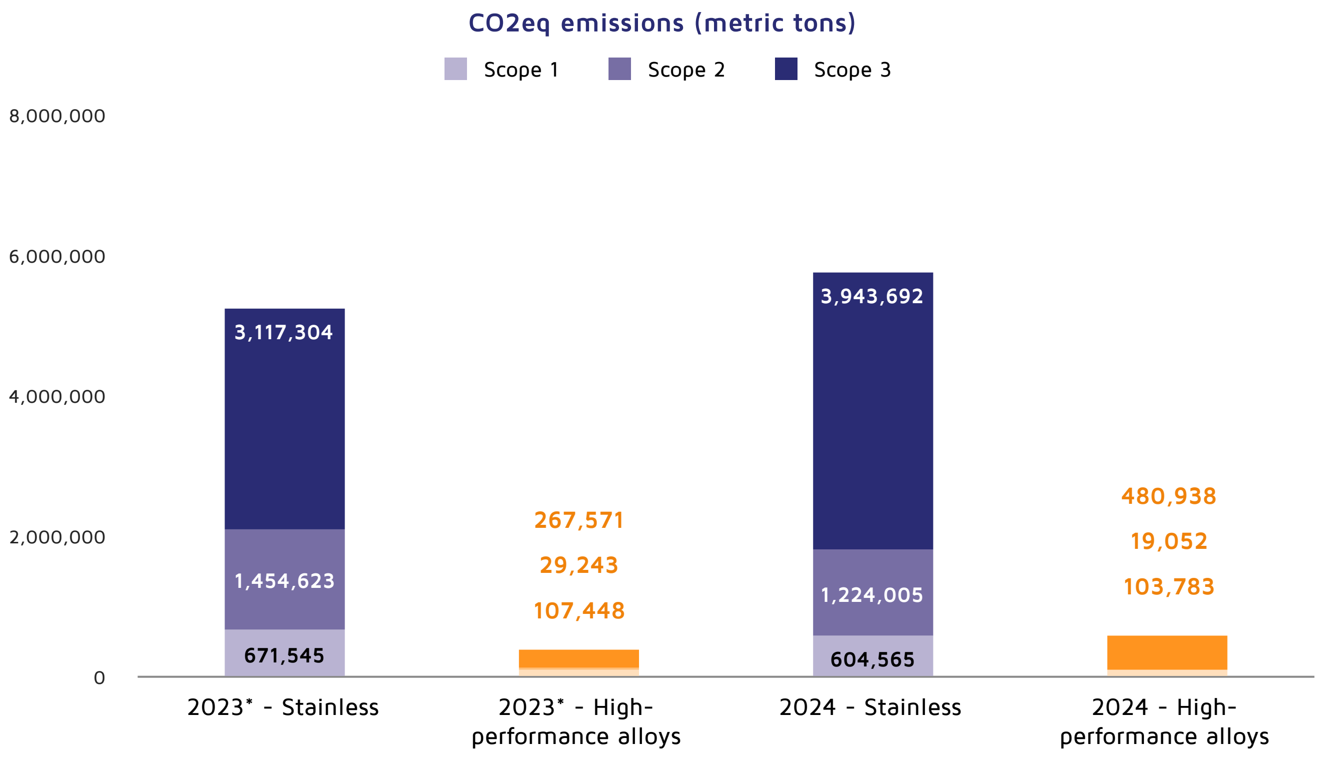
GHG intensity by net income	Comparison	2023	2024
Total GHG emissions (location-based) by net income (tCO_2eq/EUR thousand)	39.40 %	0.80	1.11
Total GHG emissions (market-based) per net income (tCO_2eq/EUR thousand)	37.82 %	0.85	1.18

Where:

	2,023	2024
Net income from activities in sectors with a high climate impact used to calculate GHG intensity (EUR thousand)	6,607,978	5,413,128
Net income (others) (EUR thousand)	0	0
Total net income (financial statements) (EUR thousand)	6,607,978	5,413,128

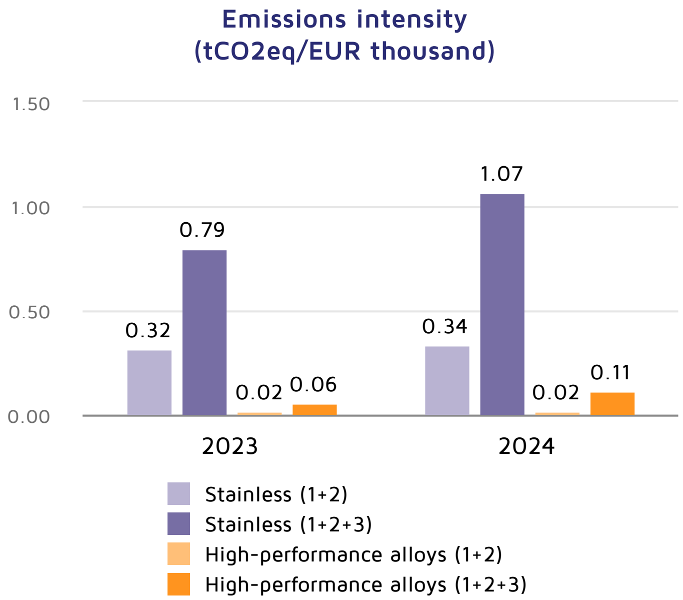
*Acerinox Group net income is included in the Net Revenue figure of the Profit and Loss Statement of the financial statements.

Scopes 1, 2 and 3 group emissions (tCO_2eq)



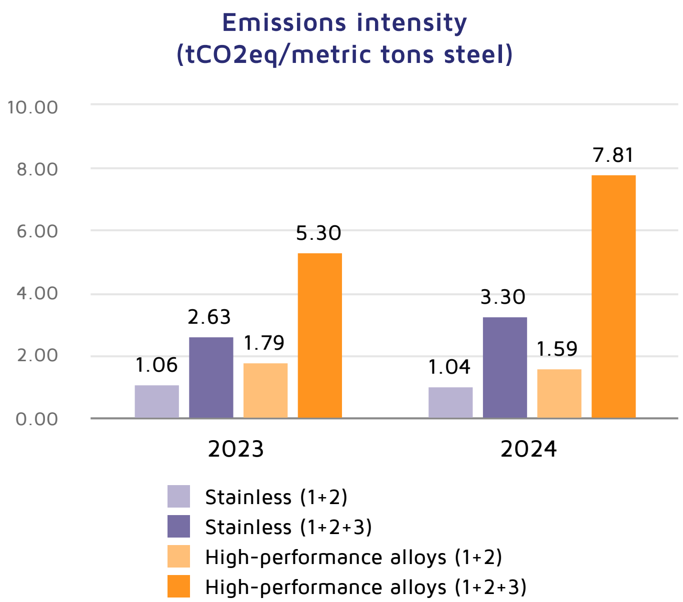
In 2024, the Group' Scope 1 and 2 CO_2 emissions decreased by almost 14% at a Group level. This was mainly due to energy efficiency measures and a 10% increase in the use of renewable energy compared to 2023, rising to 44.45% of total electricity. However, Scope 3 emissions increased by 31%, mainly due to an increase in emissions derived from ferroalloys and raw materials acquisition, as well as taking new reporting categories into account. As a result, the Group's total carbon footprint increased by 13%.

Scopes 1+2+3 Group emissions intensity (tCO_2eq/EUR thousand)



*Acerinox Group net income is included in note 18 to the financial statements.

Scopes 1+2+3 Group emissions intensity (tCO_2eq/metric ton of steel)



The fall in steel production of approximately 10% during the year (12% if factories without melting shop are also included) had a significant impact on these indicators: emissions intensity per euro and per metric ton of steel sold. Despite this, Acerinox achieved the Scopes 1 and 2 proposed targets for 2024 (1,071), with an intensity ratio of 1,067 tCO_2eq/metric ton of steel produced.

GHG removals and GHG mitigation projects financed through carbon credits

E1-7

The Acerinox Group did not develop any GHG removals and GHG mitigation projects financed through carbon credits.

The Company is exploring the possibility of CO_2 capture, storage, and use projects. Currently, some projects are in a preliminary phase. For example, a implementation feasibility study has been conducted at one of the factories.

On the other hand, Company has not contributed to greenhouse gas sequestration projects upstream and downstream in our value chain.

Internal carbon pricing

E1-8

The Acerinox Group has set an internal carbon price of EUR 63.75/tCO_2 in 2024. The internal carbon pricing system is a shadow price, i.e., a theoretical price based on external resources. It is based on estimated changes to the carbon price in the European Emissions Trading Scheme (Carbon Pulse EUA Price Forecast, which takes into account the forecast of twelve traders). This price applies to the entire company: it is a single price, regardless of location, business unit, or activity.

Acerinox projected its carbon price according to information from the report, last updated in April 2024. The result was the following:

- 63.75 /tCO_2 in 2024
- 75.30 /tCO_2 in 2025
- 91.35 /tCO_2 in 2026
- 109.30 /tCO_2 in 2027
- 123.85 /tCO_2 in 2028
- 128.45 /tCO_2 in 2029
- 134.85 /tCO_2 in 2030

This forecast predicts that the price of carbon will increase by 111% over the next 7 years.

The internal carbon price is applied to Scope 1 and Scope 2 in the economic analysis of energy efficiency and other decarbonization initiatives in order to incorporate this variable into investment decisions.

The Financial Statements do not take into account the carbon price.

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

E1-9

The Group is also working to better quantify anticipated financial impacts of climate risks and is taking advantage of the phase-in period under ESRS 1-10 regarding the timeline for reporting this quantification in future years.

Water and marine resources (ESRS E3)

Incident, risk, and opportunity management

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

E3 IRO-1

Managing these issues is integrated into the broader context of climate-related incidents, risks, and opportunities. Detailed information about these processes can be found in sections SBM-3: "Material impacts, risks and opportunities and their interaction with strategy and business model" and IRO-1: "Description of the processes to identify and assess material climate-related impacts, risks and opportunities."

Acerinox has conducted a water risk impact analysis for its main factories using the World Resources Institute's Aqueduct platform. This analysis identifies physical, quantitative, qualitative, reputational, and regulatory risks.

The dual materiality analysis identified the following significant IROs related to water and marine resources:

IRO	Description	Type of risk / opportunity
Positive impact	Implementation of systems and measures for the minimization and reuse of water resources in all factories (including sanitation, rainwater, groundwater, seawater, etc.).	-
Risk	Production stoppages have occurred due to water consumption limitations in areas of high water stress, such as Columbus, South Africa, and Algeciras (Spain).	Systemic risks
Opportunity	Reputational improvement due to Acerinox's adherence to the UN CEO Water Mandate as a cornerstone for the development of efficiency plans in the management of water resources in our operations	Resource use efficiency

The double materiality analysis, which identified these IROs, takes into account affected communities through technical information consultations. Additionally, other stakeholders such as employees, customers, suppliers, shareholders, and investors were consulted.

The findings indicate a significant physical risk of water stress and drought at the Acerinox Europa factory in Campo de Gibraltar, Spain, situated in the Guadarranque river basin, and at Columbus Stainless in Middelburg, South Africa, located in the Olifants river basin. Moreover, there is no reliance on raw materials sourced from marine resources.

To ensure responsible and sustainable water use, Acerinox has implemented water recirculation and treatment systems in its factories, aiming to return as much water as possible to the environment with the same purity and quality as when it was collected. The Group is enhancing its measures to secure necessary water supplies, especially during droughts, and also facilitates access for local community use.

Policies related to water and marine resources

E3-1

Responsible water management is crucial for the Group, given that producing stainless steel and high-performance alloys requires substantial amounts of this natural resource.

In 2025, the Group updated the Sustainability and Safety, Health, and Environment Policies, replacing the previous ones. The rational and sustainable use of water, along with ecosystem protection across all activities, are key principles in the Sustainability Policy, as well as in IRO management.

Similarly, the Health, Safety and Environment Policy is dedicated to protecting nature, which includes managing and consuming water resources responsibly and maintaining their quality. These policies apply to all entities within the Acerinox Group, including those in water-stressed areas. They must ensure that policy principles are followed by all commercial partners involved in the activity chain.

The Board of Directors oversees compliance with both policies, and they will be available on the Company website.

Most factories source their water from rivers (NAS, Roldán, and VDM Metals). However, some facilities draw water from swamps (Acerinox Europa), reservoirs (Columbus Stainless and Bahru Stainless), or the public supply network (Inoxfil and VDM Metals). No factory sources its water from marine resources, whether biological or non-biological.

Water is essential throughout the production process for cooling machinery and molten steel, cleaning equipment, generating steam, and treating wastewater.

Our factories have measures in place to prevent, avoid and act in the event of spills or discharges resulting from the storage of other substances. Neutralization and treatment facilities for both acidic and basic water, along with emergency ponds, allow us to maximize the recirculation of water and prevent any discharges into the natural environment. Together with other security measures, they eliminate the risk of spills. The tanks are equipped with a permanent secondary containment mechanism, as well as cleaning and emergency shutdown services.

The Group's operations have a minimal impact on marine resources since only Acerinox Europa discharges water into the sea. Water is discharged into the Bay of Algeciras through a general collector managed by the Major Industries Association of Campo de Gibraltar. This discharge is subject to regular analysis in accordance with the Plan for the Monitoring and Control of the Receiving Environment for Discharges into the Bay of Algeciras.

CDP Discloser 2024

Acerinox once again earned a **B rating** from the Carbon Disclosure Project (CDP) for its sustainable water management.

Actions and resources related to water and marine resources

E3-2

Sustainable water management is key to ensuring the continuity of its operations and contributing to a more sustainable future. Key actions include joining the CEO Water Mandate in 2024 and assessing the company's water footprint.

Milestones 2024	Challenges 2025-2030	Geographical area
Membership of CEO Water Mandate	Improved CDP Water rating	Corporate
Development of water footprint model for the High-Performance Alloys Division	Development of Water Footprint Model for Haynes	US
Development of policies, including water management	Reduction and continuous improvement in Blue and Gray Water Footprints	Global
Improvement of water footprint parameter calculation processes	Investments to improve the quality of water management data	Global

In 2024, the Company allocated EUR 50,374,836 to OPEX and EUR 1,251,201 to CAPEX for water resource management. (Note 9. Property, plant and equipment - Environment in the Consolidated Annual Accounts).

It is estimated that the Company's future CAPEX and OPEX percentages will be similar to those in 2024, although there is some uncertainty in this estimate.

CEO Water Mandate

In 2024, Acerinox joined the United Nations CEO Water Mandate initiative to advance sustainable water practices and strengthen our commitment to environmental challenges.

UN GLOBAL COMPACT CEO WATER MANDATE

The goal is to implement innovative and sustainable strategies across all operations, prioritizing the most vulnerable river basins.

As part of this community, the Group collaborates with other companies and organizations to foster sustainable growth and improvements in six key areas:

- Direct operations
- Supply chain management
- Collective action
- Public policies
- Community engagement
- Transparency

To ensure responsible water management, several initiatives have been introduced, including:

- Water footprint measurement: Conducting rigorous assessments to quantify the total volume of water used at each phase of the company's operations, with plans to extend this analysis to the entire value chain. This helps identify areas of highest consumption and opportunities for improvement.
- Water quality analysis: performed at the Group's facilities and by accredited external laboratories to ensure compliance with quality standards and legal requirements. Parameters analyzed include suspended solids, pH, alkalinity, and metal content, among others.
- Collaboration with stakeholders: Acerinox engages with local communities, government authorities and other stakeholders to develop water management strategies that benefit both the Company and the environment.
- Water restoration projects: The Group undertakes initiatives within natural ecosystems to enhance water quality and promote the reuse of wastewater, thereby supporting the sustainability of the river basins where it operates.
- Commitment to the SDGs: Acerinox integrates Sustainable Development Goal 6, which focuses on clean water and sanitation, into its sustainability strategy.

The Group ensures access to Water, Sanitation, and Hygiene (WASH) services at its facilities, which includes providing potable water, maintaining appropriate sanitary facilities, and promoting hygienic practices.

Over the past four years, Acerinox has managed water resources effectively without any significant incidents, thanks to its implementation of best management practices.

The Group remains committed to minimizing its water impact, maximizing water use efficiency, and promoting sustainable practices throughout its operations and supply chain.

Water footprint assessment

We calculate the blue water footprint (surface and groundwater) and the gray water footprint (contaminated water) using the Water Footprint Network (WFN) methodology. This methodology assesses the water stress of each facility using data from the World Resources Institute (WRI) and future projections.

To carry out this assessment, we categorize the regions where the Group operates based on their level of water stress, taking into account the balance between water demand and supply. This enables us to identify the areas with the highest water consumption and evaluate their vulnerability to water scarcity. Thirteen percent of the Group's factories are situated in regions experiencing high or extremely high water stress.

With this information, the Group aims to reduce water usage by implementing measures in production processes and optimizing the use of water in raw materials, auxiliary materials, and purification. Acerinox also promotes water reuse in its facilities by increasing the number of usage cycles and improving consumption control.

Although consumption improvements have been achieved, efforts continue to implement new measures and technologies.

The benefits of this water management approach include:

- Greater environmental awareness: Analyzing the water footprint supports informed decisions to reduce the Group's impact.
- Improving efficiency: Optimizing water use helps minimize expenses and enhances competitiveness.
- Strengthen relationships with local communities: Acerinox collaborates with them to develop sustainable solutions to water-related challenges.

By integrating sustainable water management into our operations, Acerinox manages the positive impact identified regarding the implementation of systems and measures for the minimization and reuse of water resources, as well as the risk of stoppages in production, as a result of the limitations on water consumption in areas with high water stress. All of the foregoing contributes to a more sustainable future for generations to come.

Targets related to water and marine resources

E3-3

Water is vital in the steel industry, especially in producing stainless steel and high-performance alloys. Due to the water-intensive nature of its production processes, Acerinox is dedicated to managing this resource efficiently and sustainably.

In 2020, the Group incorporated water resource management into its Sustainability Master Plan, The eco-efficiency and climate change mitigation pillar sets the target of a 20% reduction in water withdrawal intensity by 2030, using 2015 as the base year. This objective was set voluntarily to enhance water management within the Group.

Achieving this objective helps improve the management of the identified IROs in this area. The Company decided to establish a single target for all factories, while also implementing specific measures in facilities located in water-stressed areas, such as Acerinox Europa and Columbus Stainless.

Initially, this target was designed for the Stainless Steel Division, which achieved a reduction of 29.52% and met the target set for 2030. In 2024, it was decided to extend this target to the entire Group, setting the same reduction ratio as for the Stainless Steel Division (3.37% compared to the previous year).

2030 targets	Scope of application	Degree of progress (vs 2024 target)	2024 vs 2023
20% reduction in water withdrawal intensity compared to 2015	Acerinox Group	-3.31	-11.17%

*Progress data for 2025 is not reported, as this data is not available at the Group level.

In 2024, water withdrawal reached 5,818,316 m^3, with a production total of 1,828,133 metric tons. The approved goal is to reduce water withdrawal intensity by 20% by 2030. Due to the confidentiality of production values linked to this target, only the intensity target is disclosed.

According to applicable policies, this target was set based on estimated production capacity and industry benchmarks, without considering conclusive scientific evidence or ecological thresholds. No stakeholder involvement was considered, nor was any analysis of trends or significant changes in the company's performance to achieve the goal.
Since the Acerinox Group does not rely on marine resources, it has not set any targets related to them. As of now, there is no defined target for reducing water consumption.

The Sustainability Committee reviews the progress of water withdrawal intensity against the target quarterly, evaluating at the group, division, and factory levels. If significant discrepancies arise, the Head of Sustainability consults with factory managers and presents explanations for these discrepancies to the Sustainability Committee.

In 2024, once the specific water withdrawal target for 2030 was achieved, a new target of a 3% annual reduction in blue water footprint intensity at Group level was set, that will apply as from the year 2025.

Water consumption

E3-4

If the water footprint cannot be calculated using the facility's internal systems, conservative estimates based on its standard operations will be made.

Each facility has water withdrawal control and monitoring systems. Volumes are accounted for daily through flow meters and verified annually by a third party. This monitoring is not only performed for production processes, but also to ensure compliance with the applicable permit requirements.

The Acerinox Group uses various sources, the quality standards of which are certified by the supplier: surface water (main case), production water and third-party water (municipal water providers).

Water volumes and discharged water quality are monitored according to local regulatory requirements and process efficiency parameters. All factories are equipped with treatment and neutralization plants to stabilize and remove contaminants before discharge, as well as secondary containment systems to prevent accidental spills and recover effluents.

All discharges from the facilities are checked regularly to ensure compliance with Emission Limit Values (ELVs) and other legal requirements.

Water consumption

m3	Total			Stainless		High-performance alloys	
	Total	Non-water-stressed areas	Water-stressed areas	Non-water-stressed areas	Water-stressed areas	Non-water-stressed areas	Water-stressed areas
2024	1,647,162	465,095	1,182,067	136,677	1,182,067	328,418	0
2023	2,547,321	724,018	1,823,303	464,682	1,823,303	259,336	0

*Acerinox does not store water.
**The Acerinox Group is investing in and developing methods to gather accurate data on recirculated water at each of its factories.

Water consumption in 2024 decreased by -35.34% compared to 2023 due to the decrease in production (around 10% in melting shop production, 12% if factories without melting shop are also included) and water saving plans implemented at the factories. In this context, it is worth mentioning the reduction of water consumption by the stainless steel division in areas with water stress, which decreased by -35.17% due to the strike at Acerinox Europa. Similarly, the Stainless Steel Division's water consumption in areas without water stress (-70.59%) decreased significantly due to improvements in the management of water reservoirs and some devices, better control of cooling towers and the implementation of repairs to valves and water pumps to remedy existing leaks.

Water intensity	Comparison	2023	2024
Total water consumption in the Group's own operations per net income (m3/EUR million)	-21.06%	0.39	0.30
Total water consumption in the Group's own operations per group production (m3/metric ton of steel produced)	-11.17%	3.58	3.18

*Acerinox Group net income is included in the Net Revenue figure of the Profit and Loss Statement of the financial statements.

Water withdrawal

m3	Total			Stainless		High-performance alloys	
2024	Total	Non-water-stressed areas	Water-stressed areas	Non-water-stressed areas	Water-stressed areas	Non-water-stressed areas	Water-stressed areas
Surface water	4,784,202	3,283,798	1,500,404	2,927,070	1,500,404	356,728	0
Groundwater	0	0	0	0	0	0	0
Seawater	0	0	0	0	0	0	0
Process water			0		0	0	0
Third-party water	876,624	610,489	266,135	337,987	266,135	272,502	0
Rainwater	157,490	0	157,490	0	157,490	0	0
Total	**5,818,316**	**3,894,287**	**1,924,029**	**3,265,057**	**1,924,029**	**629,230**	**0**

Water discharge

m3	Total			Stainless		High-performance alloys	
2024	Total	Non-water-stressed areas	Water-stressed areas	Non-water-stressed areas	Water-stressed areas	Non-water-stressed areas	Water-stressed areas
Surface water	3,079,588	3,079,588	0	3,079,040	0	548	0
Groundwater	0	0	0	0	0	0	0
Seawater	741,962	0	741,962	0	741,962	0	0
Third-party water	349,605	349,605	0	49,340	0	300,265	0
Total	**4,171,154**	**3,429,192**	**741,962**	**3,128,380**	**741,962**	**300,812**	**0**

Blue, gray, and total water footprint table

Acerinox Group	Comparison	2023	2024
Production*	275,719	2,109,271	1,836,932
Blue footprint (m^3)	-1,211,156	4,279,333	3,068,177
Blue footprint ratio (m^3/metric ton)	-0.36	2.03	1.67
Gray footprint (m^3)	-437,375	1,491,604	1,054,229
Gray footprint ratio (m^3/metric ton)	-0.14	0.71	0.57
Total water footprint (m^3)	-1,648,531	5,770,937	4,122,406
Total water footprint ratio (m^3/metric ton)	-0.50	2.74	2.24

*The Group's production in 2024 includes 5,420 metric tons from the Altena and Werdohl cold rolling mills.

The data has not been verified by an independent external body beyond the verification provider. However, the environmental management system is certified under ISO 14001.

Anticipated financial effects from water and marine resources-related impacts, risks and opportunities

E3-5

During the current financial year, there were no significant financial impacts, nor are any expected to appear in the short-term financial statements.

However, in the medium to long term, improved management of water resources is anticipated to enhance reputation while reducing risks associated with their use. To help the Company manage potential drought risks in the medium and long term, possible adaptation measures will be explored.

