# 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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# CONSOLIDATED ANNUAL ACCOUNTS

## CONSOLIDATED FINANCIAL STATEMENTS

### 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 $CO_2$ 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 | | | |
|---|---|---|---|---|
| | COUNTR Y | 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)

| Nature and purpose | 2024 | | 2023 | |
|---|---|---|---|---|
| | 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.