The Group is also working to better quantify anticipated financial impacts and is taking advantage of the phase-in period under ESRS 1-10 regarding the timeline for reporting this quantification in future years.

Resource use and circular economy (ESRS E5)

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

E5 IRO-1

The dual materiality analysis conducted identified IROs related to resource use and the circular economy.

The process is explained in detail in the Dual Materiality Analysis section of 7.1 General disclosures - ESRS 2.

The process primarily considers resource inputs, including raw materials and other secondary materials; stainless steel and high-performance alloys as products supplied by the Group; and waste generated during production.

Below are the impacts, risks, and opportunities identified as material in the double materiality analysis:

IRO	Description	Type of risk / opportunity
Current positive impact	Implementation of circular economy measures through the reuse of scrap metal.	
Current negative impact	Use of scarce raw materials.	
Risk	Financial penalties resulting from poor waste management.	Legislation
Risk	Increased costs due to price volatility for raw materials and scarce resources.	Market
Opportunity	Cost reductions stemming from the use of scrap due to the optimization and increased use of scrap and other recycled materials.	Market

The double materiality analysis, which identified these IROs, took into account affected communities through technical information consultations.

Additionally, other stakeholders such as employees, customers, suppliers, shareholders, and investors were consulted.

Policies related to resource use and the circular economy

E5-1

In order to ensure sustainable growth, we must make efficient use of resources and promote initiatives that help us evolve towards a circular economy model.

To this end, Acerinox has developed and implemented sustainability and responsible purchasing policies. These documents detail the fundamental principles that guide Group procurement, production and distribution. This ensures that operations are conducted in an ethical and environmentally-friendly manner.

It should be noted that both the Sustainability Policy and the Health, Safety, and Environment Policy prioritize the waste minimization by promoting the sustainable resource use and the circular economy, optimizing the use of recycled and reused materials throughout the business chain. In terms of the waste hierarchy, the Sustainability Policy has established the promotion of waste recycling as one of its general principles of action.

The purpose of the Acerinox Group's Health, Safety and Environment Policy is rooted in its General Sustainability Policy, the Sustainability Due Diligence Policy, the Group's Human Rights Policy, the Sustainable Development Goals, and the United Nations Global Compact Principles, among others.

The Group believes that mitigating its impact should be integral to every activity and decision, knowing that this goal can be achieved without sacrificing excellence, profitability, efficiency, and returns for all stakeholders.

Both policies were updated in 2024 and approved by the Board of Directors in 2025, enhancing the management of the IROs identified in the double materiality analysis.

The policies apply to all entities within the Acerinox Group, which will ensure that the principles of these policies are also adopted by other business partners in the activity chain.

The Board of Directors oversees compliance with both policies, and they will be available on the Acerinox website.

Actions and resources related to resource use and the circular economy

E5-2

Acerinox maximizes the use of scrap in production processes, with levels of up to 90% for circularity purposes. This initiative serves as a driving force for the 2025-2030 Decarbonization Plan. For more information, see section E1-1.

The Company constantly invests in the research and development of more efficient methods to recover, recycle and reuse a wide range of metals and alloys throughout its products' life cycle. From raw materials acquisition to the end of their useful life, the Group explores innovative solutions to optimize resource use (particularly raw materials and ferroalloys) maximizing resource efficiency and minimizing environmental impact. The Company is not currently engaged in any industrial symbiosis processes.

Each initiative taken is subjected to rigorous feasibility and effectiveness assessments in order to make a tangible contribution to the Group's sustainability objectives.

Acerinox helps reduce waste generation upstream in the value chain by promoting the use of bulk supplies and/or recyclable packaging. Additionally, it supports upstream circularity by purchasing recycled materials.

The Company also uses recyclable packaging (cardboard, plastic, and metals), which encourages circularity among its customers.

The 2024 actions have a continuity approach with respect to what has been done in previous years.

Implementing these initiatives does not require significant capital or operating expenses beyond those mentioned in E1-1.

To promote transparency and accountability, Acerinox makes Environmental Product Declarations (EPDs) available to customers and other interested parties. They provide quantitative, verified information on the environmental impact of the Group's products throughout their life cycle.

By providing this information, Acerinox customers can make informed decisions and evaluate the environmental performance of the Group's products compared to alternatives. EPDs also help build a more sustainable future by promoting circularity and efficient resource use.

Targets related to resource use and circular economy.

E5-3

Acerinox's goal is to recycle 90% of all waste generated in own operations by 2030. This goal has not been set in response to any regulatory requirement but was established by the Group on a voluntary basis.

To ensure compliance with this goal, Acerinox implemented a robust monitoring and evaluation system, where the sustainability officers at each factory monitor progress on a monthly basis and the corporate sustainability team conducts periodic reviews. In addition, the Sustainability Committee is responsible for quarterly monitoring and any necessary corrective measures.

2030 targets	Scope of application	Degree of progress	2024 vs 2023
90% waste recycled	Acerinox Group	82.29%	3.36%

*The 2020 target did not take into account conclusive scientific evidence nor ecological thresholds. Stakeholder participation was also not considered.
**Acerinox has not currently established additional targets related to the resource use or circular economy.

Resource inflows

E5-4

The complete production process for stainless steel and high-performance alloys consists of several stages: melting shop, hot rolling, cold rolling and finishing. A description of the production process is provided in detail in 7.2. Environmental, in the European Taxonomy section.

During the melting process, raw materials (scrap, ferro-alloys and other elements) are melted down to make stainless steel. Acerinox uses secondary materials such as scrap, reaching figures close to 90% of recycled material as inflows to the process. This percentage varies depending on the final product specifications.

In the other stages, the main raw materials used are chemical products (acids) for surface treatments and process adaptation, as well as packaging materials.

The following tables show the resource inflows of the main materials (recycled and virgin) used in Acerinox's production process.

Recycled material used in the production process (tons)

2023				2024			
Scrap and metals	Recycled acids	Other recycled material	Recycled materials	Scrap and metals	Recycled acids	Other recycled material	Recycled materials
2,016,920.85	14,092.11	2,842.22	2,033,855.18	1,674,448.87	11,028.47	0.00	1,685,477.34
Scrap and metals*	Recycled acids**	Other recycled material***	Recycled materials****	Scrap and metals*	Recycled acids**		Recycled materials****
78.98%	41.49%	7.72%	70.59%	76.65%	32.06%		67.84%

*Scrap and purchased scrap is defined as process and internal scrap, as well as metal recovered from slag. The percentage of scrap and recycled metals is calculated using the following formula: Scrap and metals / (Alloys + scrap and metals).
**Recycled acid: total amount of nitric and hydrofluoric acid recovered from the process itself. It is calculated using the following formula: Recycled acids / Total acids.
***Other recycled material: includes recycled materials that have not been classified into scrap and recycled metals and recycled acids. It is calculated using the following formula: Other recycled material/ (Other recycled material + (Virgin materials - Alloys - Gases)). Unlike 2023, in 2024 no other recycled materials were used.
****The percentage of recycled materials is calculated using the following formula: Recycled materials / (Recycled materials+Virgin materials).
*****There is no overlap between recycling and reuse since all products are recycled.

Virgin material used in the production process (tons)

2023				2024			
Alloys	Gases	Acids	Virgin materials	Alloys	Gases	Acids	Virgin materials
536,757.82	276,822.50	33,968.53	847,548.85	509,969.89	254,519.97	34,403.36	798,893.22

* Acerinox does not use biological materials in its production process.

In 2024, resource inflows totaled 2,484,370.56 metric tons, 14% lower than 2023 (2,881,404.04 metric tons). This decrease is mainly due to the approximately 10% decrease in production in 2024 compared to 2023 (12% if factories without melting shop are also included).

The reported resource inflow data are from direct measurements. In some cases, consumption is measured in an automated manner by direct weighing, while in other cases it is measured through inventories that are periodically reviewed and recorded in each factory's information system.

On a monthly basis, environmental managers download the data from the system, review the data for consistency with previous periods, consolidate the data, and enter it into the corporate ESG tool. Finally, the data is reviewed by sustainability managers.

The data has not been verified by an independent external body beyond the verification provider. However, the environmental management system is certified under ISO 14001.

Because raw materials extraction generates a significant environmental impact, Acerinox has adopted an approach focused on the circular economy, prioritizing the use of scrap in production processes, which reduces the need to extract new raw materials.

In addition, the Group implemented a range of initiatives, such as optimizing machinery to minimize waste, reducing ferrochromium consumption and improving the AOD process to reduce chemical consumption.

Resource outflows

E5-5

Products and materials

The Acerinox Group's range of stainless steel products is defined by their manufacturing processes. Materials that have undergone similar processes will exhibit comparable mechanical and geometric properties. The Group's products are divided into stainless steel and high-performance alloys, which can be flat or long products.

Stainless steels are alloys composed of iron, chromium, and carbon, sometimes with additional elements like nickel, cobalt, or zirconium. The chromium within the alloys forms a self-regenerating surface layer (passive layer) that provides corrosion resistance and ensures the steel's indefinite durability under normal conditions, i.e., as long as oxygen is present on the surface.

When oxygen cannot reach certain areas of the steel, such as mechanical joints, compact corners, or incomplete or poorly finished welds, the steel's passive state is lost, leading to corrosion. This can result in cracks or pitting in the steel.

Acerinox manufactures products with applications in transport, industrial equipment and engineering, construction and infrastructure, the food industry, household appliances and kitchenware, as well as energy and environmental technology.

The Company's product is based in the circular economy: at the end of its life cycle, the materials return to being raw materials, without losing any of their properties in the reconversion and transformation process.

Each factory monitors the output of Acerinox Group's products using software tools. Factory managers send this information monthly to the corporate strategy department, which analyzes and tracks it. The data has not been verified by an independent external body beyond the verification provider. The factories produced 1,828,133 metric tons in 2024, of which 67.84% came from recycled products and 76.65% came from recycled scrap (2023: 2,072,867 metric tons).

Waste

To ensure efficient and transparent waste management, each of the Group's factories has specific monitoring and control systems. The Company uses digital tools and internal records to monitor the waste generated and its final destination. This data is collected and analyzed at the corporate level in order to identify opportunities for improvement and ensure compliance with environmental commitments. Waste that cannot be recycled is managed by specialized companies in accordance with local regulations.

Tons	2023		2024	
Total waste	1,298,793	%	1,172,638	%
Landfill	262,827	20.24%	207,650	17.71%
Recycled/Recovered	1,035,966	79.76%	964,988	82.29%
Total non-hazardous waste	1,182,735	91.06%	1,041,161	88.79%
Landfill	203,578	17.21%	138,367	13.29%
Recycled/Recovered	979,157	82.79%	902,794	86.71%
Total hazardous waste	116,058	8.94%	131,477	11.21%
Landfill	59,250	51.05%	69,283	52.70%
Recycled/Recovered	56,809	48.95%	62,194	47.30%

*The recovery operation carried out by Acerinox is recycling. Disposed waste is landfilled. No other disposal operations are performed.

** The percentage of waste sent for disposal is not supported by any industry standard; it relies on internal waste management practices. The Group is striving to achieve a 90% waste recycling rate.

Waste generation in 2024 decreased by -9.71% compared to the previous year. This decrease is mainly due to the approximately 10% decrease in production in 2024 compared to 2023 (12% if factories without melting shop are also included). Waste sent to the landfill decreased by -20.99%, while recycled waste decreased by -6.85%.

Metal-containing wastes from the steelmaking and rolling mill processes (such as slag, fumes and scale) are recovered by specialized companies and reincorporated into the production process.

Hazardous and non-hazardous chemical waste and sludge from water treatment plants are sent for recycling by specialized companies.

Finally, waste from packaging products (such as wood, plastic and metal) is sent to specialized recycling companies, and municipal solid waste is landfilled.

Tons	2023			2024		
t	Waste with metal content	Sludge and chemicals	Paper, wood, plastic and others	Metal-bearing wastes	Sludge and chemicals	Paper, wood, plastic, and others
Total waste	1,178,772	96,516	23,506	1,042,134	102,673	27,831
Landfill	216,311	41,936	4,580	160,239	40,260	7,151
Recycled/ Recovered	962,461	54,579	18,926	881,895	62,413	20,680

*Acerinox's processes do not generate radioactive waste.

The data has not been verified by an independent external body beyond the verification provider. However, the environmental management system is certified under ISO 14001.

Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities

E5-6

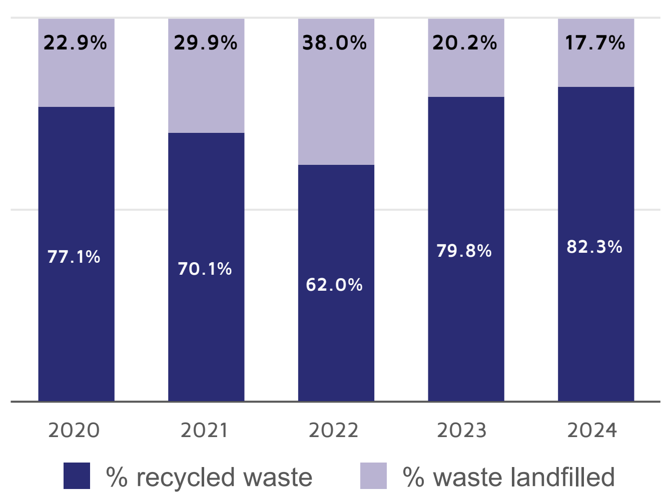
The acquisition of scrap metal and the volatility of raw material prices in 2024 have impacted product costs. No financial penalties have been incurred due to poor waste management.

One of the main risks identified in 2024 was the increase in costs due to the volatility of raw material prices and scarce resources, as in the case of ferroalloys. This risk is managed on a daily basis within the Company's operations through the economic study of primary and secondary raw materials.

On the other hand, our results show an opportunity for cost reduction from scrap reuse by optimizing and increasing the use of recycled materials.

In 2024, the Group continued to innovate and improve processes to optimize waste management. As a result, it was possible to significantly increase the recycling rate.

Waste management - Annual

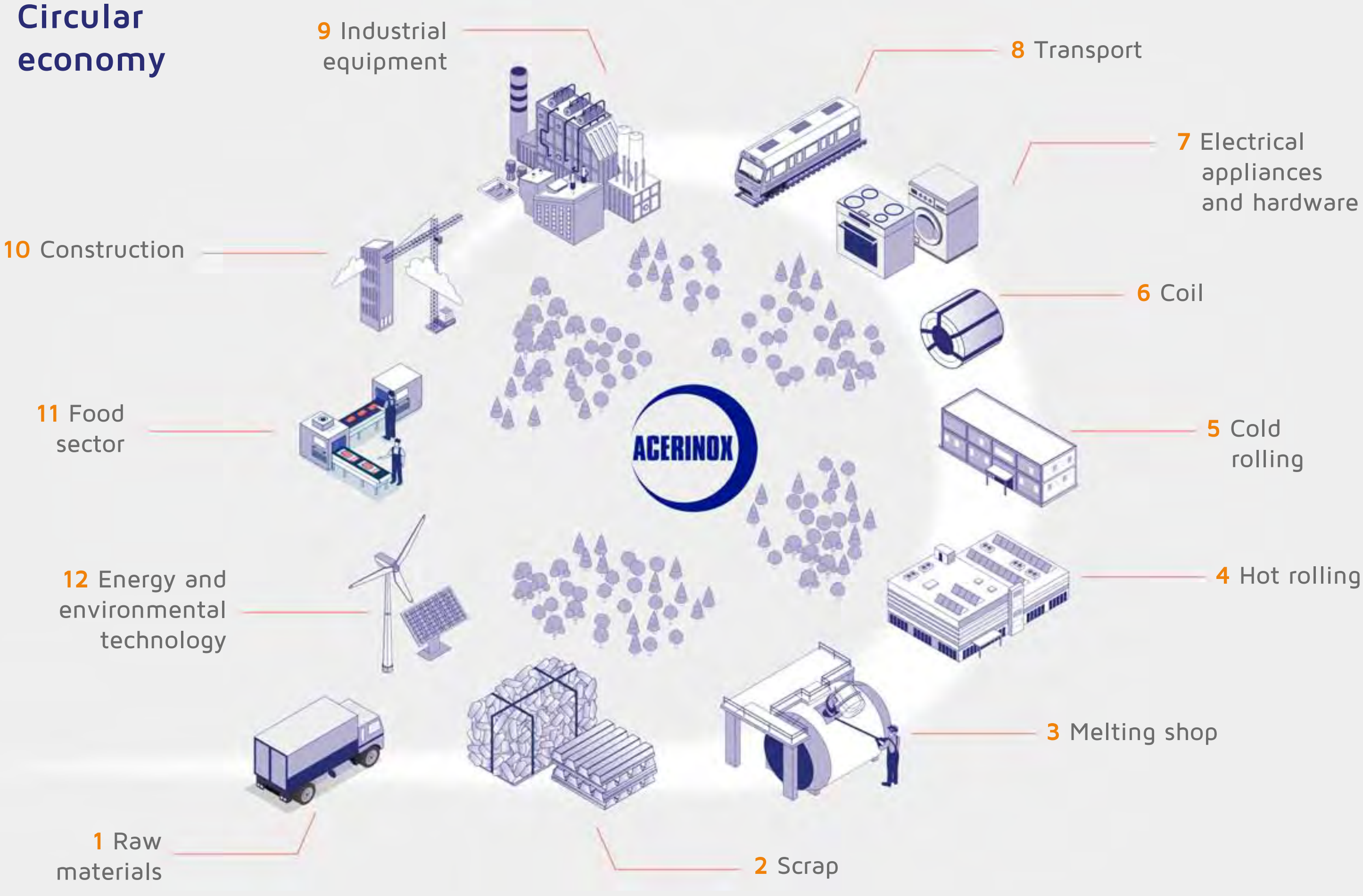


At Acerinox, waste management is a priority. The company is committed to minimizing our environmental impact and optimizing resource use. To achieve this, it has implemented rigorous environmental management systems at all sites, including awareness and training, use of advanced technologies, regulatory compliance and transparency.

Acerinox identified the opportunity to launch an environmentally-friendly product on the market, capturing a larger market share. In 2024 it launched the ECO ACX low-emissions product, which uses more than 90% recycled material.

The Group is also working to better quantify anticipated financial impacts and is taking advantage of the phase-in period under ESRS 1-10 regarding the timeline for reporting this quantification in future years.

Circular economy



7.3 Social information

Workforce (ESRS S1)

Strategy

SBM-2, SBM-3

Acerinox views its employees as the true driving force of the Company. The Group is dedicated to their personal and professional development, ensuring that all employees feel valued. Acerinox is also committed to safety across its factories, service centers, and offices, prioritizing the creation of a safe working environment for everyone.

The workforce at Acerinox includes both employees and non-employee workers. Non-employee workers includes subcontracted services from freelancers, service companies, and temporary employment agencies (TEAs). All of these individuals may face various impacts due to the Company's operations.

The primary **negative impact** on employees is the high risk of accidents, given the hazardous nature of their work. However, these incidents are isolated and infrequent. The most at-risk employees are the operators working in the Group's factories and service centers, particularly those handling machinery.

The process of relocating employees to suitable jobs in the event of incapacity or disability has been identified as a key **positive impact**.

However, these impacts can result in high absenteeism rates, which may **jeopardize** production efficiency.

Opportunities identified include enhancing the Company's reputation with employees by offering better working conditions than competitors, attracting and retaining staff through career planning, and improving reputation through reduced accident rates in operations.

Acerinox fosters a culture of commitment and well-being for its professionals by offering stability and career prospects, flexibility, and other benefits such as medical insurance, school assistance, transportation, and food or pension funds, among others. These allow the company to position itself as a leading employer. This diverse and essential offering helps attract and retain professionals while enabling them to reach their full potential.

Incident, risk, and opportunity management

Employee-related policies

S1-1, S1-10

Acerinox demonstrates its commitment to its employees through its **Code of Conduct and Good Practices**. Everyone working for the Group is entitled to dignified treatment, equal opportunities, fair wages, career advancement, and safe working conditions in an environment where they can freely express their opinions and concerns. The Code mandates that all agreements governing the relationships between the Group's companies and their employees must incorporate these principles and guidelines.

Furthermore, the Code underscores Acerinox's dedication to upholding the human and labor rights of all employees, in line with national and international laws and the principles of the United Nations Global Compact. It also commits to safeguarding the health and safety of everyone working within its facilities and ensuring fair and non-discriminatory treatment for all employees. The Code strictly bans forced labor and child labor.

The Group also commits to supporting, respecting, and protecting human rights, as detailed in the **Human Rights Policy**, which was revised in 2024 and approved by the Board of Directors in 2025. These principles correspond to the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the principles of the United Nations Global Compact, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the conventions of the International Labor Organization.

Acerinox preserves the safety, health, well-being, skills, and motivation of employees working daily in its factories, service centers, and offices. To effectively manage, mitigate, and prevent risks and negative impacts, and to enhance opportunities and positive outcomes, the Group has developed multiple policies that were reviewed in 2024 and approved by the Board of Directors in 2025.

The **Work Selection and Promotion Policy** establishes the basic principles for action in this area. The Company ensures that hiring is based on merit and ability. Once professionals join the Group, they are supported to stay and advance their careers.

The Group has an **Equality, Diversity, and Inclusion Policy, which applies to all companies.** This policy reflects the principles of merit and ability aiming to foster an environment that guarantees equal opportunities, eliminates discrimination, and encourages diversity and inclusion for all employees. It adheres to the legislation of each country and aligns with international best practices. Acerinox has implemented various Equality Plans designed to lessen and bridge the gender gap through initiatives in recruitment, training, pay equity, and work-life balance, among other areas. These plans are active at Acerinox SA, Acerinox Europa, Roldán, Inoxfil, and Inoxcenter.

Regarding employee health and safety, the Group has a **Health, Safety and Environment Policy** focused on achieving zero accidents across its operations. Safety is one of the key values guiding Acerinox's efforts to solidify its leadership in the stainless steel and high-performance alloys manufacturing sectors.

Operational excellence is key to maintaining high health and safety standards. By clearly defining expectations and allocating necessary resources, Acerinox fosters continuous improvement through balanced, measurable objectives and goals, ensuring transparent, truthful, and reliable reporting to the markets. This policy encompasses everyone working at the Group's sites, including both employees and contractors.

The Group has implemented **management systems** based on the ISO 45001 standard for occupational health and safety, ensuring compliance with applicable local regulations. These systems define practices and procedures and establish both reactive and proactive performance indicators.

To effectively apply the corporate health and safety strategy and meet set objectives, the Group employs the **Cardinal Rules**. These rules establish fundamental criteria to prevent the most critical health and safety risks in operations. Developed from the experience gained at various centers, they aim to eliminate harm to employees, the environment, and the Group's assets.

Commitment to people

S1-2, S1-3

The talent and dedication of our team members are essential to Acerinox's growth and development. That is why maintaining continuous, two-way communication with employees and their representatives is crucial for the Group. Regular meetings are held with various works councils at our facilities, as well as with the Health and Safety Committees. While extraordinary meetings can be convened as needed by either party, these regular meetings occur at least annually.

The Group ensures this communication through a variety of channels, overseen by the Human Resources Department. The HR Departments at each site are tasked with ensuring these channels are operational and implementing any necessary measures.

Particularly, in 2023 the **Acerinox Insights** project was launched, which was further developed in 2024. Through regular conferences led by the heads of various departments, employees and other stakeholders can gain insights into our strategies in areas such as sustainability, digital transformation, and production processes, among others.

As part of our communication strategy, which emphasizes listening to the interests and opinions of our team members, we have enhanced the role of the **Innovation Committee**. This committee gathers all suggestions for continuous improvement through various channels that are accessible to all employees.

In addition, a personnel management platform was implemented to provide resources and tools for recruitment and selection to skills development, management by objectives, performance evaluation, and career and succession planning.

One of the resources made available to employees is a feature called Communities, a space designed to facilitate and promote communication between employees and the Company, where team members can stay updated on the latest news from Acerinox.

Another communication mechanism that drives the contribution to the company's and employees' strategy is the performance evaluation process within the framework of the **Management by Objectives** (MBO) program. Through this program, employees clearly understand the expectations for their roles, providing a comprehensive assessment of their performance.

This evaluation process ensures that each manager fully grasps the Company's objectives and those specific to their department, enabling them to effectively communicate these goals to their teams and offer ongoing guidance and support. To encourage continuous dialog between employees and their supervisors, the process includes intermediate checkpoints and informal follow-up meetings. These interactions provide employees with meaningful feedback and the opportunity to express their views to their supervisors.

One of Acerinox's priority objectives is to promote the **well-being** of people in order to achieve a healthy working environment in which employees feel comfortable, satisfied and have a good quality of life. We understand well-being management as a state of balance that encompasses mental, physical, and emotional health.

In this context, Acerinox has an **Employee Assistance Program** (EAP), a psychological counseling service to help resolve and manage situations that may affect them emotionally in their daily lives. Employees also have access to a psychologist in real-time, 24/7, along with monthly workshops on various health and wellness topics.

Lastly, all employees have access to the Group's **whistleblowing channel**, allowing them to report any irregularities or inappropriate behavior they observe. Through this channel, employees can also report any potential dangers or risks within the facilities or operations.

Details about how the whistleblowing channel operates are provided in the Business Conduct section of this report. Employees can also approach their various representation bodies, such as staff representatives or works councils, which convey their concerns and grievances to the company.

The Group hosts an annual **Health, Safety, and Environment Week**, organizing and promoting activities in our offices and production centers across all five continents. During this week, we organize daily training sessions tailored for each factory or production plant, focusing on the primary causes of accidents in the steel industry. This event serves as a platform for the company to engage with employees, allowing them to voice their concerns and opinions on the crucial topic of operational safety.

Effective communication, a critical component of the Acerinox model, relies heavily on the Human Resources departments. They play a key role in ensuring clear and smooth interaction between the company and its employees.

Measures to manage employee-related IROs

S1-3, S1-4, S1-10, S1-11, S1-13, S1-15

Acerinox's culture is rooted in its mission, vision, and values with guidelines and policies for people management and, specifically, the Group's commitment as a leading employer in its industry.

The primary negative impact Acerinox might have on employees relates to **health and safety**. The metallurgical industry, particularly in stainless steel and alloy manufacturing, involves complex processes that pose significant health and safety risks to workers, along with inherent chemical and physical hazards that demand careful and thorough management.

Providing safe, healthy, and suitable working conditions is therefore a top priority for the Group. Managing these risks often involves complex measures. To address this, Acerinox has implemented a **Process Safety Management** (PSM) approach, which prioritizes the safety and integrity of people, the environment, assets, the community and its surroundings.

PSM integrates engineering, operations, and management expertise to prevent major accidents, such as structural collapses, explosions, fires, and toxic releases resulting from the loss of containment of energy or hazardous substances, including toxic gases, molten metals, chemicals, and hydrocarbons.

Acerinox relies on industry best practices to define its framework for action in Process Safety Management, drawing from organizations like World Steel, the European Center for Process Safety, and the Center for Chemical Process Safety.

Reactive Indicator for Process Safety

	2024	2023
Tier 1	0	1
Tier 2	11	37
PSIR	0.58	1.94

Process Safety Incident Ratio (PSIR) = (Tier 1+2 events)/(hours worked) * 1 x 10^6

Risk analyses are conducted whenever there are changes to facilities or operations, incorporating any preventive notifications or observations from employees. Raising awareness is a crucial preventive measure. The Group excelled in spreading the **Cardinal Rules**, organizing safety days at all centers, and consistently sharing information on preventive measures with the teams.

Similarly, as a measure to integrate the safety culture in operations, senior management and plant managers have objectives linked to improvements in accident rate performance.

The Group has also signed loans tied to sustainability indicators, one of which is improving the accident rate among employees. The specific goal is to enhance the LTIFR indicator by 2% compared to the previous year at the Acerinox Europa, NAS, Columbus Stainless and Bahru factories.

As a consequence of this focus, Acerinox must also address the challenge of absenteeism and its impact on the Group's productivity.

A key step in mitigating this risk is to thoroughly monitor all instances of absenteeism. Each case is reviewed individually, ensuring constant communication with employees and service providers to improve reporting and manage absenteeism more effectively.

Training and raising awareness among workers and middle managers are crucial parts of this process, enabling better handling of incidents and managing sick leave.

However, if an accident occurs leading to incapacitation or disability, despite existing controls and preventive measures, the Group has procedures in place for job relocation and role adaptation.

In addition to health and safety, the Group's priority is to attract and retain the best talent, promoting and implementing measures that promote equal opportunities, diversity, and inclusion of all professionals.

Acerinox recognizes the importance of implementing measures to capitalize on opportunities in the labor market of the sector.

Therefore, the Group is developing strategies to **attract and retain top talent**. Acerinox's employment model prioritizes job stability by emphasizing permanent contracts.

In 2024, the Group evaluated all positions using a certified system. This system provides an objective methodology for evaluating job positions and establishing the salary framework. This system enhances the organizational structure and increases transparency in all aspects of people management.

The Group promotes the attraction of young talent to ensure generational renewal. Initiatives like international internships for students and recent graduates are part of this effort. The Group has signed collaboration agreements with over 30 universities and training centers, enabling the integration of new talent into the company and helping young people transition from academia to the professional world.

Acerinox engages with young talent by participating in events and programs like the **Steel Challenge**, organized by the World Steel Association. In 2024, the Group participated for the first time through the Union of Steel Companies (UNESID). It is a learning and competition program that underscores Acerinox's commitment to excellence and talent development in the steel industry.

Furthermore, the Group has also focused on creating career development plans through the **Excellence Talent Program**, the aim of which is to enhance the skills of its professionals, preparing them to meet the Group's challenges and responsibilities. This program fosters alignment with Management by Objectives and therefore with the Company's strategy to ensure the successful performance of people and the business The program identifies the strengths and weaknesses of professionals. This is achieved via an online questionnaire that fosters dialogue between teams and managers.

Acerinox also has an internal vacancy portal that supports its employees' promotion prospects and professional development through mobility, ensuring that workers have a clear path forward aligned with corporate targets.

The **Leadership Academy** program has been implemented at the Group's factories, targeting both team managers and line managers, including all operational positions. This program started at the NAS factory in the US and has recently been implemented at Acerinox Europa and in South Africa. It focuses on developing management and leadership skills, with an emphasis on communication. It also addresses cultural change management and transformation, enhancing team management, and coaching skills.

Finally, promoting employee well-being is a priority for Acerinox, which strives to enhance **working conditions**. Acerinox is aware that its success depends on the work of its collaborators, and accordingly it ensures working and salary conditions worthy of the people who work for the company.

Specifically, it offers employees social protection against loss of income due to events that may occur in the employees' lives: illness, unemployment, work accidents, acquired disability, parental leave or retirement. The set of benefits that the company offers include life insurance, medical insurance, disability or invalidity coverage, pension fund, transportation compensation, study scholarships for workers and their children, assistance for death of family members, school and daycare assistance, subsistence allowances and parental leave.

Flexibility measures that encourage work-life balance. Such measures promote shared responsibility between men and women, making professional careers compatible with personal needs. These include promoting remote work, extending it to more employees across facilities, and offering flexible hours and continuous workdays, among others.

Another initiative is the installation of **breastfeeding rooms** in some factories and service centers, part of the Group's **Equality Plans**.

In general, Acerinox provides social protection for its employees against income loss due to life events such as illness, unemployment, work-related accidents, acquired disability, parental leave, or retirement.

Notably, the Group consistently positions itself as a leading employer in its companies, earning various certifications such as Great Place To Work, exemplified by its High-Performance Alloys Division, VDM Metals, in Germany.

Parameters and targets

S1-5

The Acerinox Group aims to increase female representation to 15% by 2030. In 2024, the Group reached 13.39% women, excluding Haynes which was not part of the scope when this target was set. See the Diversity section for more information on performance in this area.

In addition, a target of a 26% reduction in the **TIR** was set for 2024, but only an 8% reduction was achieved. Acerinox did however achieve its sustainable credit target related to reducing the **LTIFR** in its main factories (Acerinox Europa, NAS, Columbus Stainless, and Bahru Stainless) by reaching a rate of 3.56, surpassing the target of 4.26. Further information on the performance in this area can be found in the Health and Safety section.

No material objectives that warrant disclosure have been identified in the other areas of this topic. Our established processes are embedded within the departments responsible for daily compliance with policies in this area. Policies and actions are mainly monitored by analyzing the primary employee contact tools, as noted in previous sections.

Employee characteristics

S1-6, S1-7

All workforce data is reported as the number of people at the end of the financial year. Information on the average number of employees is included in the Consolidated Annual Accounts, Note 18.2.

Gender	Number of employees
Men	7,944
Women	1,349
Other	0
Not reported	0
Total employees	9,293

Country	Number of employees*
Germany	1,779
Spain	2,626
United States	3,192
Italy	54
Malaysia	50
South Africa	1,289

*Number of employees in countries with 50 or more workers.

	2024			
	Women	Men	Other (*)	Total
Number of employees	1,349	7,944	0	9,293
Number of permanent employees	1,307	7,781	0	9,088
Number of temporary employees	41	164	0	205
Number of non-guaranteed hourly employees	0	0	0	0
Number of full-time employees	1,274	7,926	0	9,200
Number of part-time employees	74	19	0	93

	2024					
	Africa	America	Asia	Europe	Oceania	Total
Number of employees	1,289	3,228	107	4,661	8	9,293
Number of permanent employees	1,285	3,207	88	4,502	6	9,088
Number of temporary employees	4	21	19	159	2	205
Number of non-guaranteed hourly employees	0	0	0	0	0	0
Number of full-time employees	1,289	3,218	106	4,583	8	9,204
Number of part-time employees	0	10	1	78	0	89

In 2024, 438 employees left the company; 126 were dismissals, and 312 were voluntary resignations. The 2024 **turnover rate** was 5.39%, This rate is calculated by dividing the total number of employees who left, both voluntarily and through dismissals, by the average number of employees.

In connection with the above, the Group has implemented **exit interviews** for employees leaving the Company. The purpose is to identify opportunities for improvement and to understand the reasons for staff turnover.

Besides its employees, Acerinox collaborates with external professionals who, despite not being part of the permanent workforce, add significant value to the business. This typically includes professionals from temporary employment agencies (TEAs). By the end of 2024, the Acerinox Group collaborated with 2,773 contractors.

Collective bargaining coverage and social dialogue

S1-8

The Group has **collective bargaining agreements** in all production centers in Spain, maintaining an open, fluid, and cooperative dialogue with the workers' representatives.

Meetings with workers' representatives are held regularly or whenever required to address a specific issue. These meetings address various issues, including working conditions, organizational matters, health and safety, and career development.

As of December 31, 2024, 60.36% of employees are covered by collective bargaining agreements (66.45% in 2023).

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees - EEA*	Employees - Non EEA	On-site representation (EEA only)
0-19%		United States Malaysia	
20-39%			
40-59%		South Africa	
60-79%			
80-100%	Germany Spain Italy		Spain

*EEA: European Economic Area

Diversity

S1-5, S1-9, S1-11, S1-12

As previously noted, the Group's **Equality, Diversity, and Inclusion Policy** outlines the fundamental principles applied across all its companies. This includes procedures to prevent discrimination of any kind and to promote diversity.

Acerinox has developed **equality plans** negotiated with workers' representatives in all of its Spanish companies. **Monitoring Committees** overseeing these equality plans meet to ensure that the agreed measures are followed.

Each year, the Group continues to introduce initiatives to encourage the inclusion of women, particularly in professional roles and sectors where they are underrepresented, as well as to support people with disabilities.

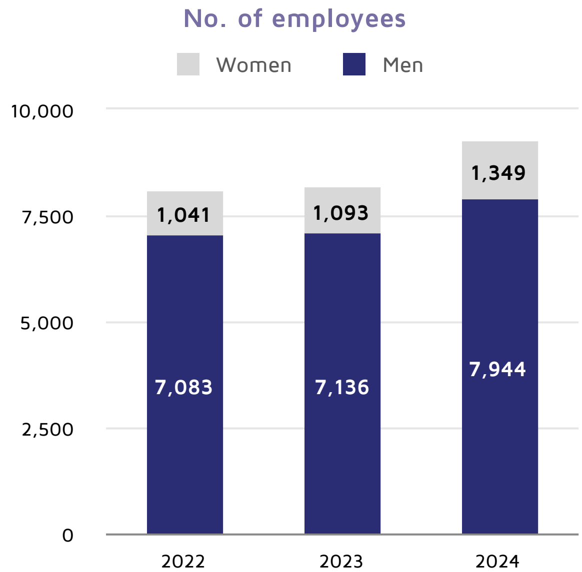
Efforts to boost female representation have already led to an increase in women working in maintenance roles within some of the Group's factories, specifically in operator categories where women have traditionally been less present.

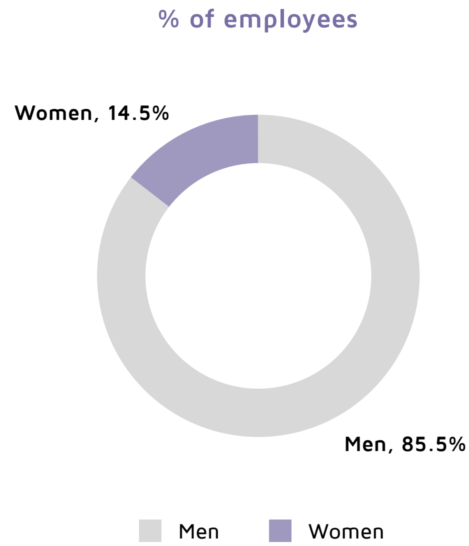
In addition, initiatives have been developed such as the Progresa Program, a training program aimed at women to strengthen their skills, both technical and leadership, with the aim of gaining access to positions of greater responsibility through personal and professional growth.

Acerinox has also participated in workshops and forums like **Women in Steel** and **Mujeres de Acero**. Women in Steel is a leadership workshop specifically for women, featuring regular sessions that provide collaborative guidance on common leadership challenges in an industry where positions are predominantly held by men. Meanwhile, Mujeres de Acero (Women of Steel) is a forum where women from companies within UNESID (the Spanish Steel Industry Business Association) gather to discuss current affairs and explore new topics.

Acerinox, via the Company's CEO Bernardo Velázquez, has joined the **CEO Alliance for Diversity** backed by the Adecco Foundation and the CEOE Foundation. This initiative's mission is to unite companies around a common and innovative vision of **diversity**, **equity**, **and inclusion** (DEI), as well as to accelerate the development of strategies that contribute to business excellence, the competitiveness of talent, and the reduction of inequality and exclusion in Spanish society.

As of the end of 2024, the Acerinox Group consists of 7,944 men and 1,349 women. The total number of directors is 33, with 28 being male and 5 female. In the next management tier, there are 320 male managers and 82 female managers.





Regarding the age distribution of the workforce, multiple generations are represented, with a notable number of older employees.

	2024	2023
<30 years	1,099	983
30-50 years	5,023	4,645
>50 years	3,171	2,601
Total	9,293	8,229

Acerinox is also committed to including groups who face challenges entering the job market, such as persons with disabilities. The Group's strategy for **disability inclusion** focuses on two main areas:

First, enhancing employability and directly hiring persons with disabilities. By the end of the financial year, Acerinox employed 258 persons with disabilities (227 men and 31 women). Second, Acerinox engages in initiatives and programs that raise disability awareness and provide training for our employees.

Acerinox collaborates with various foundations to develop activities that improve the quality of life of people with intellectual disabilities. These initiatives include participation in workshops, team-building activities, promotion of teamwork, mentoring sessions and training programs for this group.

Training and skills development

S1-13

The Company promotes a training model that is adapted to the needs of each job position in order to enhance performance. The average number of training hours per employee in 2024 was 58.7 hours.

The Company has provided employees with an **online training catalog** through the talent management platform, with general content on skills, languages and systems management, so that each employee can plan his or her training path according to his or her needs. This content includes technical and specific training for the steel sector to ensure that know-how is kept up-to-date.

To speed up the identification of training needs, Acerinox invests through a digitized map of the skills associated with each position, which determines the training and certifications required at each point in the employee's career.

Average hours of training per employee

		2024	2023
Director	Men	4.0	7.9
	Women	7.5	18.9
	Total	4.8	11.4
Manager	Men	16.3	23.0
	Women	24.6	37.2
	Total	18.1	25.8
Analyst	Men	25.5	32.1
	Women	30.0	24.4
	Total	26.7	30.0
Specialist	Men	22.7	30.1
	Women	14.7	26.2
	Total	19.7	29.0
Administrative staff	Men	25.2	24.9
	Women	26.1	39.1
	Total	26.0	31.0
Operator	Men	102.4	130.0
	Women	109.3	162.5
	Total	102.9	131.5
Total		**58.7**	**73.5**

No. of employees trained

		2024	2023
Director	Men	22	15
	Women	7	7
	Total	**29**	**22**
Manager	Men	257	147
	Women	73	36
	Total	**330**	**183**
Analyst	Men	589	439
	Women	211	166
	Total	**800**	**605**
Specialist	Men	351	203
	Women	212	85
	Total	**563**	**288**
Administrative staff	Men	418	277
	Women	326	190
	Total	**744**	**467**
Operator	Men	4,371	4,016
	Women	336	197
	Total	**4,707**	**4,213**
Total		**7,173**	**5,778**

Training hours

		2024	2023
Director	Men	88	119
	Women	53	132
	Total	**141**	**251**
Manager	Men	4,185	3,381
	Women	1,795	1,340
	Total	**5,980**	**4,721**
Analyst	Men	15,024	14,109
	Women	6,338	4,043
	Total	**21,362**	**18,152**
Specialist	Men	7,956	6,116
	Women	3,106	2,229
	Total	**11,062**	**8,345**
Administrative staff	Men	10,525	6,892
	Women	8,510	7,430
	Total	**19,035**	**14,322**
Operator	Men	447,743	522,069
	Women	36,708	32,006
	Total	**484,451**	**554,075**
Total		**542,031**	**599,866**

In 2024, the DPO program was firmly established to manage both individual and overall performance of employees subject to evaluation. By the end of 2024, 50% of employees had participated in this performance evaluation, with 48% being men and 61% women.

No. of employees with performance assessment

		2024	2023	2022
Director	Men	23	17	14
	Women	5	5	5
	Total	28	22	19
Manager	Men	210	136	157
	Women	68	34	40
	Total	278	170	197
Analyst	Men	500	413	297
	Women	160	135	110
	Total	660	548	407
Specialist	Men	189	91	105
	Women	121	55	43
	Total	310	146	148
Administrative staff	Men	205	218	275
	Women	177	139	164
	Total	382	357	439
Operator	Men	2,567	1,654	1,171
	Women	213	84	80
	Total	2,780	1,738	1,251
Total		**4,438**	**2,981**	**2,461**

% staff subject to performance evaluation

		2024	2023	2022
Director	Men	85%	85%	78%
	Women	100%	100%	100%
	Total	88%	88%	79%
Manager	Men	71%	65%	75%
	Women	85%	74%	85%
	Total	74%	67%	73%
Analyst	Men	74%	70%	55%
	Women	78%	69%	68%
	Total	75%	70%	55%
Specialist	Men	59%	33%	38%
	Women	63%	57%	42%
	Total	61%	39%	32%
Administrative staff	Men	35%	38%	48%
	Women	44%	36%	43%
	Total	39%	37%	42%
Operator	Men	44%	32%	22%
	Women	65%	39%	38%
	Total	46%	32%	22%
Total		**50%**	**40%**	**30%**

Work-life balance

S1-15

Acerinox recognizes the importance of work-life balance for its workforce. As a result, the Group has set as one of its strategic goals upholding work-life balance rights and related leave.

In addition to European countries like Sweden, Portugal, Germany, and the United Kingdom, as well as the USA, where 100% of employees are entitled to family leave, workers in other regions such as Colombia, Peru, Singapore, and India have various recognized family rights and leave options that support work-life balance and shared responsibility.

A total of 9,132 employees were eligible for parental leave. Of them, 241 took maternity and paternity leave, after which the return-to-work rate (201 men, 40 women), namely 95% (98.5% men and 77.5% women) and retention rate, namely 73% (71% men and 85% women) remained high.

Remuneration (pay gap and total remuneration)

S1-16

Acerinox's remuneration model promotes fair and transparent pay that is not skewed by any discriminatory bias. At Acerinox, remuneration consists of fixed and variable components. The fixed component is based on an employee's experience, responsibility, and role within the company. Meanwhile, the variable component relies on indicators tied to the Group's performance.

Relying on these procedures ensures that **variable compensation** is determined through objective indicators. The program avoids subjective evaluations, thus minimizing any potential for discrimination.

The Group is thus committed to **equal pay.** To actively monitor the **wage gap**, it assesses the salary differences between male and female employees.

The wage gap was calculated as the average gross hourly pay of salaried men minus the average gross hourly pay of salaried women, divided by the average gross hourly pay of salaried men. For this purpose, we have taken into account the number of hours worked by men and women reported in the calculation of accident rates (S1-14).

The pay gap between men and women in 2024 stood at 6.74%. This difference is primarily due to the later addition of women to the workforce and their under representation more broadly in the industry. These factors have an adverse effect on women in terms of receiving salary items associated with concepts such length of service or shift work.

The total annual remuneration of the highest-paid individual (excluded from the calculation) is 32 times the average total annual remuneration of all other employees.

Health and safety

S1-5, S1-14

In 2024, a colleague tragically lost their life while working on the Group's premises. This event prompted the Company to strengthen its commitment to safety, emphasizing it as a core value for the Group and all its workers.

In 2024, accident rate data indicated stagnation compared to 2023. While the number of accidents resulting in sick leave rose slightly, with an LTIFR of 3.83 compared to 3.42 in 2023, the total incident rate (TIR) decreased to 19.12 from 20.99 in 2023. Despite this 8.9% reduction aligning with the ongoing downward trend, the target reduction for 2024 was not achieved. However, the severity of incidents that resulted in sick leave saw a significant drop, declining from 0.32 in 2023 to 0.18 in 2024.

Additionally, 90% of the Group's employees work in facilities that have occupational health, safety, and welfare management systems certified under the ISO 45001 and ISO 14001 standards.

	2024	2023
Number of employees covered by a health and safety management system	8,448	7,485
Percentage of employees covered by a health and safety management system	90.91%	90.96%

Reactive Health and Safety Indicator Table (Lagging): 2024 vs 2023

3.83

LTIFR* x 1,000K

8.25

TRIR** x 1,000K

	2024	2023
LTIFR*	3.83	3.42
TRIR**	8.25	7.92
TIR***	19.12	20.99

*LTIFR: Lost time injury frequency rate
**TRIR: Total recordable injury frequency rate
***TIR: Total injury frequency rate
**** Including data on hours worked by VDM Germany contractors, not included in the determination nor in the calculation of the 2024 target.

Own workforce accident rate

	2024			2023			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hours worked	11,874,598	1,968,994	13,843,592	12,594,688	1,871,953	14,466,641	12,921,980	1,801,490	14,723,470
Recordable accidents*	118	6	124	120	10	130	125	3	128
Fatal accidents	0	0	0	0	0	0		0	0
Accidents with leave	58	2	60	54	5	59	61		61
TRIR x 1,000,000	9.94	3.05	8.96	9.53	5.34	8.99	9.67	1.67	8.69
LTIFR x 1,000,000	4.88	1.02	4.33	4.29	3	4.08	4.72		4.14
Absenteeism hours**	771,970	63,362	835,332	790,770	123,681	914,451	668,476	104,554	773,030
Severity rate = (no. of days lost / no. of hours worked)*1,000	8.13	4.02	7.54	7.85	8.26	7.90	6.47	7.25	6.56
Absenteeism rate (%)	6.50%	3.22%	6.03%	6.28%	6.61%	6.32%	5.17%	5.80%	5.25%
Work-related illnesses	9	0	9	7	0	7	0	0	0
Fatalities due to work-related illnesses	0	0	0	0	0	0	0	0	0

*There are no excluded workers.
** Data collected at business unit level and consolidated at corporate level.

Accident rate of contractors

	2024			2023			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hours worked	4,273,346	924,029	5,197,375	4,617,429	497,842	5,115,271	3,488,687	408,913	3,897,600
Recordable accidents*	33		33	21	4	25	50	7	57
Fatal accidents	1	0	1	0	0	0		0	0
Accidents with leave	13		13	7	1	8	19	3	22
TRIR x 1,000,000	7.72		6.35	4.55	8.03	4.89	14.33	17.12	14.62
LTIFR x 1,000,000	3.04		2.50	1.52	2.01	1.56	5.45	7.34	5.64
Fatalities due to work-related illnesses	0	0	0	0	0	0	0	0	0

*Total accident data include fatalities, accidents with leave, restricted work cases and minor injuries. The severity index is not included.
** Data on contractor absenteeism and contractor occupational diseases are not recorded.
*** Including data on hours worked by VDM Germany contractors.

Incidents, complaints and severe human rights impacts

S1-17

In 2024, 56 complaints were received. Investigations revealed that 68% involved breaches of internal regulations or applicable laws. Once they had been analyzed, it was found that there had been no human rights violations.

Workers in the value chain

Strategy

SBM-2, SBM-3

Sustainable supply chain management is a priority for Acerinox and an opportunity to improve business relationships, increase efficiency, anticipate future contingencies, and strengthen our corporate reputation. This commitment requires collaboration with ethical, reliable, and sustainable suppliers that form a robust, resilient supply chain. The result is the strengthening of customer confidence and a positive impact on society in general and the environment.

Acerinox integrates sustainability as a cross-cutting value in its purchasing processes and supply chain supervision to adapt to the growing expectations and requirements of its main stakeholders.

The Group's supply chain is divided into direct and general procurement. The former includes raw materials used in the manufacture of the final product, while the latter include all services and materials necessary for the manufacturing process. Both lines follow the same policies, processes and risk screening for supplier approval and evaluation.

Acerinox collaborates with more than 7,000 suppliers worldwide. This is why good supply chain management is essential for the Group as a leading industrial company in the manufacture of stainless steel and high-performance alloys. Good management optimizes operations, strengthens commercial relationships and, above all, become a driver of growth.

In this commitment to sustainability, purchasing management plays a key role. Its mission is to acquire the goods and services we need in the most efficient, sustainable manner possible. This translates into cost optimization, minimization of environmental impact and promotion of the social well-being of value chain workers. With this mission in mind, the strategy for responsible supply chain management was designed. Its goal is to ensure that purchasing decisions help protect human rights and mitigate negative environmental impacts, as well as ethical issues in operations.

The employees of the companies in our supply chain belong mainly to the following functional units: production, research and development, sales, marketing, human resources, and accounting and finance.

The 2024-2028 Purchasing Master Plan is built on five pillars:

1. Process optimization: search for operational efficiency and cost reductions in a complex, uncertain environment with increased regulatory requirements.
2. Digitization and transparency: boosting digitization to ensure traceability, automation of transaction-related

activities, massive data management and informed decision making.

3. **Collaborative innovation and joint growth**: collaboration with suppliers to develop innovative solutions that enhance and generate value for all players in the supply chain.
4. **Integrated risk management**: integration of ESG risk management into operational risk management. This makes it possible to identify, evaluate and mitigate risks that may impact our business, reputation, and the environment in which the Group operates.
5. **Talent development:** investment in team training to ensure they have the skills and knowledge needed to increase productivity and adapt to an increasingly complex market and regulatory environment.

The dual materiality analysis shows that the Group may have an impact on the safety of value chain workers due to the possibility of accidents in the course of its business.

On the other hand, Acerinox can have a positive impact on the lives of its workers and the environment by implementing ESG criteria in various areas. For example, in supplier certification, ESG audits and action plans for suppliers with low ratings or risks in these areas. The Company can also make a positive impact through training and awareness programs.

At the same time, working with suppliers that violate human rights could pose a reputational risk.

Incident, risk, and opportunity management

Policies related to value chain workers

S2-1

The Group's procurement activities are guided by the rules and principles that should govern the performance of all its companies, addressing the management of impacts, risks and opportunities on value chain workers.

Since 2021, and after its 2024 review and approval by the Board of Directors in 2025, the Group has a **sustainable purchasing policy** aimed at consolidating suppliers, maintaining stable and lasting relationships, sharing ethical criteria, and promoting sustainable value creation. It includes general principles for the procurement of goods and services covering economic, competitive, social and environmental matters, as well as setting out the basic goals and principles of action for all Group companies.

Acerinox has **general conditions for procuring goods and services** that regulate the relationship between customer and supplier to provide services and acquire goods. These hold that the supplier must guarantee quality and compliance with labor, tax, safety and environmental regulations. All this draws on initiatives such as:

- The 10 Principles of the United Nations Global Compact, based on the Universal Declaration of Human Rights.
- The ILO Declaration on Fundamental Principles and Rights at Work.
- The United Nations Convention against Corruption.

These conditions ensure a solid collaboration framework aligned with the quality, sustainability and ethical standards that define the commercial relationship between the Group and its suppliers.

In addition, the **Code of Conduct for business partners**, revised in 2024, establishes clear standards for labor, environmental, and human rights, as well as business ethics. It also sets out Acerinox's principles and demands. This code is a fundamental requirement for any contractual relationship within the Group, to which all business partners must adhere.

The principles and requirements included in it are based on the Acerinox code of conduct and good practices, the Group's general contracting conditions, the general purchasing policy, and other corporate policies. At the same time, they are aligned with the aforementioned principles, as well as with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In 2024, a total of 1,676 suppliers signed this guidance.

If requested, the guidance also states that business partners will determine whether any of the supplied products contain materials classified as **conflict minerals**. In this regard, Acerinox's due diligence efforts and processes comply with the relevant parts of the guidance.

The Group's procurement activities are also guided by the principles set out in the **internal instruction on the prevention of money laundering**, which establishes the minimum requirements of any process for the purchase of goods and services.

The development and approval of internal **instructions on supply chain risk management** that describe supplier risks at the Group. This management includes the validation of new suppliers and continuous risk monitoring for those interested in working and collaborating with the Company.

This instruction determines that when actual or potential adverse effects on sustainability are found in the course of verification activities, corrective actions will be considered. These may ultimately lead to the suspension or termination of the contractual relationship.

Respect for human rights is, without doubt, a priority. The General Human Rights Policy outlines the Group's commitments in this area and was revised in 2024 before getting approval from the Board of Directors in 2025. This revision ensures alignment with new operational requirements and reinforces our responsible approach to human rights.

The purpose of the Policy is based on the Group's Code of Conduct and Good Practices, the General Sustainability Policy and, in particular, the Sustainability Due Diligence Policy. The Policy is aligned with various international standards:

- The UN Universal Declaration of Human Rights,
- The UN Guiding Principles on Business and Human Rights,
- The OECD Guidelines for Multinational Enterprises, the principles on which the UN Global Compact is based,
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the ILO Conventions on Fundamental Principles and Rights at Work,
- The Sustainable Development Goals.

This policy applies to all the companies that make up Acerinox and binds all the governance bodies of the Group and their companies, employees and, as appropriate, the persons or entities that provide services or supply goods to Group companies.

Beyond this policy, we are developing a map of our value chain to illustrate the countries where our suppliers operate, which we plan to complete by the end of 2025.

Nevertheless, using our third-party risk management platform, we have identified suppliers operating in countries with a high risk of child labor. We have already audited those suppliers we deem strategic and closely monitor them through the platform.

Commitment to value chain workers

S2-2

Acerinox keeps its suppliers and value chain workers informed through various communication channels.

The main information channel is the Group's website which, through the new supplier portal, details the purchasing process and requirements for commercial partners. Their code of conduct is available on this portal.

They can also contact Acerinox through the supplier section of our website, in the Registration section. In the event that someone needs to report any irregularity or inappropriate conduct, the Company offers direct access to a confidential and secure whistleblowing channel. The Group raised the visibility of both channels to improve service and help people submit queries or report violations.

We have also developed a program to assess the satisfaction of suppliers in our value chain. For this purpose, we have used Columbus as a pilot factory. It has added a survey under the signature line of each of its emails. During 2025, satisfaction surveys will be launched at the rest of our group companies.

Through the same e-mail channel, the Group's Purchasing Department communicates relevant information to suppliers. In 2024, as part of the digital transformation of purchasing management, a memo was sent thanking suppliers for their efforts to adapt and integrate to the new systems.

To ensure that stakeholders are aware of and trust our whistleblowing/communication channels, questions about the effectiveness of the whistleblowing channel and communication channels with Acerinox will be asked in our ESG audits and in our supplier satisfaction surveys.

To avoid retaliation, the section "Protection principles and parameters" contained in the "Policy approving the basis of the whistleblowing system of the Acerinox Group, its organic management and the rights and guarantees of the persons concerned" states that members of the organization are prohibited from retaliating against bona fide whistleblowers, including threats of retaliation and attempted retaliation.

The Company organized its first Suppliers Days in Germany, which took place on September 26, 2024. There is a plan in the purchasing strategy to carry out one per year in each country where we have large factories. These meetings with strategic suppliers promote active and transparent communication as a form of bidirectional, more direct and personal contact.

Suppliers must provide value through innovation, sustainability, technological improvements, and exceptional service, always acting with the highest ethical standards and collaborating closely with Acerinox.

In 2024, a total of 43 audits were carried out on critical suppliers, classified in category A or B. These audits were conducted by certified external auditors, who issued detailed reports with the final results and proposed action plans.

All audit reports have been transferred to the GoSupply platform, where they are managed in collaboration with the suppliers. This platform facilitates the implementation of corrective actions, closure of evidence, and issuance of improvement orders and action plans.

When suppliers receive a low rating in these audits, the supplier is monitored via improvement plans to resolve issues and enhance outcomes.

The factory's purchasing manager and the audited company are always responsible for ensuring the completion and success of these action plans, securing thorough tracking of the proposed improvements.

Health and safety, fundamental values for the Group, cover all the people who work in our facilities. The Company proactively mitigates the risks inherent to its activity through open and constant communication with its service companies and suppliers. Acerinox has a variety of specialized tools, such as ISNetworld and Achilles, to comprehensively assess the safety, quality, and sustainability performance of its business partners.

Measures to manage impacts, risks, and opportunities (IROs) related to value chain workers.

S2-3, S2-4

To implement the purchasing master plan and adequately manage the impacts, risks, and opportunities identified in the dual materiality analysis, the Group adopted a comprehensive approach ranging from updating tools to improving supplier evaluation and training processes.

As previously explained, the main negative impact that Acerinox may cause on value chain workers is related to health and safety. In this regard, the Group considers process safety as a critical aspect of operations in order to prevent industrial accidents.

To this end, Acerinox applies the process safety model of WorldSteel, the international industry association for iron and steel, which is based on six principles:

- Ensuring commitment to process safety management.
- Establishing a hazard assessment and risk analysis program.
- Implementing and maintaining a risk monitoring and management system.
- Striving for excellence and learning from experience.
- Using continuous improvement to ensure the effectiveness of process safety management.
- Maintaining a sense of vulnerability in the safety management of each process.

When changes occur in facilities or operations, risk analyses are performed. Potential hazards are also reported through preventive observations and the whistleblowing channel. Acerinox monitors all safety incidents in its operations and investigates and implements the necessary corrective and preventive measures.

In addition, the Group is making an effort to reduce absenteeism. To this end, it implements an exhaustive follow-up of all cases and maintains constant communication with accident insurance companies to achieve better case reporting and management.

In this regard, it is also important to raise awareness among all workers at our facilities, including those in the value chain. This is the case of the HSE Cardinal Rules, which provide a framework for ensuring safety as a common value for employees and contractors.

Likewise, Acerinox develops detailed emergency plans and offers continuous training and education programs to contractor employees. In this way, we promote a proactive safety culture in order to operate efficiently and safely.

Finally, as a measure to promote the integration of the safety culture in operations, senior management and plant managers have objectives linked to improvements in accident rate performance.

The implementation of the purchasing master plan will have a positive impact on value chain workers. To this end, based on the lines of action in this area, the measures implemented fall into the following fundamental areas:

First, rigorous and digitized supplier evaluations under ESG criteria during the approval phase. The questionnaires include questions related to key environmental, human rights, compliance, social impact and governance matters. These include environmental preservation, child labor, slavery, diversity, freedom of association, etc. The completeness of the degree of evaluation of each supplier is determined by the level of risk, defined according to operational dependence, country risk, and industry type

In 2023 and 2024, these evaluations were performed on Type A (Tier-1) suppliers. In 2025, this group of suppliers will continue to be evaluated with the goal of expanding the scope. In 2026, Type B (Tier-2) suppliers will be evaluated.

The evaluations are conducted through a specialized digital platform. In order to move forward with process digitization and optimization, in 2025, we will work to connect this tool with the supplier portal and enterprise resource planning software in order to unify all the information for each supplier in a single platform including operational, financial, sustainability and ethics information. In 2024, the Group had 7,335 active suppliers. Of these, 1,520 suppliers, accounting for EUR 4,396 million in expenditure, underwent an online ESG assessment. Among them, a total of 346 are strategic suppliers.

The company is dedicated to developing improvement plans for suppliers with low ESG scores, aligning with the identified risk appetite.

In parallel to the inclusion of ESG criteria in the approval process, regular ESG and capacity audits are conducted once the supplier becomes a business partner of the Group. Type A (Tier-1) suppliers will be audited every two years. These audits are conducted by the local purchasing team or accredited external auditors. In 2024, 43 audits were completed, 27 of which targeted strategic suppliers. This was in addition to the 20 audits conducted in 2023, with 14 focusing on strategic suppliers.

Also noteworthy are the joint action plans, which are established between the supplier and the company, based on the completed ESG assessments. Specifically, in 2024, 20 action plans were established as a result of these audits.

On the other hand and in order to ensure coordinated management, a global third-party risk committee was created, made up of the heads of the company departments related to these matters. This committee is responsible for monitoring its contribution to ESG objectives and identifying associated risks.

As part of the Group's commitment to the workers in its value chain, training and development programs were also launched for type A suppliers to enhance their sustainable practices. This included specialized training, such as the Sustainable Supplier Training Program, led by the Spanish Global Compact Network, which aims to educate SMEs on sustainability practices for large companies participating in the initiative. Through this program, 92 of the Group's suppliers have been trained in sustainability-related issues.

Recognition as a driving force behind the Global Compact's **"Sustainable Suppliers"** training program.

Acerinox also implemented other practices to promote responsible purchasing, such as the provision of sustainable loans to suppliers that accredit actions related to social or environmental improvements.

The Group can also have a positive impact on the lives of value chain employees and on the environment by implementing ESG criteria in the supplier approval process, conducting ESG audits, and establishing action plans for suppliers who score poorly on these issues or for whom risks in these areas are detected, as well as through training and awareness programs.

Parameters and targets

S2-5

To measure the impact of sustainable procurement initiatives, the Group has designed key performance indicators (KPIs) to be implemented in the coming years. Regular monitoring of indicators by local and global purchasing teams will enable the Group to assess progress in key areas such as business ethics, environmental management, and transparency. These indicators are:

- **Percentage of suppliers that have signed the Code of Conduct.** This indicator helps ensure compliance with ethical standards throughout the supply chain.
- **Number of suppliers evaluated under ESG criteria.** By assessing environmental, social and governance risks, the Group identifies the profile of its suppliers, as well as the areas of greatest material impact, in order to prioritize improvement actions.
- **Percentage of suppliers audited on-site.** These audits allow us to obtain and validate detailed information from suppliers and to confirm whether the online evaluation processes are effective. This contrast is fundamental when adjusting and redefining the Group's evaluations, criteria, initiatives, and policies.
- **Percentage of suppliers that have implemented improvement plans based on audit and evaluation recommendations.**
- **Percentage of action plans in progress and implemented.**
- **Number of supplier training programs and number of suppliers trained.**

Following the plan for audits of critical suppliers, an increase in the number of audits is projected for the two following years:

- 2025: approximately 100 audits, on-site and online.
- 2026: approximately 203 audits more, on-site and online.

This multi-year planning takes the form of an estimated 346 strategic suppliers audited over the 2024-2026 period. Of these, 43 have already been assessed this year.

This audit plan seeks to improve transparency, efficiency, and sustainability within our supply chain, ensuring that our strategic suppliers meet the required standards and contribute to the responsible carrying-out of business.

Number of suppliers and expenditure

	2024		2023	
	Total	% local	Total	% local
Number of suppliers	7,335	78.49 %	7,702	78.59 %
Expenditure (EUR thousands)	4,396,210	63.36 %	4,966,503	59.12 %

Number of suppliers evaluated with ESG criteria

	2024		2023	
	Total	%	Total	%
Strategic suppliers (category A)	346	4.72 %	267	3.47 %
Strategic suppliers evaluated with ESG criteria	43	12.43 %	54	20.22 %

Customers

Strategy

ESRS 2 SBM-2

Acerinox must address the risks associated with selling its products. The main challenges involve product quality, delivery timelines, and overall customer satisfaction. Delays in deliveries, raw material shortages, supply chain disruptions, and the potential to not meet the expected quality standards can hinder the Group's ability to fulfill its commitments. These issues can significantly affect the Company's reputation, lead to customer loss, and ultimately impact its profitability.

Customer feedback is crucial for identifying and mitigating these risks. Acerinox gathers valuable insights into customer needs and expectations through surveys, meetings, and direct communications from its service centers and subsidiaries. This information helps improve product quality, streamline processes, and strengthen relationships.

Customer satisfaction is a strategic priority for Acerinox. Our customers' input drives strategies that help us identify risks and develop action plans to enhance quality and service. The Group is currently focused on developing and offering new products like Lean Duplex and EcoACX®.

ESRS 2 SBM-3

We are deeply engaged in a complex value chain, supplying stainless steel and high-performance alloys to a variety of sectors:

- Construction industry: products for diverse applications, ranging from residential and commercial buildings to infrastructure projects. Our clients in this sector primarily include manufacturers of elevators, chimneys, and ventilation systems, as well as distributors of construction materials.
- Home appliances: steel for manufacturers of appliances such as refrigerators, washing machines, and dishwashers.
- Transportation: production of components for both passenger and freight vehicles. Our clients include automobile manufacturers, railroad car producers, and heavy transportation equipment companies.
- Industrial equipment: supplying the chemical, pharmaceutical, food, and paper industries, which use the Group's products to make equipment and machinery.
- Steel processors: providing stainless steel to companies that transform it into value-added products like precision parts, profiles, or tubes.
- Metal products: supplying manufacturers of catering equipment, cutlery, and household goods, among other subsectors.
- Other: such as the aerospace sector.

Beyond end customers in each sector, the Group relies on a network of key distributors for distribution. These intermediaries purchase, store, and distribute products to their own clients, which include both manufacturers and other distributors. They can either store or process the materials, based on their needs.

Thus, Acerinox's customers serve as intermediate links in the value chain, transforming or distributing products before they reach the final consumer.

Incident, risk, and opportunity management

Policies

S4-1

The General Conditions of Sale provide the legal foundation for all of Acerinox's commercial transactions. They specify the terms and conditions related to buying and selling products, including payment terms, applicable taxes, and potential price changes. They also outline delivery times and locations, as well as each party's responsibilities in the transportation process. These conditions cover the quality standards of the products sold, the guarantees offered to customers, and the limits of Acerinox's liability in cases of contract breaches or product defects.

By doing so, the General Conditions of Sale ensure a clear and transparent legal framework for all commercial activities, protecting the interests of both customers and the Group.

The Code of Conduct and Good Practices demonstrates the Group's commitment to its customers in various areas, such as meeting all quality requirements and standards in product manufacturing. The Code also emphasizes forming business relationships based on mutual interest and a continuous service-oriented approach, with a strong commitment to honesty and professional responsibility. This code fosters smooth interactions, streamlines service processes, and reduces unnecessary paperwork.

Customer commitment

S4-2, S4-3

Acerinox is dedicated to continually improving the quality of our products and services and strengthening relationships with our customers. We conduct a thorough analysis of satisfaction surveys, incidents, and complaints received. This data helps us assess customer satisfaction by examining feedback and informs our medium- and long-term action plans to enhance customer relations and mitigate risks.

The Group launches annual customer satisfaction surveys covering most of the customers it works with, the main parameter collected being the NPS (Net Promoter Score).

The goal of these surveys is to assess three main areas: customer satisfaction, brand image, and strategic market positioning.

Customers have one month to respond to the survey, and weekly follow-ups are made with those who have not responded.

Once their responses have been collected, a final report is prepared with the main results of the metrics broken down by geographical area, also highlighting significant changes from the previous year. Based on these results, specific action plans are designed and implemented by the Sales Department.

The Group also manages customer complaints daily to address issues promptly and take short-term actions. This process enables us to quickly coordinate responses to arising problems, providing early resolutions.

By analyzing data over short, medium, and long terms, we can identify key areas of opportunity and risk, and develop strategies to minimize negative effects while maximizing positive ones. Findings indicate that customers are primarily concerned with product quality, delivery times, and incident management.

All customer complaints (including commercial subsidiaries) are processed, managed, and resolved individually in the ERP systems of the Group's billing companies.

Complaints are classified according to their nature, divided into technical and commercial. These are managed through complaint tickets, with 100% traceability in terms of dates, assigned departments, and authorization chains, each with its corresponding attachments or justificatory material.

For technical complaints where the origin or incidence is due to a manufacturing problem. In such a case, the department assigned to the complaint is the factory's Technical Department. Sales complaints that come from sales issues are generally resolved by the Sales Department (this section includes complaints about materials damaged during transport).

Like all other stakeholders, the Company's customers have access to a whistleblowing channel to report queries or violations.

IROs management measures

S4-4

Acerinox implements various processes to enhance incident management and ensure customer satisfaction.

One approach involves maintaining open and transparent communication channels through the Sales Network and Sector Managers.

To optimize incident management and keep our customers satisfied, Acerinox relies on an internal and external communication system that prioritizes transparency and accessibility.

A key element of this system is the commercial network, which establishes direct and seamless communication with our sales representatives. This offers customers a straightforward and dependable method to report any issues or share their concerns. Through this two-way communication, we can detect problems early, provide flexible and personalized responses, and maintain close relationships with each customer. The sales network also assesses the best way to resolve issues, utilizing resources like our complaints channel or sending a sales technician from the subsidiary or factory if needed.

We have designated Sector Managers as points of contact for each sector. This ensures that experts in the field address problems, escalate them when necessary, and implement corrective measures efficiently, while considering the insights, knowledge, and experience of the factory's Technical Department.

There are also protocols in place for managing incidents and ensuring product quality. The incident response protocol includes three phases:

1. Immediate logging of all incidents and complaints in a centralized system (ERP).
2. Assigning responsibility to a specific manager.
3. Escalating more complex incidents to the appropriate organizational levels.
4. For every type of complaint, there is traceability from its initiation to its resolution. Each complaint has therefore a personalized action plan to ensure the best decision is made to prevent recurrence.

To maintain material quality and ensure excellent customer service, all service centers undergo thorough audits based on ISO 9001 Quality Management standards. These audits cover all material transformation processes and the operations related to the workshop.

In centers where additional protocols are necessary due to specific activities, these measures are implemented:

- Customization and precise adjustments: each product is tailored to meet the client's specific needs.
- Inspection and quality assurance: every item is checked before shipping to ensure it meets the highest quality standards.
- Prompt and effective resolution of any defects or damages.
- Material availability and service continuity: maintaining a large inventory of alternative materials to ensure uninterrupted supply and minimize wait times, even in unexpected situations.

To prevent delivery delays, Acerinox maintains both buffer stocks and consignment stocks.

Buffer stocks enable the company to quickly respond to changes in demand or unexpected disruptions in the supply chain, allowing it to meet scheduled deadlines. Consignment stocks ensure that customers don't experience stockouts. More materials are shipped to customers for storage at their facilities, which provides them with enough resources to continue production without interruptions, even if unforeseen events occur.

If a delay in delivery cannot be mitigated, Acerinox compensates the customer financially and conducts a root cause analysis, i.e. a detailed investigation to identify the reasons behind the incident. Next, specific corrective actions are implemented to prevent recurrence in the future. The final step involves following up with the customer to ensure the issue has been resolved.

Parameters and targets

S4-5

No material objectives have been identified that warrant disclosure. The established processes are embedded within the departments responsible for daily compliance with corporate policies in this area. Policies and actions are mainly monitored by analyzing the primary customer contact tools, as noted in previous sections.

7.4 Governance information

Business conduct (ESRS G1)

Governance: the role of the administrative, supervisory and management bodies

GOV-1

Acerinox has built its operations on the principles of good governance, ethics, and responsibility since its inception, consistently ensuring compliance with and respect for the law. These principles have been central to our journey and are more crucial than ever in addressing a business environment that is continuously evolving due to globalization, technological advancements, and sustainable development.

The Compliance Department is tasked with creating an effective, high-level compliance management system that encompasses the entire organization to meet regulatory and legal standards. This includes adhering to commitments, Codes, and the best international standards of Good Corporate Governance and Ethics, as well as meeting the expectations of the Group's stakeholders. The goal is to foster Acerinox's culture and avoid or reduce the risk of penalties, fines, or any reputational harm due to non-compliance with applicable laws.

The Compliance Department identifies compliance obligations and integrates them into existing policies, procedures, and processes. It also provides continuous training, advice, and awareness programs, ensuring all employees have access to ethics and compliance resources. The department's functions include identifying and managing compliance risks, handling complaints or feedback received through various available channels, and establishing performance indicators in these areas.

The Compliance Department maintains direct communication with the Audit Committee. This Committee's responsibilities include managing and controlling risks, overseeing the prevention and compliance model, and supervising relevant policies. Key among these policies are those within the compliance function's regulatory framework, the monitoring of compliance and data protection efforts, and evaluating communications received via the whistleblowing channel.

With regard to this last point, Acerinox has a Code of Conduct Monitoring Committee, which reports to the Board of Directors through the Audit Committee, which oversees compliance with the Code and its internal dissemination among employees. It also interprets the Code, provides a whistleblowing channel for gathering information about compliance, and manages and oversees the processing and resolution of related cases in accordance with internal regulations.

Incident, risk, and opportunity management

Business conduct policies and corporate culture

G1-1, G1-3

As a multinational operating in various countries, Acerinox navigates a diverse and complex regulatory landscape. This requires a steadfast commitment to integrity to minimize legal, reputational, and economic risks, ensuring that the Group's operations uphold the highest ethical and regulatory standards.

To ensure ethical and responsible business practices, the Board of Directors has approved general policies governing these areas, along with a control system for detecting, preventing, and mitigating criminal activities.

In 2016, the Board also approved a Code of Conduct and Good Practices, which sets mandatory rules and standards for professional behavior that all employees and managers must follow in their activities. The aims of the Code are:

1. To regulate which behaviors are permitted and prohibited within the Group.
2. To establish the ethical principles and general guidelines that should guide the actions of Acerinox, its employees, and administrators, both in their interactions with each other and with stakeholders, whether directly or indirectly.

In 2025, the new compliance Master Plan will be rolled out, prioritizing the update of the Code. This initiative seeks to make the Code a clear guide for the Group to operate with integrity, respect human rights, engage in dialogue with stakeholders, adhere to legal requirements, provide a safe work environment, combat corruption, and maintain social and environmental responsibility.

The Code of Conduct Monitoring Committee, which reports to the Board of Directors through the Audit Committee, supervises compliance with and internal dissemination of the code among employees, interprets it and also controls and supervises the processing of each case and its resolution, in accordance with the internal regulations that regulate it.

Violation of the Code could result in disciplinary action, without prejudice to the administrative or criminal sanctions that may apply in accordance with applicable law.

The Group also has a specific code of conduct for business partners, which establishes the duties and commitments of suppliers. Non-compliance may entail a range of consequences in the contractual relationship with Acerinox.

Built around the Code of Conduct as a backbone, Acerinox approved various development rules in the areas of compliance and corruption and bribery prevention:

- Crime prevention model
- Internal instructions on gifts and invitations
- Internal instruction on conflicts of interest
- Internal instruction on bribery prevention
- Internal instruction on competition
- Internal instruction on good financial practices
- Internal instruction on confidentiality
- Internal instruction on third-party risks
- Internal instruction on the commission of crimes

Whistleblowing channel

The company also offers a whistleblowing channel for confidential reporting of inappropriate behaviors or actions based on applicable regulations, the Code of Conduct, and other Group policies and procedures. This communication tool, available to all employees and external stakeholders, enables them to seek guidance on applying the organization's policies and practices for responsible business conduct.

The whistleblowing channel is a secure platform that complies with personal data protection regulations and safeguards the rights and confidentiality of whistleblowers, related third parties, and those affected by the complaints. It was adapted to Law 2/2023, on the protection of persons who report regulatory violations and the fight against corruption. These regulations incorporate the Whistleblower Protection Directive into Spanish law.

The policy governing the whistleblowing channel explicitly prohibits retaliation, defined as any act or omission prohibited by law or any unfavorable treatment, direct or indirect, that puts individuals at a disadvantage in their work or professional environment for having submitted a complaint.

Communication channels of the whistleblowing channel:

Company websites

https://www.acerinox.com/en/accionistas-e-inversores/gobierno-corporativo/compliance/canal-denuncias/index.html

https://www.northamericanstainless.com/governance/

https://www.columbus.co.za/

https://www.bahrustainless.com/enCorporateResponsibility/ethics-and-transparency/

https://www.vdm-metals.com/en/company/about-vdm-metals/corporate-responsibility

Telephone numbers

Post

Calle Santiago de Compostela, 100.

28035 Madrid (Spain)

Email

canaldedenuncias@acerinox.com

whistleblowing@acerinox.com

The Compliance Director, who manages the channel, regularly reports to the Audit Committee on the complaints filed and the outcomes of the investigations.

In 2024, an external auditor conducted a comprehensive review of the whistleblowing channel to achieve several goals:

- Verify compliance with applicable regulations.
- Evaluate the management and usability of communications.
- Survey Group employees on their use of the whistleblowing channel.

To enhance the independence of the channel's management, it was outsourced to a third party. The internal protocol for managing the whistleblowing channel outlines how complaints are received, prioritized, and communicated, as well as how reports and final conclusions are made.

The process is monitored by the external auditor and an internal body, the Code Monitoring Committee. This committee ensures impartiality, confidentiality, and adherence to the policy. It also keeps the case manager or investigator separate from the management chain of the issue, ensures a response to the complainant, and promotes awareness of the channel. In 2024, secure and confidential software was implemented to unify the various whistleblowing channels across the Group's companies, and new regulations governing its use were approved.

To enhance transparency and analysis within the channel, improvements were made in how information is collected and communicated with whistleblowers, and the tool was upgraded to include a new taxonomy and categorization of complaints, along with a taxonomy for remediation measures.

In 2024, 56 complaints were received. Investigations revealed that 68% involved breaches of internal regulations or applicable laws. Of these breaches, 56% related to human resources issues, including discrimination, inappropriate behavior, disrespect, bullying, and a harassment case involving an employee of an external contractor working at our facilities. This latter case was substantiated, prompting the implementation of protocols, necessary measures, and the dismissal of the worker by the contractor. The second most common category involved health and safety issues, making up 19% of the cases. For all complaints where violations were found, corrective and/or disciplinary actions were taken to ensure compliance with regulations and prevent future incidents.

Whistleblowing channel	
Cases reported by channel and application	70%
Cases reported by other channels	30%

Geographical location	
Spain	13%
Other geographies	87%

Type of cases	
Fraud and petty corruption	11%
Conflicts of interest	6%
Health and safety	19%
Work-related (discrimination, inappropriate behavior, micro-aggressive behavior, mobbing)	56%
Other violations	8%

Corrective actions taken	
Layoffs	28%
Reported to police or authorities	6%
Communication enhancement	8%
Organizational and process improvements	55%
Other disciplinary measures	3%

In the coming years, we plan to launch an awareness and information campaign about the whistleblowing channel and review its policy, procedures, and guidelines.

Due diligence

A fundamental business requirement is understanding the conduct of individuals and entities associated with the company. Due diligence procedures, integral to Acerinox's compliance management system, are crucial in this regard.

These procedures help the company define, implement, and manage due diligence processes applicable to the entire workforce and those in roles that pose compliance risks. Additionally, these procedures are extended to third parties and business partners engaged in Acerinox's activities. The process is guided by a risk management approach, tailored to the scope and purpose of the engagement.

Conflicts of interest

Acerinox defines a conflict of interest as any situation where a person's objectivity, neutrality, or independence could be compromised due to personal or economic interests. To identify and mitigate such cases, the Company follows its Conflict of Interest Policy, which includes both prevention and management measures.

By 2025, the policy is expected to be revised and updated to include a declaration of the absence of conflicts of interest for all employees involved in decision-making or those in departments with higher exposure.

The company also plans to develop training and launch an awareness campaign specifically focused on this issue.

Competition

Acerinox believes that free competition drives companies to enhance their efficiency, innovate, and continually improve the quality of their products. Considering the positive impact on socioeconomic development, the company strongly supports fair and transparent rules for everyone and prohibits involvement in any activity that limits a customer's right to choose among different products and services. To ensure fair and effective competition, Acerinox has developed guidelines within its antitrust procedures and policies, applied across all markets where it operates.

In line with these practices, the Company has established a model for managing and controlling anti-competitive risks, which includes processes and initiatives like the Procedure for the Approval of Prices and Conditions, risk assessment processes, and training for sales teams.

For 2025, training sessions led by external experts are planned for the Board and the executive committees of the Group's factories and companies.

Data protection and privacy

The Group maintains a comprehensive data protection model to ensure compliance with legal requirements across all the regions where it operates. This model, which provides effective data governance, is reviewed regularly to identify areas for improvement and foster continual advancement in its implementation and effectiveness.

Since 2018, the Group has a single Data Protection Officer (hereinafter DPO) for all its companies, advised and supported by the rest of the organization. The Data Protection Officer (DPO) plays a crucial role in managing risks associated with data processing activities, using a rigorous analysis of the nature, scope, context, and purposes of each data processing operation. This approach ensures proper compliance with applicable regulations and effectively protects data subjects' rights. VDM Metals companies have their own dedicated DPO to meet the specific requirements of German data protection laws. This DPO works closely with the Group's general DPO to ensure strategic and operational alignment.

In 2025, the Group plans to implement significant enhancements to its data protection model to strengthen its commitment to excellence in privacy. These initiatives will include:

- Advancing to an enhanced privacy management system to enable more efficient and proactive oversight of data processing.
- Integrating risk analysis methodologies to assess and mitigate risks.
- Expanding data protection training and awareness programs for employees and collaborators.
- Optimizing internal data management processes to ensure a preventive approach aligned with international best practices.

Training, awareness, and communication

In 2024, the following training sessions took place:

- Online training on corruption, bribery, fraud, and money laundering for 416 people.
- Training on competition law for the 66 employees most at risk due to their roles.
- Training on harassment prevention for 1,704 employees.
- Online training on computer crimes and intellectual property for 469 employees.
- Training on the Code of Conduct for 1,804 VDM Metals employees.

In total, 4,459 employees received training in various areas. Basic training on the Crime Prevention Program and Code of Conduct takes place continually and is provided to new hires in Spain. Managers and persons in charge of the various departments of non-Spanish subsidiaries affected by the established crimes, as well as people involved in and responsible for monitoring, receive general training.

By 2025, the focus will be on continuous and personalized training for teams through programs tailored to each functional area. These initiatives aim to establish the foundation for a sustainable and efficient compliance ecosystem, ensuring proactivity and resilience against future regulatory and ethical challenges. These courses will follow a guiding framework based on:

- Risk management: tailored to the exposure level of each role.
- Ethical culture: To promote informed and responsible decision-making.
- Whistleblowing channel: Enhancing availability and confidentiality.

Additionally, various communication formats will be introduced to raise awareness and educate all employees in this area. For example, by creating an internal compliance newsletter or organizing regular meetings and gatherings.

Prevention and detection of corruption and bribery

G1-3

Acerinox is committed to fostering a culture of zero tolerance towards any form of bribery or corruption, whether active or passive, private or public, in every country where it operates. The company has implemented a series of policies and technical guidelines that align with the United Nations Convention against Corruption and all relevant international standards.

The Group ensures adherence to these commitments through a management system rooted in transparency and control. This system features a comprehensive approach to preventing and managing corruption, bribery, and fraud risks. Measures include the approval of gifts by independent departments, risk assessments in sensitive areas, the implementation of internal financial and accounting controls, and both internal and external audits. Additionally, confidential reporting systems are in place to handle any incidents related to corruption, fraud, money laundering, and other illegal activities.

Acerinox has a global integrated risk management system. In the risk matrix, the areas related to corruption and bribery are considered low-risk and are part of the compliance management system, which is updated in accordance with the UNE 19601 standard for criminal compliance management systems. This standard aims to reduce exposure to criminal risk and foster a culture of crime prevention.

The following have been identified as criminal offenses: influence peddling, bribery, illegal financing of political parties, business corruption, money laundering, corporate crimes, and fraud against public administrations. Measures to address these issues are highlighted and included in the catalog of criminal risks. In addition, Acerinox's interaction with public administrations is limited to routine and mandatory activities like paying taxes and contributions, undergoing labor or environmental inspections, and handling procedures for authorizations, subsidies, or licenses.

The main activities that are sensitive to corruption and bribery include:

- Participating in public tender calls.
- Applying for any type of license, permit, or authorization from public authorities.
- Applying for and managing subsidies.
- Interacting with the justice system.
- Managing gifts and donations with public authorities.
- Handling administrative inspections, taxes, Social Security, workplace safety, and environmental protection.
- Interacting with public officials such as notaries and registrars.
- Managing debt forgiveness processes for clients.
- Negotiating and contracting goods or services from suppliers.
- Negotiating and signing contracts with clients.
- Engaging with administrations for international contracts.
- Receiving funds from clients, particularly those based in tax havens.
- Making donations and supporting charitable initiatives.
- Managing investments of all kinds, whether in real estate or personal property.
- Monitoring financial flows, especially those involving tax havens.

Based on the analysis and evaluation of the available data, since Acerinox does not directly sell to governments or public administrations, the risk of corruption involving public officials in Acerinox's operations is low, both in Spain and internationally.

The Acerinox Group's criminal compliance management system is called the "Crime Prevention Program." It includes measures designed to identify, evaluate and avoid the commission of crimes in its business, and is made up of the necessary policies, processes and procedures, in accordance with best practices in this area. The program follows the risk management methodology adopted by the Group, which has three phases: identification, assessment, and mitigation.

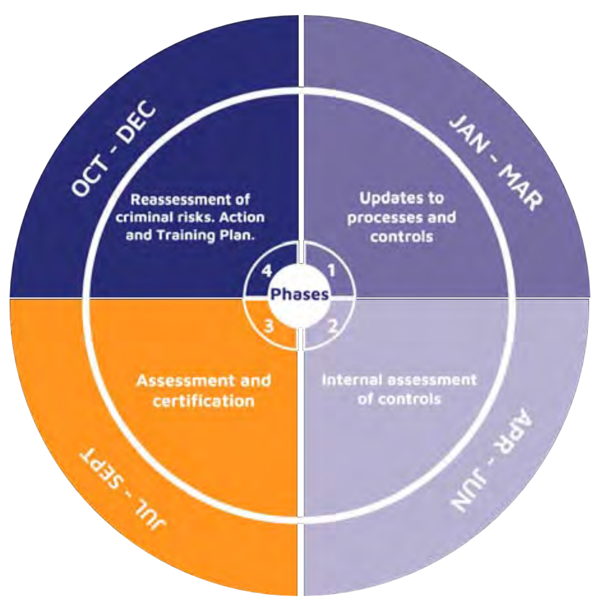
The Program's monitoring, measurement, analysis, and evaluation are conducted in line with the annual Crime Prevention Cycle, which includes the following phases:

A. Processes and monitoring update: confirmation of the program's modification to suit the Group's organizational and functional changes.

B. Monitoring self-assessment: dispatch of monitoring confirmation surveys to the people both involved in and responsible for monitoring.

C. Evaluation and certification: assessment of criminal risks in light of the survey results; certificates of compliance are prepared and signed.

D. Action and training plan: documentation of the monitoring, measurement, analysis, and evaluation work, specifying the action plans found and completed/pending training measures.



In 2024, risks related to the following crimes were reviewed and re-evaluated: harassment, discovery and disclosure of secrets, digital damage and intellectual and industrial property right infringements.

Based on the findings and actions outlined in the compliance report, there are plans to review the Risk Program management software, and by extension, the crime prevention processes, to enhance their efficiency and effectiveness. Additionally, following the risk analysis and its mitigating actions from the previous year, harassment training will continue, and new training on preventing computer crimes, protecting confidential information, and safeguarding intellectual property will be rolled out for all Group companies.

Acerinox advanced further in its continuous improvement efforts to prevent and mitigate risks by subjecting the Crime Prevention Program to an external audit conducted by AENOR. The acquisition of the UNE 19601 certification confirms the good practices the Company has implemented in this area.

Lastly, the 2025-2028 Compliance Master Plan includes plans to obtain ISO:37001 certification for anti-bribery management systems.

Parameters and targets

Anti-corruption and bribery

G1-4

No cases of corruption or bribery were detected in 2024. However, there were four substantiated cases, classified as fraud and petty corruption, related to the misuse of company assets or theft. Two of these cases were reported to the police or authorities. One of the cases resulted in a dismissal. In all cases, corrective measures were implemented to prevent future incidents.

8 Appendices

8.1 Scope of the report

Standards and principles used

The information included in this report relates to both financial and non-financial information and was prepared by the Board of Directors on February 26, 2024. The non-financial information statement has been favorably evaluated by the Sustainability Committee of the Board of Directors.

This 2024 Consolidated Management Report has been prepared taking into account the following reporting standards and principles:

- In accordance with 2021 GRI Standards, tailored to specific GRIs in compliance with Spanish Law 11/2018.
- The recommendations in the Spanish Securities Market Commission's Guide for the Preparation of Management Reports of Listed Companies.

Also including:

a) The Corporate Sustainability Reporting Directive 2022/2464 (CSRD).

b) Directive 2014/95/EU as regards disclosure of non-financial and diversity information, as well as related Spanish legislation (Law 11/2018).

c) Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, sets the criteria for determining whether an investment qualifies as sustainable. It includes various delegated acts and additional communications to support its interpretation. See the "European taxonomy on sustainable finance" chapter.

Scope of information in this report

Timescale:

2024. The report is published annually.

Organizational scope:

Acerinox, S.A. and subsidiaries

In order to check and guarantee the reliability of the information provided to the various stakeholders, the Acerinox Group has submitted this report to external verification, through the professional services firm PwC, with a limited level of assurance. As a result of the process, an independent assurance report is produced, which includes the targets and scope of the process, as well as the verification procedures used and the related conclusions. This report is included in the Appendices attached to this report. (Appendix 8.8)

8.2 NFIS supplementary information

In the reporting of information related to Directive 2014/95/EU on non-financial information and diversity, as well as related Spanish legislation (Law 11/2018), data about Bahru prior to its sale and information about Haynes since its integration into the Acerinox Group have been considered. This follows the materiality criteria defined by the Acerinox Group.

Sustainable use of resources

Pollution

The Group complies with the emission and discharge limits established in the Best Available Techniques (BAT), as well as with the applicable regulations regarding the presence of hazardous substances in products.

Each year, its facilities conduct an assessment of their compliance with environmental legal requirements under the ISO 14001 standard. This standard establishes a specific management procedure through which the organization can monitor the environmental aspects of its activities that may affect the environment, either positively or negatively.

Likewise, internal and external ISO 14001 certification audits regularly include compliance evaluations for the aforementioned requirements.

Our facilities' Environmental Authorizations and Operating Licenses establish specific control measures to analyze light and noise pollution in our surroundings.

Other emissions (metric tons)

	2024			2023		
Tons	Total	Stainless	HPAs	Total	Stainless	HPAs
NOx	**1,063.99**	1,019.58	44.41	662.68	617.63	45.06
VOCs	**11.33**	11.33	0.00	15.07	15.07	0.00
Particulate matter	**209.13**	209.13	0.00	191.07	191.07	0.00
SOx*	**6.72**	4.09	2.63	6.96	4.59	2.37

*SOx emissions were restated in 2023 due to better data availability.

Water

Shortage areas: permanent deficit situation in relation to water demand in a regional water resource system, characterized by either an arid climate or a rapidly growing demand in consumption.

Non-shortage areas: relates to the other facilities.

Water withdrawal (m^3)

m3	Total			Stainless		HPAs	
2023	Total	Areas without water stress	Areas with water stress	Areas without water stress	Areas with water stress	Areas without water stress	Areas with water stress
Surface water	6,364,248	3,877,064	2,487,184	3,557,128	2,487,184	319,936	0
Groundwater	0	0	0	0	0	0	0
Seawater	0	0	0	0	0	0	0
Process water	0		0		0	0	0
Third-party water	787,273	601,501	185,772	372,697	185,772	228,804	0
Rainwater	270,880	0	270,880	0	270,880	0	0
Total	**7,422,401**	**4,478,565**	**2,943,836**	**3,929,825**	**2,943,836**	**548,740**	**0**

Water discharge (m3)

m3	Total			Stainless		HPAs	
2023	Total	Areas without water stress	Areas with water stress	Areas without water stress	Areas with water stress	Areas without water stress	Areas with water stress
Surface water	3,440,207	3,440,207	0	3,439,430	0	777	0
Groundwater	0	0	0	0	0	0	0
Seawater	1,120,533		1,120,533	0	1,120,533		0
Third-party water	314,340	314,340	0	25,713	0	288,627	0
Total	**4,875,080**	**3,754,547**	**1,120,533**	**3,465,143**	**1,120,533**	**289,404**	**0**

Power consumption (MWh)

MWh	2024			2023*		
	Total	Stainless	HPAs	Total	Stainless	HPAs
Natural gas	2,674,273	2,448,951	225,322	2,967,220	2,755,379	211,841
Diesel	41,523	39,492	2,030	48,012	44,470	3,542
Other fuels	79,350	2,253	77,097	85,918	1,766	84,152
Electricity	2,378,412	2,192,255	186,157	2,598,685	2,417,669	181,016
Total consumption	**5,173,558**	**4,682,951**	**490,607**	**5,699,835**	**5,219,284**	**480,551**

*Consumption data are from primary data (invoices) reported by the managers of each of the facilities. Only in the absence of primary data, will secondary data (internal information control records) will be considered.
**The net calorific value will be established based on validated and updated sources according to the location of the facilities. Additionally, if necessary, conversion factor(s) can be applied for the change of units.
*** The energy consumption in 2024 was -9.23% lower than 2023, This reduction was mainly due to the decrease of approximately 10% in melting shop production in 2024 compared to 2023 (12% if factories without melting shop are also included).

Employment

- Total number and distribution of employees by gender, age and professional category:

Total employees at year-end

Acerinox Europa (Spain)	Acerinox S.A. (Spain)	Columbus (South Africa)	Inoxfil (Spain)	NAS (US)	Roldán (Spain)	VDM (Germany / US)	Haynes (US)	Subsidiaries and Service centers	Total
1,947	121	1,319	100	1,688	350	2,074	1,276	417	9,292

*The staff figure in this Appendix does not include 10 members of senior management.

Number of employees by age range and gender

		2024	2023
<30	Men	897	816
	Women	202	167
	Total	**1,099**	**983**
30-50	Men	4,281	4,006
	Women	742	639
	Total	**5,023**	**4,645**
>50	Men	2,767	2,314
	Women	404	287
	Total	**3,171**	**2,601**
Total		**9,293**	**8,229**

Average number of employees by age range and gender

		2024	2023
<30	Men	763	816
	Women	172	167
	Total	**934**	**983**
30-50	Men	3,640	4,005
	Women	631	639
	Total	**4,271**	**4,644**
>50	Men	2,353	2,313
	Women	344	287
	Total	**2,696**	**2,600**
Total		**7,902**	**8,227**

Number of employees by professional category and gender

		2024	2023
Director	Men	28	25
	Women	5	7
	Total	**33**	**32**
Manager	Men	320	243
	Women	82	49
	Total	**402**	**292**
Analyst	Men	721	624
	Women	240	226
	Total	**961**	**850**
Specialist	Men	387	332
	Women	216	118
	Total	**603**	**450**
Administrative staff	Men	605	599
	Women	473	476
	Total	**1,078**	**1,075**
Operator	Men	5,885	5,313
	Women	331	217
	Total	**6,216**	**5,530**
Total		**9,293**	**8,229**

Average number of employees by professional category and gender

		2024	2023
Director	Men	22	24
	Women	5	7
	Total	**27**	**31**
Manager	Men	225	243
	Women	48	53
	Total	**273**	**296**
Analyst	Men	590	604
	Women	193	210
	Total	**783**	**814**
Specialist	Men	259	339
	Women	109	124
	Total	**368**	**463**
Administrative staff	Men	594	595
	Women	429	466
	Total	**1,023**	**1,061**
Operator	Men	5,187	5,347
	Women	241	215
	Total	**5,428**	**5,562**
Total		**7,902**	**8,227**

- Total and distribution of employment contracts

Number of employees by type of contract and gender

		2024	2023
Permanent contract	Men	7,781	6,910
	Women	**1,307**	1,065
	Total	**9,088**	**7,975**
Temporary contract	Men	164	226
	Women	41	28
	Total	**205**	**254**
Total		**9,293**	**8,229**

Average number of employees by type of contract and gender

		2024	2023
Permanent contract	Men	6,616	6,908
	Women	1,111	1,065
	Total	**7,728**	**7,973**
Temporary contract	Men	139	226
	Women	35	28
	Total	**174**	**254**
Total		**7,902**	**8,227**

Number of employees by type of contract and age range

		2024	2023
Permanent contract	<30	1,017	859
	30-50	4,919	4,528
	>50	3,152	2,587
	Total	**9,088**	**7,974**
Temporary contract	<30	81	124
	30-50	100	116
	>50	24	15
	Total	**205**	**255**
Total		**9,293**	**8,229**

Average number of employees by type of contract and age range

		2024	2023
Permanent contract	<30	865	859
	30-50	4,183	4,527
	>50	2,680	2,587
	Total	**7,728**	**7,973**
Temporary contract	<30	69	123
	30-50	85	116
	>50	20	15
	Total	**174**	**254**
Total		**7,902**	**8,227**

Number of employees by type of contract and professional category

		2024	2023
Permanent contract	Director	34	32
	Manager	396	286
	Analyst	956	852
	Specialist	589	438
	Administrative staff	1,035	1,035
	Operator	6,078	5,336
	Total	**9,088**	**7,979**
Temporary contract	Director		
	Manager	9	7
	Analyst	2	
	Specialist	13	7
	Administrative staff	43	40
	Operator	138	196
	Total	**205**	**250**
Total		**9,293**	**8,229**

Average number of employees by type of contract and professional category

		2024	2023
Permanent contract	Director	29	32
	Manager	337	286
	Analyst	813	852
	Specialist	501	438
	Administrative staff	880	1,035
	Operator	5,168	5,335
	Total	**7,728**	**7,978**
Temporary contract	Director		
	Manager	8	7
	Analyst	2	
	Specialist	11	7
	Administrative staff	37	40
	Operator	117	195
	Total	**174**	**249**
Total		**7,902**	**8,227**

Number of employees by type of workday and gender

		2024	2023
Full time	Men	7,926	7,119
	Women	1,274	1,029
	Total	**9,200**	**8,148**
Part-time	Men	19	17
	Women	74	64
	Total	93	81
Total		**9,293**	**8,229**

Average number of employees by type of workday and gender

		2024	2023
Full time	Men	6,740	7,117
	Women	1,083	1,029
	Total	**7,823**	**8,146**
Part-time	Men	16	17
	Women	63	64
	Total	79	81
Total		**7,902**	**8,227**

Number of employees by type of workday and age range

		2024	2023
Full time	<30	1,093	975
	30-50	4,957	4,586
	>50	3,150	2,587
	Total	**9,200**	**8,148**
Part-time	<30	7	8
	30-50	63	58
	>50	23	15
	Total	**93**	**81**
Total		**9,293**	**8,229**

Average number of employees by type of workday and age range

		2024	2023
Full time	<30	929	975
	30-50	4,215	4,585
	>50	2,678	2,586
	Total	**7,823**	**8,146**
Part-time	<30	6	8
	30-50	54	58
	>50	20	15
	Total	**79**	**81**
Total		**7,902**	**8,227**

Number of employees by type of workday and professional category

		2024	2023
Full time	Director	34	31
	Manager	400	293
	Analyst	955	852
	Specialist	590	444
	Administrative staff	1,026	1,022
	Operator	6,195	5,507
	Total	**9,200**	**8,149**
Part-time	Director		1
	Manager	4	
	Analyst	4	4
	Specialist	11	4
	Administrative staff	52	52
	Operator	22	19
	Total	**93**	**80**
Total		**9,293**	**8,229**

Average number of employees by type of workday and professional category

		2024	2023
Full time	Director	29	31
	Manager	340	293
	Analyst	812	852
	Specialist	502	444
	Administrative staff	872	1,022
	Operator	5,268	5,506
	Total	**7,823**	**8,147**
Part-time	Director		1
	Manager	3	
	Analyst	3	4
	Specialist	9	4
	Administrative staff	44	52
	Operator	19	19
	Total	**79**	**80**
Total		**7,902**	**8,227**

Number of employees per country

Country	Number of employees
Albania	2
Germany	1,605
Angola	1
Argentina	10
Australia	6
Austria	4
Belgium	2
Bangladesh	1
Bolivia	1
Bosnia Herzegovina	4
Brazil	3
Bulgaria	1
Cameroon	1
Canada	19
Chile	18
China	18
Colombia	2
South Korea	14
Croatia	2
Cuba	2
Ecuador	2
Egypt	1

Country	Number of employees
Slovenia	109
Spain	2,514
United States of America	1,639
Philippines	2
France	35
Greece	4
India	10
Indonesia	4
Iran	1
Ireland	1
Israel	1
Italy	72
Japan	8
Kazakhstan	6
Mexico	27
Macedonia	7
Malaysia	42
Morocco	4
Nepal	10
Norway	2
Netherlands	8
Pakistan	1

Country	Number of employees
Peru	3
French Polynesia	1
Poland	37
Portugal	29
Qatar	1
United Kingdom	86
Romania	3
Russia	5
Serbia	1
Singapore	4
Syria	3
South Africa	1,290
Sweden	24
Switzerland	10
Thailand	1
Taiwan	2
Turkey	169
Venezuela	2
Vietnam	6
Unknown nation	1,390
Total employees	**9,293**

New hires by age group and gender

		2024	2023
<30	Men	454	646
	Women	143	138
	Total	**598**	**784**
30-50	Men	604	688
	Women	84	115
	Total	**688**	**803**
>50	Men	73	49
	Women	12	7
	Total	**85**	**56**
Total		**1,370**	**1,643**

Hiring rate

		2024	2023
<30	Men	58.76%	79.36%
	Women	82.62%	84.66%
	Total	**63.13%**	**80.25%**
30-50	Men	15.56%	17.25%
	Women	13.43%	18.37%
	Total	**15.27%**	**17.40%**
>50	Men	3.07%	2.14%
	Women	3.87%	2.55%
	Total	**3.16%**	**2.18%**
Total		**16.86%**	**20.00%**

Voluntary resignations

		2024	2023
<30	Men	82	136
	Women	16	19
	Total	**97**	**155**
30-50	Men	121	200
	Women	29	36
	Total	**149**	**236**
>50	Men	53	30
	Women	13	6
	Total	**66**	**36**
Total		**312**	**427**

Number of layoffs by age range and gender

		2024	2023
<30	Men	31	39
	Women	6	4
	Total	**38**	**43**
30-50	Men	60	55
	Women	10	7
	Total	**70**	**62**
>50	Men	16	15
	Women	2	4
	Total	**18**	**19**
Total		**126**	**124**

Staff turnover rate

		2024	2023
<30	Men	14.59%	21.50%
	Women	12.67%	14.11%
	Total	**14.24%**	**20.27%**
30-50	Men	4.67%	6.39%
	Women	6.11%	6.87%
	Total	**4.87%**	**6.46%**
>50	Men	2.90%	1.96%
	Women	5.04%	3.64%
	Total	**3.14%**	**2.14%**
Total		**5.39%**	**6.75%**

Number of layoffs by professional category and gender

		2024	2023
Director	Men	1	
	Women		
	Total	**1**	**0**
Manager	Men	2	
	Women	1	1
	Total	**3**	**1**
Analyst	Men	2	4
	Women		
	Total	**2**	**4**
Specialist	Men	5	6
	Women	3	2
	Total	**9**	**8**
Administrative staff	Men	6	2
	Women	6	5
	Total	**12**	**7**
Operator	Men	91	96
	Women	8	8
	Total	**99**	**104**
Total		**126**	**124**

Reinstatement and retention rate

		2024	2023
Return to work rate	Men	98.50%	99.00%
	Women	77.50%	95.00%
	Total	**95.00%**	**92.95%**
Employee retention rate	Men	85.14%	87.00%
	Women	117.14%	90.00%
	Total	**89.08%**	**92.95%**

- Average remuneration and trends therein, broken down by gender, age and professional category or similar

Average remuneration by gender (EUR)

	2024	2023
Men	€67,639	€58,699
Women	€61,597	€53,317

Average remuneration by age range (EUR)

	2024	2023
<30	€54,583	€49,192
30-50	€57,748	€55,570
>50	€78,219	€69,544

Average remuneration by professional category (EUR)

	2024	2023
Director	€297,944	€269,300
Manager	€171,046	€144,188
Analyst	€88,640	€73,836
Specialist	€66,479	€58,221
Administrative staff	€59,042	€53,935
Operator	€56,537	€50,615

To help with the comparability, the remuneration in 2024 includes extraordinary items associated with the purchase of Haynes.

Pay gap

	2024	2023
Pay gap	7.65%	7.55%

In 2024, the average remuneration for male directors was EUR 179 thousand (EUR 461 thousand when including the CEO), while female directors earned an average of EUR 171 thousand. In 2023, male directors received an average of EUR 123 thousand (EUR 379 thousand including the CEO), and female directors earned EUR 150 thousand on average.

The average remuneration for senior management in 2024, excluding the CEO, was EUR 480 thousand for men and EUR 273 thousand for women. The average remuneration for senior management in 2023, excluding the CEO, was EUR 573 thousand for men and EUR 231 thousand for women.

Complaints reported on human rights violations

The company has received 10 reports of violations of employees' right not to participate in a strike. Although the incidents have been confirmed, the perpetrators have not been identified. The company has implemented mechanisms to prevent such situations from recurring and has encouraged the affected employees to report the incidents to the authorities.

Contributions to foundations and not-for-profit organizations

Acerinox partners with many national and international associations and organizations in order to publicize key aspects of its work, promote knowledge and positioning and share best practices in the sector. Acerinox is actively involved in several organizations, including the World Steel Association, EUROFER, Responsible Steel, UNESID, CEDINOX, and AEGE.

These sector associations advocate for the industry's interests, competitiveness, and future development. The company's senior management oversees the participation of the group's senior managers, monitoring the issues discussed and actively participating in many of the associations.

As outlined in its Code of Conduct, the Acerinox Group does not make donations to political parties. In 2024, its contributions to various associations totaled just over EUR 1 million, compared to approximately EUR 950,000 in 2023.

Tax contribution

The Acerinox Group endeavors to maximize its financial and corporate profits without affecting the fulfillment of its tax obligations.

The value generated by Group companies is distributed through the payment of taxes to tax authorities, to employees through the payment of salaries, suppliers through the payment for the services rendered, to creditors through the payment of interest, and to shareholders through the payment of dividends.

The methodology used to determine the total tax contribution (TTC) measures the Group's payments to the different tax authorities.

This methodology generally allocates taxes paid and taxes received to each fiscal year on a cash basis.

- **Taxes paid** are those that entail a cost for the Group companies, such as income tax, social security payable by the Company, and certain environmental taxes, property taxes, and other local taxes.
- **Taxes received** are those generated as a result of the Company's economic activity, with no cost to companies other than in their management, such as withholding tax on salaries owing to personal income tax ("PIT"), other withholdings on dividends or interest, and Value Added Tax ("VAT").

	2024		2023	
Taxes paid	**Amount (EUR thousands)**	**%**	**Amount (EUR thousands)**	**%**
Corporate income tax	131,181	58%	233,251	71%
Social security	62,843	28%	66,860	20%
Other indirect taxes (*)	20,694	9%	17,191	5%
Local taxes	10,435	5%	9,697	3%
Total taxes paid	**225,153**	**45%**	**326,999**	**51%**

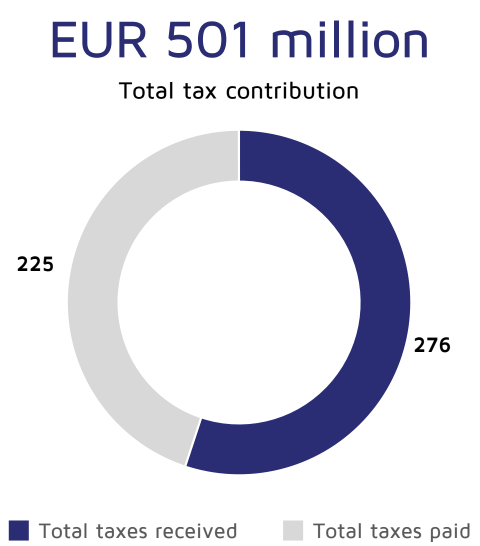
(*) Other indirect taxes include the taxes on electricity, imports, etc.

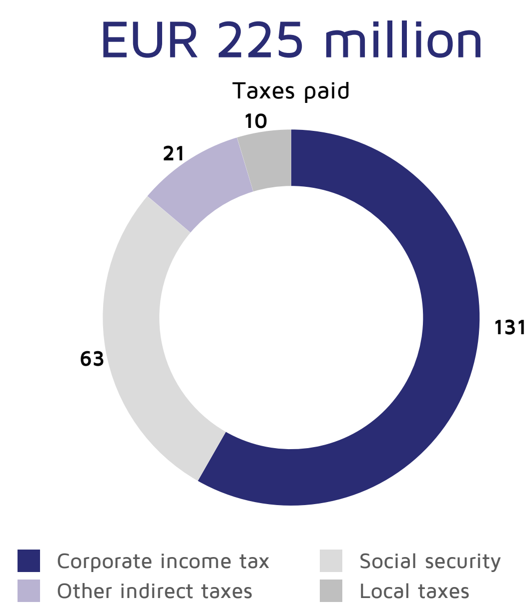
In keeping with the OECD's thinking, the analysis of the tax burden took into account the contributions made to social security or similar bodies in other jurisdictions, given that they are mandatory payments that generally account for a significant portion of a state's income and, in light of them being more tax-like than contribution-like, the Group considers them as taxes.

	2024		2023	
Taxes received	**Amount (EUR thousands)**	**%**	**Amount (EUR thousands)**	**%**
Employee personal income tax and social security	153,883	56%	135,663	43%
VAT (*)	101,155	37%	153,742	49%
Withholdings	21,089	8%	26,978	9%
Total taxes received	**276,126**	**55%**	**316,383**	**49%**

(*) The VAT shown is the net amount of taxes received and paid.

The reduction in amounts paid for VAT and corporate income tax aligns with the decrease in turnover and the Group's reduced results.





The amount of taxes paid represents 45% of the Group's total tax contribution, as shown in the chart above.

The Group's pre-tax consolidated profit amounted to EUR 342 million in 2024 (as a result of ordinary activities included in the consolidated profit and loss statement of the 2024 consolidated annual accounts). Total taxes paid and received amounted to EUR 501 million. This means that global tax contribution was higher than total pre-tax profit.

Companies do key work as tax collection agents in the framework of their business operations; likewise, they play an essential role as qualified employers, assuming the risk and compliance costs associated with their proper liquidation and timely payment. Although the taxes collected do not represent a cost for the company, they are generated and paid into the public treasury thanks to the economic activity of the business groups. They are significant, both as employment taxes and taxes on products and services

As a sign of the Group's commitment to comply with its tax obligations in all the countries in which it operates. The following is a breakdown by country of profits earned and corporate income tax paid.

Pre-tax profit and taxes paid by country (EUR thousand)

Country	Pre-tax income by country	Payment of taxes
Spain	-180,212	1,327
USA	487,242	123,625
South Africa	-56,973	-701
Malaysia	-12,211	10
Canada	7,256	1,880
Mexico	10,197	-70
Portugal	585	-108
France	2,184	376
Germany	57,208	-2,306
Italy	4,269	4,089
UK	3,513	616
Sweden	1,124	0
Switzerland	218	0
Austria	1,709	568
Poland	748	-149
Chile	-465	-98
Argentina	34	164
Belgium	55	17
Netherlands	500	231
Russia	1	1
Turkey	510	158
Brazil	7	11
Colombia	-232	0
Peru	-163	0
Australia	205	69
China	1,415	527
Hong Kong	7	154
Japan	2,048	748
Korea	259	0
Singapore	-140	1
India	-40	41
United Arab Emirates	-163	0
Luxembourg	428	0
Total	**331,122**	**131,181**

The results that appear in the table are the aggregate results which correspond to those recorded under IFRS regulations in most jurisdictions. The information for 2023 was reported pursuant to local regulations and accordingly is not comparable and is not included in this report. The tax payments effected during the fiscal year 2023 amounted to the sum of EUR 233 million. For further information, refer to the 2023 annual report.

Taxes paid include all payments (or collections) of income tax to the tax authorities during the year, whether payments on account, settlements of prior years, payments in respect of assessments, or mutual agreements.

The Group presents detailed information on tax litigation and open inspections in its Annual Accounts (Note 20.5).

In some countries, legislation requires payments on account to be made on the basis of the profit or loss obtained for the year rather than on the basis of taxable income. These may prove higher than those that would be payable according to the calculation of taxable income. In some jurisdictions, payments on account are calculated based on the previous year's tax figures.

As can be seen in the table, the country with the highest corporate income tax contribution is the country in which the Group makes the highest profits (United States).

The following jurisdictions are likewise notable in this fiscal year due to the difference between reported results and taxes:

- **Spain:** Despite recording losses in the 2024 financial year, the corporate tax payments were due to withholdings and payments made abroad.
- **Germany:** The amounts paid as payments on account made in 2021, a period in which the subgroup recorded negative results, were received in this fiscal year.
- **Italy:** This fiscal year, agreements with the tax authorities for certain pending litigations relating to the years 2007 to 2017 have been met. In addition, the payments on account are determined based on the tax results from the previous year.
- **Argentina:** Payments made during the year mainly correspond to withholdings on invoices made to customers.

In the remaining countries the profit obtained in each jurisdiction is in line with the amount of income tax paid.

Contribution to the community

Acerinox is committed to creating value and helping build a more prosperous and sustainable environment in the local communities and countries where it is present in order to increase its positive social impact. The company's activity represents an opportunity for job creation and local economic development. To this end, it maintains relationships of trust with the communities affected by its activities. It also has a framework for social action to harmonize its activities along five priority lines: socio-economic development, social welfare of people, environmental protection and restoration, commitment to quality education,and inclusive development.

	2024	2023
Investment in social actions	€945,233	€539,763

8.3 Information regarding the European taxonomy

Calculation of financial indicators

Acerinox defined a procedure to facilitate the identification of the financial information to be reported associated with eligible activities and/or aligned with the EU Taxonomy. Specifically, the procedure assists in the reporting of:

- **Quantitative information**: information on (1) revenue, (2) CAPEX and (3) OPEX of sustainable and non-sustainable activities (see table with breakdown of quantitative information).
- **Qualitative information**: qualitative information consists of three blocks. (1) Accounting policies, which include the form and basis on which KPIs were determined, referring to the affected items in the NFIS; (2) compliance assessment, which involves an analysis of how the eligibility of activities has been identified, indicating the nature of the economic activities and explaining the conduct of the assessment of the criteria for eligibility. In addition, an explanation of how any double counting of the three key indicators has been avoided is included; and (3) contextual information, which involves a breakdown of each of the KPIs, identifying the items included in the calculation of each KPI.

The procedure for obtaining quantitative data follows the following sequence:

1. Identification of data to calculate indicators. Firstly, the necessary information is collected from the Group's IT systems. This information is taken from the consolidated data closed in the corresponding year. It is extracted from the information in the consolidation program with the highest level of account detail, considering the consolidated financial statements.
2. Reconciliation with the Annual Accounts at heading level.
3. Selection of the accounts to be included in the calculation of the ratios. The sum of the income and expense accounts is taken from the consolidation application. The amounts relating to investments are taken from the table showing movement in property, plant and equipment in the notes to the annual accounts. For the preparation of the notes to the Group's annual accounts, consolidation packages are received from all companies with the disclosures required by the notes, including movements in property, plant and equipment. All packages are automatically uploaded into the spreadsheets for the notes and reconciled with the account balances.
4. Contribution per company to each of these accounts in order to exclude amounts corresponding to companies whose activities are not aligned. From the consolidation application, the contribution per company to the balances of the accounts selected in the previous section is extracted.
5. Calculation of the ratios.
   i. Revenue: total revenue is the sum of the Group's consolidated revenue, as shown in the consolidated income statement of the Annual Accounts. Revenue mainly reflects the Group's sales of stainless steel and high-performance alloys.

   In order to calculate revenue from eligible activities, the contribution to the consolidated figure by each of the companies in the consolidation perimeter is extracted from the Group's consolidation systems. Revenue from eligible activities is the aggregate sum of the contribution to consolidated revenue of the companies considered eligible, in accordance with the definition provided in the chapter on the European Taxonomy on Sustainable Finance.

   To calculate revenue from aligned activities, the consolidated sales figure corresponding to the products of each factory is extracted from the Group's management systems and reconciled with the consolidated revenue figure. Once reconciled, only the total sales of products manufactured by Acerinox Europa, NAS, and Columbus Stainless would be included as revenue from aligned activities.

ii. CAPEX: the Group's total CAPEX corresponds to its total investments in both tangible and intangible fixed assets (Notes 8 and 9). It is reported in the Group's consolidated financial statements and is disclosed in the investments section of Note 9 of property, plant, and equipment in these Annual Accounts. Furthermore, rights of use have been included as CAPEX (Note 11). The additional CAPEX provided for in the 2025-2030 Decarbonization Plan is not included.

To calculate CAPEX pertaining to eligible activities, the contribution of each of the companies in the consolidation perimeter to the consolidated figure is extracted from the Group's consolidation systems, and the amounts of the investments corresponding to eligible entities are aggregated.

Similarly, to calculate CAPEX pertaining to aligned activities, the contribution of each of the companies in the consolidation perimeter to the consolidated figure is extracted from the Group's consolidation systems, and the amounts of the investments corresponding to aligned entities are aggregated. Only the CAPEX of the Acerinox Europa, NAS, and Columbus Stainless plants would be included as CAPEX of aligned activities.

iii. OPEX: To calculate total OPEX, only the following items are taken into account from the total operating expenses in the Consolidated Annual Accounts: R&D expenses, maintenance, and operating leases. Total OPEX is calculated as the sum of these three expense accounts, which are part of the consolidated Group's accounting plan and are identified in the consolidation program. In the memo note that includes the breakdown of operating expenses (Note 18.3), both the maintenance and lease totals are broken down; these are the two most significant categories, as the R&D expenses recorded as OPEX are relatively insignificant. The additional OPEX provided for in the 2025-2030 Decarbonization Plan is not included.

OPEX pertaining to eligible activities corresponds to the aggregate sum of maintenance expenses, leasing expenses, and R&D expenses at the eligible companies. To calculate this figure, the contribution of each Group company to these three items is extracted from the consolidation systems and only those corresponding to eligible entities are added

Similarly, to calculate the OPEX of aligned activities, the contribution per Group company to these three items is extracted from the consolidation systems, and only those corresponding to the aligned entities are added. Only the OPEX of the Acerinox Europa, NAS, and Columbus Stainless factories would be included as OPEX of aligned activities.

By calculating the ratios based on data obtained from the consolidated financial statements, any possible double counting is avoided, since all intra-group transactions that could have an impact on two companies are eliminated beforehand in the consolidation process.

The variations in the ratios with respect to previous years are a consequence of the volume of activity at the Group's different factories to meet market demand.

Revenue

2024	Year			Substantial contribution criteria						Do no significant harm criteria									
Economic activities (1)	Code (2)	Revenue (3)	Proportion of revenue, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of revenue conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2023 (18)	Facilitating activity category (19)	Transitory activity category (20)
Text		EUR thousands	%	Y;N;N/EL	Y;N;N/EL	S;N;N/EL	Y;N;N/EL	Y;N;N/EL	S;N;N/EL	Y/N	Y/N	S/N	Y/N	Y/N	S/N	Y/N	%	F	t
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	3,811,616	70.4%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	S	Y	Y	Y	70.6%		t
Revenue from environmentally sustainable activities (conforming to the taxonomy) (A.1)		3,811,616	70.4%	70.4%	—%	—%	—%	—%	—%	S	S	Y	S	Y	Y	Y	70.6%		
Of which: facilitating		0	—%	—%	—%	—%	—%	—%	—%	S	S	Y	S	Y	Y	Y	—%	F	
Of which: transitional		3,811,616	70%	70%	—%	—%	—%	—%	—%	S	S	Y	S	Y	Y	Y	71%		t
A.2 Activities eligible under the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	252,541	4.7%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.4%		t
Revenue from taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		252,541	4.7%	4.7%	—%	—%	—%	—%	—%								7.4%		
A. Revenue from taxonomy-eligible activities (A.1+A.2)		4,064,157	75.1%	75.1%	—%	—%	—%	—%	—%								78.0%		
B. NON-ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
Revenue from non-eligible activities under the taxonomy		1,348,971	24.9%																
Total		5,413,128	100%																

	Proportion of revenue/Total revenue	
	Taxonomic alignment by target	Eligible taxonomy by target
Climate change mitigation	70.4%	75.1%
Climate change adaptation	0%	0%
Sustainable use and protection of water and marine resources	0%	0%
Transition to a circular economy	0%	0%
Pollution prevention and control	0%	0%
Protection and restoration of biodiversity and ecosystems	0%	0%

The OPEX of the marketing companies associated with the sale of products from the aligned factories was included in the 2023 OPEX calculation. In 2024, only the OPEX of the aligned factories has been considered.

CAPEX

2024		Year		Substantial contribution criteria						Do no significant harm criteria									
Economic activities (1)	Code (2)	CAPEX (3)	Proportion of CAPEX, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of revenue conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2023 (18)	Facilitating activity category (19)	Transitory activity category (20)
Text		EUR thousands	%	S;N;N/EL	S;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	S/N	Y/N	Y/N	Y/N	%	F	t
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	164,513	76.7%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	S	Y	Y	Y	77%		t
CAPEX of environmentally sustainable activities (conforming to the taxonomy) (A.1)		164,513	76.7%	76.7%	—%	—%	—%	—%	—%	Y	Y	Y	S	Y	Y	Y	77%		
Of which: facilitating		0	—%	—%	—%	—%	—%	—%	—%	Y	Y	Y	S	Y	Y	Y	—%	F	
Of which: transitional		164,513	76.7%	76.7%	—%	—%	—%	—%	—%	Y	Y	Y	S	Y	Y	Y	77%		t
A.2 Activities eligible under the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	7,538	3.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7%		t
CAPEX of taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		7,538	3.5%	3.5%	—%	—%	—%	—%	—%								0.7%		
A.CAPEX of taxonomy-eligible activities (A.1+A.2)		172,051	80.2%	80.2%	—%	—%	—%	—%	—%								77.4%		
B. NON-ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
CAPEX of non-eligible activities according to taxonomy		42,537	19.2%																
Total		214,588	100%																

	Proportion of CAPEX / Total CAPEX	
	Taxonomic alignment by target	Eligible taxonomy by target
Climate change mitigation	76.7%	80.2%
Climate change adaptation	0%	0%
Sustainable use and protection of water and marine resources	0%	0%
Transition to a circular economy	0%	0%
Pollution prevention and control	0%	0%
Protection and restoration of biodiversity and ecosystems	0%	0%

OPEX

2024		Year		Substantial contribution criteria						Do no significant harm criteria									
Economic activities (1)	Code (2)	OPEX (3)	Proportion of OPEX, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of OPEX conforming to taxonomy (A.1) or taxonomy-eligible (A.2), year 2023 (18)	Facilitating activity category (19)	Transitory activity category (20)
Text		EUR thousands	%	S;N;N/EL	S;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	S/N	Y/N	Y/N	Y/N	%	F	t
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	57,236	59.4%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	S	Y	Y	Y	87.3%		t
OPEX of environmentally sustainable activities (conforming to the taxonomy) (A.1)		57,236	59.4%	59.4%	0%	0%	0%	0%	0%	Y	Y	Y	S	Y	Y	Y	87.3%		
Of which: facilitating		0	—%	—%	0%	0%	0%	0%	0%	Y	Y	Y	S	Y	Y	Y	—%	F	
Of which: transitional		57,236	59%	59%	—%	0	0	0	0	Y	Y	Y	S	Y	Y	Y	87%		t
A.2 Activities eligible under the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	6,793	7.1%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.0%		t
OPEX of eligible activities according to the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy) (A.2)		6,793	7.1%	7.1%	—%	—%	—%	—%	—%								10.0%		
A. OPEX of taxonomy-eligible activities (A.1+A.2)		64,029	66.5%	66.5%	—%	—%	—%	—%	—%								97.4%		
B. NON-ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
OPEX of non-eligible activities according to taxonomy (B)		32,256	33.5%																
Total		96,285	100%																

	Proportion of OPEX / Total OPEX	
	Taxonomic alignment by target	Eligible taxonomy by target
Climate change mitigation	59.4%	66.5%
Climate change adaptation	0%	0%
Sustainable use and protection of water and marine resources	0%	0%
Transition to a circular economy	0%	0%
Pollution prevention and control	0%	0%
Protection and restoration of biodiversity and ecosystems	0%	0%

Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle..	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

8.4 Calculation of Greenhouse Gas Inventory

Methodology

The Group calculates its carbon footprint using the corporate standard of the GHG Protocol and the standard for accounting and reporting on the value chain (Scope 3) of the GHG Protocol.

There are two approaches to consolidating GHG emissions: the shareholding approach and control approaches. Under the control approach, you can choose between financial control and operational control. Until 2023, the Company reported its GHG inventory using operational control, covering the emissions from operations it directly controls. This approach included emissions from the 13 factories in the Group's production network.

With the implementation of the CSRD, the GHG inventory must now account for emissions from associated companies, joint ventures, including entities involved in both upstream and downstream phases of the company's value chain, investment entities, and contractual arrangements in joint operations not structured through an entity. This is done based on the extent of the company's operational control over these entities.

The Group's investment entities are not included in the financial statements because they are not considered material. Consequently, they are also excluded from the non-financial statements.

In 2024, the emissions from 13 factories, 20 service centers, 26 warehouses, and 57 sales offices were calculated. However, since the emissions from the service centers, warehouses, and offices account for less than 2.5% of the total and are not material, they were excluded from the 2024 GHG inventory.

The sale of Bahru Stainless in May 2024 affected the Group's carbon footprint. However, it was not significant, given that its emissions in 2023 (378,214 tCO_2eq) accounted for less than 5% (262,245 tCO_2eq). Emissions generated by Bahru Stainless in 2024 were 78,961 tCO_2eq.

Acerinox's GHG emissions inventory includes both direct emissions and major indirect emissions, in line with the established standards. Acerinox considers the gases established in the Kyoto Protocol and in the most recent Assessment Report of the Intergovernmental Panel on Climate Change IPCC, expressed in tCO_2eq:

- Carbon dioxide (CO_2).
- Methane (CH_4).
- Nitrous oxide (N_2O).
- Sulfur hexafluoride (SF_6): used as an insulator in electrical substations, from where it can be emitted in the form of fugitive emissions. No fugitive emissions of SF_6have been reported.
- Hydrofluorocarbon and Perfluorocarbon (HFC and PFC): group of gases containing fluorine, chlorine or bromine, used in refrigeration processes, from where they can be emitted as fugitive emissions.
- Nitrogen trifluoride (NF_3): produced mainly in the manufacture of semiconductors and LCD panels (liquid crystal displays), and certain types of solar panels and chemical lasers. Due to Acerinox's activity, no NF_3emissions have been reported.

The quantification of greenhouse gas emissions is based on calculation methodologies for both direct and indirect emissions. In the case of direct emissions, the equivalent CO_2 emission is calculated for each direct energy emission source. Quantification of these emissions is based on activity data (fuel consumption and carbon source) and emission factors obtained from official sources. In the case of GHG emissions due to refrigerant gas leakage, refrigerant gas recharges and official global warming potentials are taken into account. In the case of fire extinguishers, the corresponding CO_2 emissions associated with their use.

Indirect Scope 2 emissions are quantified using both location-based and market-based methods. Scope 2 location-based emissions are calculated using the national emission factors of the countries where Acerinox's factories are situated. For Scope 2 market-based emissions, the specific emission factor of the electricity supplier is used.

In 2024, Acerinox purchased 962,202 MWh of electricity through instruments like guarantees of origin or renewable energy certificates, resulting in a significant reduction in Scope 2 emissions compared to the total electricity consumption (2,378,412 MWh).

Acerinox did not purchase carbon credits. GHG emission rights acquired through the regulated emissions trading scheme are excluded from the calculation of Scope 1 GHG emissions.

The Group does not produce biogenic emissions, as it does not utilize biofuels or biomass.

Regarding other indirect emissions, emissions were assessed based on the 15 categories specified in the corporate standard for value chain accounting and reporting (Scope 3) of the GHG Protocol.

Calculation criteria

Aggregate greenhouse gas emissions are converted to unit CO_2 equivalent (CO_2eq) based on global warming potential (GWP) with a 100-year time horizon. The 2024 GHG emissions inventory used the Global Warming Potential (GWP-100) of GHGs published in the IPCC Sixth Assessment Report (7.SM.6 Tables of Greenhouse Gas Lifetimes, Radiative Efficiencies and Metrics). The following generic formula is used to determine GHG emissions during the calculation year:

Emissions tCO_2eq = Activity data * Emission factor * Global Warming Potential

Where:

- Activity data: parameter (unit of mass, km, unit of volume, etc.) that quantitatively defines the activity that generates a GHG emission.
- Emission Factor: this coefficient connects GHG activity data to GHG emissions.

To align the units of activity data with those of the available emission factor, conversion factors like density or unit conversion within the same magnitude are sometimes necessary.

The emission factor is influenced by the type and characteristics of the chemical transformation process and the fuel used. There are also sector-specific emission factors, as well as factors for production processes or for emissions based on distance traveled by different types of vehicles.

In every case, emission factors will include the fuel oxidation factor, which accounts for inefficiencies in combustion processes that lead to unburned or partially oxidized carbon content, such as soot or ash.

Raw materials and ferroalloys typically have an oxidation component. Emission factors are usually expressed in metric tons of GHG per unit, with the unit depending on the activity data.

Lastly, each electricity provider has its own grid emission factor for every kWh of electricity sold.

The sources of information of the Emission Factors for the calculation of GHG emissions are:

- Ministry for Ecological Transition and the Demographic Challenge (Spain). Carbon footprint calculator from the Ministry organization. Scope 1-2, of Version 29.
- Spain, GHG Inventories Report 1990-2022 (2024 Edition). Appendix 7. CO_2 emission factors and LCV of fuels.
- Calculator of the Catalan Office for Climate Change. Version 2024.
- Grid Emission Factor (GEF) in Malaysia, Peninsular Region.
- DEFRA: Department for Environment, Food & Rural Affairs. (United Kingdom). Greenhouse gas reporting: conversion factors 2023.
- DEHST (German Emissions Trading Authority). Guideline for the preparation of monitoring plans and mission reports for stationary installations (Leitfaden zur Erstellung von Überwachungsplänen und Emissionsberichten für stationäre Anlagen). 4th trading period (2021-2030) of the European emissions trading scheme. September 2024
- Department of Forestry, Fisheries and the Environment of South Africa. Methodological Guidelines for Quantification of Greenhouse Gas Emissions. August 2022.
- Department of Forestry, Fisheries and the Environment of South Africa. South Africa's 2022 Grid Emission Factors Report. Updated November 1, 2024.
- Commission Implementing Regulation (EU) 2018/2066 of December 19, 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No. 601/2012.
- Ecoinvent database. Version 3.10.
- Life Cycle Assessment: WorldSteel. (International). 2020.
- EPA: United States Environmental Protection Agency. GHG (US). June 2024
- Calculation and emission factors developed by the Intergovernmental Panel on Climate Change (IPCC). 2006 IPCC Guidelines for National Greenhouse Gas Inventories and IPCC Sixth Report.
- Supplier-specific emission factors.

Once the unit calculation of emissions from each source in units of tCO_2eq is available, all emissions in the same category (direct emissions, indirect emissions from energy and other indirect emissions) are added together.

After examining the emission sources, activity data for calculating emissions are gathered following this hierarchy:

- Primary data: whenever possible, use measured data from recognized sources. This information should be supported by documented records, such as invoices, laboratory reports, or purchase orders, to ensure data traceability.
- Secondary data: when primary data is unavailable, consider other internal records that control information from measured data or records stored in databases, spreadsheets, or internal files.
- Estimated data: if neither primary nor secondary data is available, estimate the data using economic criteria, such as turnover, or bibliographic sources.

This is the origin of the data for the different emission categories:

Scope 1 Category:	Source of activity data
1. Direct GHG emissions and removals. The organization measures direct GHG emissions from facilities within its boundaries.	
1.1. Direct emissions from stationary combustion (e.g., heaters, gas turbines).	Primary activity data: invoices for natural gas, diesel, and other fuels.
1.2. Direct emissions from mobile combustion (e.g., vehicles, trucks).	Primary activity data: records of diesel or gasoline consumption for vehicles.
1.3. Direct emissions or removals from industrial processes (e.g., decomposition of carbonates like limestone and dolomite, or transformation of ferrous metals).	Primary activity data: Reports from the material consumption computer system (weighing scales for raw material inputs).
1.4. Direct fugitive emissions from anthropogenic systems (e.g., equipment leaks, agricultural processes, waste decomposition).	Primary activity data: supplier certificates documenting fluorinated gas refills in air conditioning equipment and CO2 refills in fire extinguishers.

Scope 2 Category:	Source of activity data
2. Indirect GHG emissions from imported energy.	
2.1. Indirect emissions from imported electricity.	Primary activity data: electricity bills. Guarantee of origin (GoO) certificate or renewable energy certificates (REC).
2.2. Indirect emissions from imported energy.	Not applicable.

Scope 3 Category:	Source of activity data
3. Other indirect GHG emissions:	
3.1. Purchased goods and services.	Primary activity data: Quantity and origin of raw materials purchased (warehouse entries). The acquisition of some raw materials, like scrap, carries a zero emission factor because the scrap treatment is done internally and is included in Scope 1 and 2 emissions. However, emissions from transporting these raw materials are calculated using a "market for" emission factor. Specifically, scrap (Acerinox Europa, Columbus, NAS, and VDM), black coil (Bahru), and billets (Roldan) use a "market for" emission factor that covers transportation emissions. As a result, these emissions fall under category 3.4: Upstream transportation and distribution.
3.2. Capital assets	Primary activity data: accounts related to capital goods: • Activation of major repairs • Buildings account • Furniture account • Machinery and other installations account • Computer equipment account • Vehicles account • Research and development
3.3. Fuel and energy activities (not included in Scope 1 or Scope 2)	Primary activity data: scope 1 and 2 fuel consumption (WTT) and percentage of electricity losses from national transmission and distribution.
3.4. Upstream transport and distribution	Primary activity data: purchases of raw materials/scrap and origin (warehouse entries). Product quantity by weight Estimated activity data: Annual distance traveled (tkm). Maps or online calculators and/or published port-to-port travel distances. Primary activity data: purchases of raw materials, including emissions covered by the Ecoinvent emission factor. (market for).
3.5. Waste generated in operations	Primary activity data: waste removal delivery note and type of management or recovery. Only management by third parties is included. The calculation includes the main types of waste, representing 97% of the total generated. They are classified as follows: • Slag. • Neutralization sludge. • Smoke dust. • Refractory wastes. • Metal waste or scale.
3.6. Business travel	Primary activity data: trips by train, plane, rental car, and hotel stays. Recorded by the travel agency or internal records. Records of distances and modes of transportation. Maps or online calculators.
3.7. Employee commuting	Primary activity data: number of employees, distance traveled, and mode of transportation used. Mobility survey or internal records. Estimated activity data: distance traveled. Maps or online calculators.
3.8. Upstream leased assets	Non-significant category. Office rental ledger account (62102). The amount in ledger account 62102 for subsidiaries renting offices makes up 0.9% of the total for the Group's account 62102.
3.9. Downstream transport and distribution	Primary activity data: destination data, product weight (tkm), and mode of transport (land, ship, plane, train). Only the one-way distance is considered due to carrier contracts. Estimated activity data: distance traveled. Maps or online calculators and/or published port-to-port travel distances.

Scope 3 Category:	Source of activity data
3. Other indirect GHG emissions:	
3.10. Processing of sold products	Excluded category. Acerinox sells a broad range of products (over 18,000 combinations) for various sectors (transport, industrial equipment and engineering, construction and infrastructure, food industry, household appliances, household goods, energy and environmental technology, aerospace, etc.). In 2024, the company had 13,781 customers. The GHG Technical Guidance for Calculating Scope 3 Emissions notes that emissions from the processing of sold products are sometimes unknown and refers to section 6.4 of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. If this category cannot be calculated, the exclusion must be explained. International standards (such as EDP PCR, Steel SBTi, or Steel Climate Standard) do not include downstream categories in their scope. Due to data dispersion, estimating this category is not possible.
3.11. Use of sold products	Excluded category. Acerinox sells a broad range of products (over 18,000 combinations) for various sectors (transport, industrial equipment and engineering, construction and infrastructure, food industry, household appliances, household goods, energy and environmental technology, aerospace, etc.). In 2024, the company had 13,781 customers. The GHG Technical Guidance for Calculating Scope 3 Emissions notes that emissions from the processing of sold products are sometimes unknown and refers to section 6.4 of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. If this category cannot be calculated, the exclusion must be explained. International standards (such as EDP PCR, Steel SBTi, or Steel Climate Standard) do not include downstream categories in their scope. Due to data dispersion, estimating this category is not possible.
3.12. End of life treatment of sold products	Steel is highly recyclable (approximately 95%) with a long lifespan (20-50 years until disposal). According to the Worldstainless study, The Global Life Cycle of Stainless Steels, about 5% of steel ends up in landfill.
3.13. Downstream leased assets	Not significant. Only two subsidiaries lease an asset to third parties. In one case, the lessee does not pay for energy consumption, so emissions are included in scope 1 and 2. In the second case, account 75200 (Rental Income) and the account for land and buildings have been reviewed. Rental income accounts for 2.23% of the subsidiary's Land and Buildings account and 0.03% of the Group's.
3.14. Franchises	Not significant. The Acerinox Group has no franchises.
3.15. Investments	Not significant. The Group's investment entities are not part of our financial statements because they are not material and therefore are not included in the non-financial statements.

8.5 List of material IROs

Impact materiality

ESRS	Acerinox topic	CSRD topic	CSRD subtopic	CSRD sub-subtopic	Description	Scope	Impact	Time
E1	Energy	Climate change	Energy		High energy consumption in factories due to the company's business model	Own operations	Negative	Current
E1	Energy	Climate change	Energy		Use of efficient equipment and heat recovery in furnaces in factories	Own operations	Positive	Current
E1	Climate change	Climate change	Climate change mitigation		Greenhouse gas emissions due to the company's business model	Own operations	Negative	Current
E1	Climate change	Climate change	Climate change mitigation		Reduction of greenhouse gases due to the implementation of measures to mitigate climate change.	Own operations	Positive	Current
E3	Water managem ent	Water and marine resources	Water	Water consumption	Implementation of systems and measures for the minimization and reuse of water resources in all factories (including sanitation, rainwater, groundwater, seawater, etc.)	Own operations	Positive	Potential
E5	Circular economy	Circular economy	Resource input, including resource use		Implementation of circular economy measures through the reuse of scrap metal	Own operations	Positive	Current
E5	Circular economy	Circular economy	Resource input, including resource use		Use of scarce raw materials (i.e. ferroalloys)	Own operations	Negative	Current
S1	Employee s	Own workforce	Equal treatment and opportunities for all	Employment and inclusion of people with disabilities	Reassignment to an adapted job in case of incapacity or disability	Own operations	Positive	Current
S1	Employee s	Own workforce	Working conditions	Health and safety	High risk of accidents among workers due to the dangerous nature of the work	Own operations	Negative	Current
S2	Supply chain	Workers in the value chain	Working conditions	Health and safety	High risk of accidents among contractors due to the hazardous work performed	Own operations	Negative	Current
S2	Supply chain	Workers in the value chain	Working conditions	All sub-subtopics	Improvement of working conditions for all workers in the upstream value chain of approved suppliers who meet required social criteria for collaboration with Acerinox.	Upstream	Positive	Current

ESRS	Acerinox topic	CSRD topic	CSRD subtopic	CSRD sub-subtopic	Description	Scope	Impact	Time
S2	Supply chain	Workers in the value chain	Equal treatment and opportunities for all Other labor rights	All sub-subtopics All sub-subtopics	Improvement in environmental or human rights conditions due to the approval criteria used by Acerinox, along with evaluation and monitoring of suppliers' periodic performance.	Upstream	Positive	Current
S2	Supply chain	Workers in the value chain	Equal treatment and opportunities for all Other labor rights	All sub-subtopics All sub-subtopics	Training and raising awareness among suppliers on ESG standards compliance by recognized entities, leading to better practices among suppliers	Upstream	Positive	Current
G1	Governance and business ethics	Business conduct	Corporate culture		Promotion of good conduct through the dissemination of the Code of Ethics via internal platforms	Transversal	Positive	Current
G1	Governance and business ethics	Business conduct	Corporate culture		Promotion of corporate tax culture through strict compliance with tax obligations in localities where Acerinox operates	Own operations	Positive	Current

Financial materiality

ESRS	Acerinox topic	CSRD topic	CSRD subtopic	CSRD sub-subtopic	Description	Scope	Risk / opportunity
E1	Energy	Climate change	Energy		Increase in energy costs due to the geopolitical situation	Own operations	Risk
E1	Energy	Climate change	Energy		Increase in energy costs due to Acerinox's high energy consumption attributed to its business model	Own operations	Risk
E1	Energy	Climate change	Energy		Reputational improvement due to the contracting of energy with a guarantee of renewable origin (PPAs and GoOs)	Own operations	Opportunity
E1	Energy	Climate change	Energy		Increase in costs derived from the purchase of electricity due to poor implementation of energy efficiency measures	Own operations	Risk
E1	Energy	Climate change	Energy		Cost reduction due to the implementation of measures such as heat recovery	Own operations	Opportunity
E1	Energy	Climate change	Climate change adaptation		Loss of market share due to non-compliance with CO2 rates	Own operations	Risk
E1	Energy	Climate change	Climate change mitigation		Increase in costs due to non-compliance with CO2 rates	Own operations	Risk
E1	Energy	Climate change	Climate change mitigation		Increase in costs (CAPEX and OPEX) to meet emission reduction targets	Own operations	Risk
E3	Water management	Water and marine resources	Water	Water consumption	Production stoppages have occurred due to water consumption limitations in areas of high water stress, such as Columbus, South Africa, and Algeciras (Spain).	Own operations	Risk
E3	Water management	Water and marine resources	Water	Water consumption	Reputational improvement due to Acerinox's adherence to the UN CEO Water Mandate as a cornerstone for the development of efficiency plans (water consumption and cost) in the management of water resources in our operations	Own operations	Opportunity
E5	Circular economy	Circular economy	Resource outflows related to products and services Waste		Financial penalties resulting from poor waste management	Own operations	Risk
E5	Circular economy	Circular economy	Resource input, including resource use		Increased costs due to price volatility for raw materials and scarce resources (i.e. ferroalloys)	Own operations	Risk
E5	Circular economy	Circular economy	Resource input, including resource use		Cost reductions stemming from the reuse of scrap due to the optimization and increased use of scrap and other recycled materials	Own operations	Opportunity
S1	Employees	Own workforce	Working conditions Other labor rights	All sub-subtopics All sub-subtopics	Improved reputation and increased attractiveness of the company to employees due to better working conditions compared to competitors	Own operations	Opportunity

ESRS	Acerinox topic	CSRD topic	CSRD subtopic	CSRD sub-subtopic	Description	Scope	Risk / opportunity
S1	Employees	Own workforce	Equal treatment and opportunities for all Training and skills development	All sub-subtopics All sub-subtopics	Attraction and retention of employees through the creation of career plans	Own operations	Opportunity
S1	Employees	Own workforce	Working conditions	Health and safety	Low production efficiency due to a high rate of absenteeism in Group companies	Own operations	Risk
S1	Employees	Own workforce	Working conditions	Health and safety	Enhanced reputation due to improved accident rates in operations	Own operations	Opportunity
S2	Supply chain	Workers in the value chain	Working conditions	All sub-subtopics	Reputational loss by having a commercial relationship with suppliers that do not comply with any fundamental human rights as well as environmental and social protection.	Upstream	Risk
S3	Customers and end-users	Affected communities	Economic, social and cultural rights of groups	All sub-subtopics	Loss of customers due to missed delivery dates or compromised product quality	Own operations	Risk

8.6 ESRS table of contents

ESRS2 - IRO 2 Disclosure requirements set forth in the ESRS covered in this report.

Having performed the dual materiality analysis and identified the material sustainability topics, the company presents below the referenced content of the disclosure requirements related to these topics.

Contents

A list of data points included in cross-cutting standards and topic-specific standards derived from other EU legislation is included below:

Disclosure requirement and related data conexo	Reference to the Regulation on benchmark indexes	Reference to European Climate Legislation	Report Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Commission Delegated Regulation (EU) 2020/1816 (5), Annex II*		GOV-1: The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of Board members who are independent paragraph 21 (e)	Delegated Regulation (EU) 2020/1816, Annex II		GOV-1: The role of the administrative, management and supervisory bodies
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Delegated Regulation (EU) 2020/1816, Annex II		SBM-1: Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Delegated Regulation (EU) 2020/1816, Annex II		SBM-1: Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Delegated Regulation (EU) 2020/1818(7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II**		SBM-1: Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		SBM-1: Strategy, business model and value chain
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14		Regulation (EU) 2021/1119, Article 2(1)***	E1-1: Transition plan for climate change mitigation
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		E1-1: Transition plan for climate change mitigation
ESRS E1-4 GHG emission reduction targets paragraph 34	Delegated Regulation (EU) 2020/1818, Article 6		E1-4: Targets related to climate change mitigation and adaptation
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Delegated Regulation (EU) 2020/1818, Article 8(1)		E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-7 GHG removals and carbon credits paragraph 56		Regulation (EU) 2021/1119, Article 2(1)	E1-7: GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		The Company is availing itself of Appendix C: Disclosure and Application Requirements in Topical ESRS that are applicable in conjunction with ESRS 2 General disclosures.
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Delegated Regulation (EU) 2020/1818, Annex II		The Company is availing itself of Appendix C: Disclosure and Application Requirements in Topical ESRS that are applicable in conjunction with ESRS 2 General disclosures.
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Delegated Regulation (EU) 2020/1816, Annex II		S1-1: Policies related to own workforce

ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Delegated Regulation (EU) 2020/1816, Annex II	S1-14: Health and safety metrics
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Delegated Regulation (EU) 2020/1816, Annex II	S1-16: Remuneration metrics (pay gap and total remuneration)
ESRS S1-17: Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	S1-17: Incidents, complaints and severe human rights impacts
ESRS S1-1: Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	S1-1: Policies related to own workforce
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Delegated Regulation (EU) 2020/1816, Annex II	S2-1: Policies related to value chain workers
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Non-material. See: IRO-2: Disclosure Requirements in ESRS covered by the undertaking's sustainability statements
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	S4-1: Consumer and end-user policies
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24(a)	Delegated Regulation (EU) 2020/1816, Annex II	G1-4: Incidents of corruption or bribery

Commission Delegated Regulation (EU) 2020/1816 of July 17, 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).
** Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).
*** Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).
(5) Delegated Regulation (EU) 2020/1816

8.7 NFIS table of contents

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Finance model			
Taxonomy	Regulation (EU) 2020/852	Regulation (EU) 2020/852	73-78, 151-159
Business model			
Brief description of the Group's business model (business environment and organization)	ESRS 2 SBM-1	2-1 Organizational details	59
Geographical presence	ESRS 2 SBM-1	2-2 Entities included in the organization's sustainability reporting	59
Organization's objectives and strategies	ESRS 2 SBM-1	3-3 Management of material topics	59
Key factors and trends that could affect future performance	ESRS 2 SBM-1	3-3 Management of material topics	59
Environmental topics			
General disclosures			
A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	ESRS 2 SBM-3 ESRS E1-2 ESRS E3-1 ESRS E5-1 ESRS S1-1 ESRS S2-1 ESRS S4-1 ESRS G1-1	3-3 Management of material topics	59-64 86 95 101 106-107 118-119 124-125 127-131
The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.	ESRS E1-4 ESRS E3-4 ESRS E5-4 ESRS S1-4 ESRS S2-4 ESRS S4-4	3-3 Management of material topics	88-89 98-99 102-103 110-111 122-123 123
The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	ESRS 2 GOV-5 ESRS 2 IRO-1 ESRS E1 IRO-1 ESRS E3 IRO-1 ESRS E5 IRO-1	201-2 Financial implications and other risks and opportunities due to climate change	66-69 59-64 82-85 95 100-101
Actual and foreseeable effects of the Company's activities on the environment and, as the case may be, health and safety	ESRS E1-4 ESRS E3-4 ESRS E5-4	201-2 Financial implications and other risks and opportunities due to climate change	88-89 98-99 102-103

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Environmental assessment or certification procedures	ESRS E1-1 ESRS E1-2 ESRS E3-2 ESRS E5-2	3-3 Management of material topics	79-82 86 96 101-102
Resources allocated to preventing environmental risks	ESRS GOV-1 ESRS E1-2 ESRS E3-2 ESRS E5-2	3-3 Management of material topics	66-69 86 96-97 101-102
Application of the precautionary principle	ESRS E1-2 ESRS E3-1 ESRS E3-2 ESRS E5-1 ESRS E5-2	3-3 Management of material topics	86 95-96 96-97 101 101-102
Amount of provisions and guarantees for environmental risks	ESRS E1-3 ESRS E3-5 ESRS E5-6	3-3 Management of material topics	86-87 103-104 104-105
Pollution			
Measures to prevent, reduce or remedy emissions seriously affecting the environment, factoring in any specific form of atmospheric pollution of an activity, including noise and light pollution	3-3 Management of material topics. 305-5 Reduction of GHG emissions.	3-3 Management of material topics. 305-5 Reduction of GHG emissions.	133
Circular economy and waste prevention and management			
Measures for the prevention, recycling, reuse and other recovery and disposal of waste. Actions to combat food waste	ESRS E5-2 ESRS E5-5	3-3 Management of material topics 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	101-102 103 Given the nature of the Group's business, food waste is not a material issue.
Sustainable use of resources			
Water consumption and supply in accordance with local limitations	ESRS E3-2, E3-4 303-3 Water withdrawal	303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	96-97 98-100 134
Consumption of raw materials and measures implemented to improve the efficiency of their use	ESRS E5-2, E5-4	301-1 Materials used by weight or volume	101-102 102-103
Direct and indirect energy consumption	ESRS E1-5 3-3 Management of material topics 302-1 Energy consumption within the organization	3-3 Management of material topics 302-1 Energy consumption within the organization	90-91 134
Measures taken to improve energy efficiency	ESRS E1-3	3-3 Management of material topics 302-4 Reduction of energy consumption	86-87
Use of renewable energies	ESRS E1-5	302-1 Energy consumption within the organization	90-91

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Climate change			
The key elements of the greenhouse gas emissions generated as a result of the Company's activities, including the use of the goods and services it produces.	ESRS E1-6	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	91-94
Measures taken to adapt to the consequences of climate change.	ESRS E1-3	3-3 Management of material topics	86-87
Voluntary medium- and long-term greenhouse gas reduction targets and the measures in place to achieve them.	ESRS E1-4	305-5 Reduction of GHG emissions	88-89
Biodiversity protection			
Measures taken to preserve or restore biodiversity.	ESRS 2 IRO-1	3-3 Management of material topics	59-64
Impacts caused by activities or operations in protected areas.	ESRS 2 IRO-1	3-3 Management of material topics	59-64
Social and employee-related topics			
General disclosures			
A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	ESRS S1-1	3-3 Management of material topics	106-107
The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.	ESRS S1-5	3-3 Management of material topics	110
The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	ESRS S1-2, S1-3, S1-4	3-3 Management of material topics	108 108-110 108-110
Employment			
Total number and distribution of employees based on diversity criteria (gender, age, country, etc.)	ESRS S1-6, S1-7 2-7 Employees 405-1 Diversity of governance bodies and employees	2-7 Employees 405-1 Diversity of governance bodies and employees	111 135-144
Total number and distribution of types of employment contract, average annual number of permanent, temporary and part-time contracts by gender, age and professional category	ESRS S1-6, S1-7 2-7 Employees	2-7 Employees	111 135-144
Number of layoffs by gender, age and professional category	3-3 Management of material topics	3-3 Management of material topics	144
Average remuneration and trends therein, broken down by gender, age and professional category or similar	3-3 Management of material topics	3-3 Management of material topics	144-146

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Wage gap, remuneration of like positions or average remuneration in the Company	ESRS S1- 16 2-19 Remuneration policies	2-19 Remuneration policies	115 144-146
Average remuneration of board members and management, including variable remuneration, allowances, indemnities, payments into long-term savings schemes and any other amounts received, disaggregated by gender	2-19 Remuneration policies	2-19 Remuneration policies	144-146
Implementation of policies on disconnecting from work	ESRS S1-1	3-3 Management of material topics	106-107
Employees with disabilities	ESRS S1-12	405-1 Diversity of governance bodies and employees	112-113
Organization of work			
Organization of working time	ESRS S1-1	3-3 Management of material topics	106-107
Absenteeism hours	ESRS S1-14	403-9 Work-related injuries	115-117
Measures aimed at facilitating a work-life balance and encouraging the sharing of responsibilities between both parents	ESRS S1-15	401-3 Parental leave	115

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Health and safety			
Occupational health and safety conditions	ESRS S1-3, S1-4, S1-5, S1-14	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system	108-110 108-110 110 115-117
Occupational accidents, in particular with regard to their frequency and severity, and occupational illnesses, disaggregated by gender.	ESRS S1-14	403-9 Work-related injuries. 403-10 Work-related ill health	115-117
Labor relations			
Organization of social dialogue, including procedures for notifying, consulting and negotiating with staff	ESRS S1-8	3-3 Management of material topics	111-112
Percentage of employees covered by collective bargaining agreements, by country	ESRS S1-8	2-30 Collective bargaining agreements	111-112
Balance of collective bargaining agreements, particularly in the field of occupational health and safety	ESRS S1-8	2-30 Collective bargaining agreements	111-112
Mechanisms and procedures that the company has in place to promote the involvement of workers in its management, in terms of information, consultation and participation	ESRS S1-8	3-3 Management of material topics	111-112
Training			
Training policies in place	ESRS S1-1, S1-13	3-3 Management of material topics. 404-2 Programs for upgrading employee skills and transition assistance programs	106-108 113-115
Total hours of training by employee category	ESRS S1-13	404-1 Average hours of training per year per employee	113-115

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Universal accessibility for people with disabilities			
Universal accessibility for people with disabilities	ESRS S1-12	3-3 Management of material topics	112-113
Equality			
Measures taken to promote equal treatment and opportunities for men and women	ESRS S1-5, S1-9, S1-11, S1-12	3-3 Management of material topics	110-113 116-117
Equality plans (Chapter III of Organic Law 3/2007 of March 22 for effective gender equality), measures taken to promote employment, protocols to combat sexual and gender-based harassment, inclusion and universal accessibility for people with disabilities	ESRS S1-1, S1-5, S1-9, S1-11, S1-12	3-3 Management of material topics	106-108 110-113 116-117
Policy on non-discrimination and, as the case may be, diversity management	ESRS S1-1	3-3 Management of material topics	106-108
Respect for human rights			
General disclosures			
A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	ESRS S2-1	3-3 Management of material topics 408-1 Operations and suppliers at significant risk for incidents of child labor 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	118-119
The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated, and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic	ESRS S2-5	3-3 Management of material topics 408-1 Operations and suppliers at significant risk for incidents of child labor 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	121
The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	SBM-2 SBM-3	3-3 Management of material topics 408-1 Operations and suppliers at significant risk for incidents of child labor 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	117

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Detailed information			
Implementation of due diligence procedures in relation to human rights, prevention of risks of abuse of human rights and, as the case may be, measures to mitigate, manage and redress any potential abuses committed	ESRS 2 GOV-4	2-26 Mechanisms for seeking advice and raising concerns	70
Reported human rights violations	3-3 Management of material topics	3-3 Management of material topics	146
Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization as regards respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; and the effective abolition of child labor	ESRS S1-1 ESRS S2-1, S2-3, S2-4 3-3 Management of material topics. 408-1 Operations and suppliers at significant risk for incidents of child labor. 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	3-3 Management of material topics. 408-1 Operations and suppliers at significant risk for incidents of child labor. 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	106-108 118-121 118-121 118-121 No operations or suppliers have been registered at risk of cases of child labor, nor forced or compulsory labor. All Acerinox Group companies support the eradication of child labor and forced or compulsory labor. Acerinox is a signatory of the United Nations Global Compact.
Action to combat corruption and bribery			
General disclosures			
A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	ESRS G1-1	3-3 Management of material topics 205-2 Communication and training about anti-corruption policies and procedures	125-128
The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.	ESRS G1-4	3-3 Management of material topics 205-2 Communication and training about anti-corruption policies and procedures	130
The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	ESRS G1-3	3-3 Management of material topics	128-130

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Detailed information			
Measures taken to prevent corruption and bribery	ESRS G1-3	3-3 Management of material topics. 205-1 Operations assessed for risks related to corruption. 205-2 Communication and training about anti-corruption policies and procedures	128-130
Anti-money laundering measures	ESRS G1-3	3-3 Management of material topics	128-130
Contributions to foundations and not-for-profit organizations	201-1 Valor económico directo generado y distribuido	201-1 Direct economic value generated and distributed	42, 150
Information about the Company			
General disclosures			
A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	ESRS E1-2 ESRS E3-1 ESRS E5-1 ESRS S1-1 ESRS S2-1 ESRS S4-1 ESRS G1-1	3-3 Management of material topics 2-23 Policies and commitments	86 95-96 101 106-107 118-119 122 125-128
The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.	ESRS E1-5, E1-6 ESRS E3-4 ESRS E5-4, E5-5 ESRS S1-6, S1-7, S1-8, S1-9, S1-10, S1-12, S1-13, S1-14, S1-15, S1-16	3-3 Management of material topics 2-23 Policies and commitments	90-94 134 98-100 111-117
The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	SBM-3	2-3 Risk management 3-3 Management of material topics	62-64 80-81 106 117-118, 122
Company commitments to sustainable development			
Impact of the Company's activity on local employment and development	ESRS S2-5	3-3 Management of material topics. 204-1 Proportion of spending on local suppliers	121
Impact of the Company's activity on the local populations and area	ESRS S2-5	204-1 Proportion of spending on local suppliers 413-1 Operations with local community engagement, impact assessments, and development programs	121

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Relations with local community stakeholders and the nature of engagement therewith.	ESRS 2 SBM-2	2-29 Approach to stakeholder engagement. 413-1 Operations with local community engagement, impact assessments, and development programs	64-66
Association and sponsorship actions	2-28 Afiliación a asociaciones. 3-3 Gestión de los asuntos materiales	2-28 Membership associations. 3-3 Management of material topics	148
Subcontractors and suppliers			
Inclusion in the procurement policy of social, gender-equality and environmental issues	ESRS S2-1	414-1 New suppliers that were screened using social criteria. 3-3 Management of material topics	118-119
Attention given to social and environmental responsibility in relations with suppliers and subcontractors	ESRS S2-3, S2-4	2-6 Activities, value chain and other business relationships 308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	120-121
Oversight and audit systems and results thereof	ESRS S2-3, S2-4	2-6 Activities, value chain and other business relationships. 308-2 Negative environmental impacts in the supply chain and actions taken. 414-2 Negative social impacts in the supply chain and actions taken	120-121
Consumers			
Consumer health and safety measures	ESRS S4-4	3-3 Management of material topics. 416-1 Assessment of the health and safety impacts of product and service categories	123
Grievance mechanisms, complaints received and resolution thereof	418-1 Reclamaciones fundamentadas relativas a violaciones de la privacidad del cliente y pérdida de datos del cliente	3-3 Management of material topics 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2024, 9,950 claims have been received, of which 9,273 have been resolved and 677 were in the process of being finalized at the end of the year (11,206 received, 10,322 resolved and 884 pending in 2023). No complaints have been received regarding violations of customer privacy and loss of data.
Tax-related information			
Profits obtained by country	207-4 Country-by-country reporting	207-4 Country-by-country reporting	149 EUR 355.345 million in 2023

Information required by the Non-financial Information Law	Associated reporting criteria 2024 (ESRS / GRI Standard)	Associated reporting criteria 2023 (GRI Standard)	Page / Reference
Corporate income tax paid	207-4 Country-by-country reporting	207-4 Country-by-country reporting	147-149
Government subsidies received	207-4 Country-by-country reporting	201-4 Financial assistance received from government	EUR 29.963 million in 2024 EUR 45.979 million in 2023

8.8 External assurance report

ACERINOX

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Acerinox, S.A. and its subsidiaries

Limited assurance report issued by a practitioner on the Consolidated Statement of Non-Financial Information and Sustainability Information for the year ended 31 December 2024

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Limited assurance report issued by a practitioner on the Consolidated Statement of Non-Financial Information and Sustainability Information

To the shareholders of Acerinox, S.A. on behalf of the management:

Limited assurance conclusion

Pursuant to article 49 of the Code of Commerce, we have conducted a limited assurance engagement on the accompanying Consolidated Statement of Non-Financial Information (hereinafter "SNFI") for the year ended 31 December 2024 of Acerinox, S.A. (hereinafter the Parent company) and its subsidiaries (hereinafter the Group), which forms part of the Group's consolidated management report.

The SNFI includes information in addition to that required by current commercial regulations on non-financial information, specifically, it includes the Sustainability Information prepared by the Group for the year ended 31 December 2024 (hereinafter, the sustainability information) in accordance with the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, as regards corporate sustainability reporting (CSRD). This sustainability information has also been subject to limited assurance procedures.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

a) the Group's Statement of Non-Financial Information for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with current commercial regulations and in accordance with the selected criteria of the European Sustainability Reporting Standards (ESRS), as well as with those other criteria described as mentioned for each topic in the table of the annex 8.7 of the aforementioned Statement;

b) the sustainability information as a whole is not prepared, in all material respects, in accordance with the sustainability reporting framework applied by the Group and which is identified in the accompanying note 7.1, including:

- That the description provided of the process for identifying the sustainability information included in note 7.1 is consistent with the process in place and enables the identification of the material information to be disclosed in accordance with the requirements of ESRS.

- Compliance with ESRS.

R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

- Compliance with the disclosure requirements, included in subsection [indicate the subsection] of the environment section of the sustainability information with the provisions of article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments.

Basis for conclusion

We conducted our limited assurance engagement in accordance with generally accepted professional standards applicable in Spain and specifically in accordance with the guidelines contained in Guides 47 Revised and 56 issued by the *Instituto de Censores Jurados de Cuentas de España* on assurance engagements regarding non-financial information and considering the contents of the note published by the *Instituto de Contabilidad y Auditoría* (ICAC) dated 18 December 2024 (hereinafter, generally accepted professional standards).

In a limited assurance engagement, the procedures applied are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under these standards are further described in the *Practitioner's responsibilities* section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Responsibilities of the Parent company’s directors

The preparation of the SNFI included in the Group's consolidated management report, as well as its content, is the responsibility of the directors of Acerinox, S.A. The SNFI has been prepared in accordance with prevailing commercial regulations and in accordance with the ESRS criteria selected, as well as those other criteria described in accordance with the aforementioned for each topic in the annex 8.7 in the aforementioned Statement.

This responsibility also encompasses designing, implementing and maintaining such internal control as is determined to be necessary to enable the preparation of the SNFI that is free from material misstatement, whether due to fraud or error.

The directors of Acerinox, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the SNFI is obtained.

With regard to the sustainability information, the Parent company's directors are responsible for developing and implementing a process to identify the information that should be included in the sustainability information in accordance with the CSRD, ESRS and as set out in article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, and for disclosing information about this process in the sustainability information itself in note 7.1. This responsibility includes:

- understanding the context in which the Group's business activities and relationships are conducted, as well as its stakeholders, with regard to the Group's impacts on people and the environment;
- identifying the actual and potential impacts (both negative and positive), as well as the risks and opportunities that could affect, or could reasonably be expected to affect, the Group's financial position, financial results, cash flows, access to finance or cost of capital over the short, medium or long term;
- assessing the materiality of the impacts, risks and opportunities identified; and
- making assumptions and estimates that are reasonable under the circumstances.

The Parent company's directors are also responsible for the preparation of the sustainability information, which includes the information identified by the process, in accordance with the sustainability reporting framework applied, including compliance with the CSRD, compliance with ESRS and compliance with the disclosure requirements included in subsection“Taxonomía europea de finanzas sostenibles” from the section on the environment and Annex 8.3 of the environment section of the sustainability information in accordance with the provisions of article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This responsibility includes:

- Designing, implementing and maintaining such internal control as the Parent company's directors consider to be relevant to enable the preparation of sustainability information that is free from material misstatement, whether due to fraud or error.
- Selecting and applying appropriate methods for the presentation of sustainability information and making assumptions and estimates that are reasonable in the circumstances about specific disclosures.

Inherent limitations in preparing the information

In accordance with ESRS, the Parent company's directors are required to prepare prospective information based on assumptions and hypotheses, which should be included in the sustainability information, regarding events that could occur in the future, as well as possible future actions, where appropriate, that the Group could take. Actual results may differ significantly from estimated results since they refer to the future and future events often do not occur as expected.

In determining disclosures relating to sustainability information, the Parent company's directors interpret legal and other terms that are not clearly defined and could be interpreted differently by others, including the legality of such interpretations and, consequently, they are subject to uncertainty.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the SNFI and sustainability information are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of this information.

As part of a limited assurance engagement, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Design and perform procedures to assess whether the process for identifying the information included in both the SNFI and the sustainability information is consistent with the description of the process followed by the Group and enables, where appropriate, the identification of the material information to be disclosed in accordance with ESRS requirements.

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify the disclosures in respect of which material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.

- Design and perform procedures responsive to where material misstatements are likely to arise in the disclosures included in the SNFI and sustainability information. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence to support our conclusions. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of the disclosures where material misstatements are likely to arise, whether due to fraud or error, in the SNFI and in the sustainability information.

Our work consisted of enquiries of management as well as of various units and components of the Group that were involved in the preparation of the SNFI and sustainability information, of the review of the processes for compiling and validating the information presented in the SNFI and sustainability information and of the application of certain analytical procedures and review procedures on a sample basis, as described below:

In relation to the process of verifying the SNFI:

- Meetings with Group personnel to understand the business model, policies and management approaches applied and the main risks related thereto, and obtaining the information required for the external review.

- Analysis of the scope, relevance and completeness of the content of the SNFI for the 2024 year based on the materiality analysis performed by the Group and described in section 7.1, taking into account the content required under prevailing commercial legislation.

- Analysis of the processes to compile and validate the information presented in the SNFI for the 2024 year.

- Review of information concerning risks, policies and management approaches applied in relation to material matters presented in the SNFI for the 2024 year.

- Verification, by means of sample testing, of the information relating to the content of the SNFI for the 2024 year and its adequate compilation using data obtained from the information sources.

In relation to the process of verifying the sustainability information:

- Making enquiries of the Group's personnel:
  - in order to understand the business model, policies and management approaches applied and the main risks related thereto, and obtaining the information required for the external review.
  - in order to understand the source of the information used by management (for example, engagement with stakeholders, business plans and strategy documents); and the review of the Group's internal documentation on its process;
- Obtaining, through enquiries of Group personnel, an understanding of the entity's relevant processes for collecting, validating and presenting information for the preparation of its sustainability information.
- Evaluating the consistency of the evidence obtained from our procedures on the process implemented by the Group for determining the information that should be included in the sustainability information with the description of the process included in such information, as well as the evaluation of whether the aforementioned process implemented by the Group enables the identification of material information to be disclosed according to ESRS requirements.
- Evaluating whether all the information identified in the process implemented by the Group for determining the information that should be included in the sustainability information is in fact included.
- Evaluating the consistency of the structure and presentation of the sustainability information with the requirements of ESRS and the rest of the regulatory framework on sustainability information applied by the Group.
- Making enquiries of relevant personnel and performing analytical procedures on the information disclosed in the sustainability information, considering such information in respect of which material misstatements are likely to arise, whether due to fraud or error.
- Performing, where appropriate, substantive procedures on a sample basis on the information disclosed in the selected sustainability information, considering such information in respect of which material misstatements are likely to arise, whether due to fraud or error.
- Obtaining, where applicable, the reports issued by accredited independent third parties appended to the consolidated management report in response to the requirements of European regulations and, in relation to the information to which they refer and in accordance with generally accepted professional standards, verifying only the practitioner's accreditation and that the scope of the report issued is aligned with the requirements of European regulations.
- Obtaining, where appropriate, the documents that contain the information incorporated by reference, the reports issued by auditors or practitioners on such documents and, in accordance with generally accepted professional standards, verifying only that the document to which the information incorporated by reference refers meets the conditions described in ESRS for the incorporation of information by reference in the sustainability information.

- Obtaining a representation letter from the Parent company's directors and management in relation to the SNFI and sustainability information.

Other information

The Parent company's directors are responsible for the other information. The other information comprises the consolidated annual accounts and the rest of the information included in the consolidated management report, but does not include either the auditors' report on the consolidated annual accounts or the assurance reports issued by accredited independent third parties as required by European Union law on specific disclosures contained in the sustainability information and appended to the consolidated management report.

Our assurance report does not cover the other information, and we do not express any form of assurance conclusion thereon.

With regard to our assurance engagement regarding the sustainability information, our responsibility consists of reading the other information identified above and, in doing so, considering whether the other information is materially inconsistent with the sustainability information or the knowledge we have obtained during the assurance engagement, which may be indicative of the existence of material misstatements in the sustainability information.

PricewaterhouseCoopers Auditores S.L.

Original in Spanish signed by
Ignacio Rodríguez-Guanter Asporosa

27 February 2025