Acerinox, S.A. and subsidiaries

Report on limited review
Interim condensed consolidated financial statements for the six-month period ending on 30 June 2022
Interim consolidated management report

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

Report on limited review of interim condensed consolidated financial statements

To the shareholders of Acerinox, S.A.

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (hereinafter, the interim financial statements) of Acerinox, S.A. (hereinafter, the Parent company) and its subsidiaries (hereinafter, the Group), which comprise the balance sheet as at 30 June 2022, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity, statement of cash flow and related notes, all condensed and consolidated, for the six-month period then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the Audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2022 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Emphasis of matter

We draw attention to note 2, in which it is mentioned that these interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying interim condensed consolidated financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

Other matters

Interim consolidated management report

The accompanying interim consolidated management report for the six-month period ended 30 June 2022 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2022. Our work as auditors is limited to checking the interim consolidated management report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Acerinox, S.A. and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Originally in Spanish signed by
Jon Toledano Irigoyen

28 July 2022

ACERINOX, S.A. AND SUBSIDIARIES

Interim condensed consolidated financial statements for the six-month period ending on 30 June 2022

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Figures in thousands of euros at 30 June 2022 and 31 December 2021)

	Note	30-Jun-22	31-Dec-21
ASSETS			
Non-current assets			
Goodwill	9	51,064	51,064
Other intangible assets	9	44,782	46,578
Property, plant and equipment	10	1,873,085	1,820,308
Investment property	10	12,862	13,215
Right-of-use assets	11	15,038	14,400
Investments accounted for using the equity method		390	390
Financial assets at fair value through other comprehensive income	13	10,409	11,125
Deferred tax assets		86,586	105,848
Other non-current financial assets	13,15	17,528	4,499
TOTAL NON-CURRENT ASSETS		**2,111,744**	**2,067,427**
Current assets			
Inventories	12	2,652,186	1,776,610
Trade and other receivables	13,15	1,156,796	839,607
Other current financial assets	13,15	44,527	15,352
Current tax assets		11,495	10,297
Cash and cash equivalents		1,517,464	1,274,929
TOTAL CURRENT ASSETS		**5,382,468**	**3,916,795**
TOTAL ASSETS		**7,494,212**	**5,984,222**

The condensed notes 1 to 24 are an integral part of these interim condensed consolidated financial statements.

(Figures in thousands of euros at 30 June 2022 and 31 December 2021)

	Note	30-Jun-22	31-Dec-21
LIABILITIES			
Equity			
Share capital	17	67,637	67,637
Share premium		268	268
Reserves		2,010,084	1,532,610
Profit for the period		608,879	571,882
Translation differences		190,158	-10,154
Other equity instruments	23	3,073	3,048
Shares of the Parent	17	-124,550	-10,251
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		**2,755,549**	**2,155,040**
Non-controlling interests		81,900	59,822
TOTAL EQUITY		**2,837,449**	**2,214,862**
Non-current liabilities			
Deferred income		30,709	18,684
Issue of bonds and other marketable securities	13,15	74,800	74,750
Bank borrowings	13,15	1,254,504	1,293,494
Non-current provisions		155,832	196,540
Deferred tax liabilities		217,477	200,051
Other non-current financial liabilities	13,15	15,175	18,275
TOTAL NON-CURRENT LIABILITIES		**1,748,497**	**1,801,794**
Current liabilities			
Issue of bonds and other marketable securities	13,14	3,493	1,634
Bank borrowings	13,14	758,257	483,271
Trade and other payables	13	1,995,060	1,446,680
Current tax liabilities		115,307	23,467
Other current financial liabilities	13,15	36,149	12,514
TOTAL CURRENT LIABILITIES		**2,908,266**	**1,967,566**
TOTAL LIABILITIES		**7,494,212**	**5,984,222**

The condensed notes 1 to 24 are an integral part of these interim condensed consolidated financial statements.

2. INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Figures in thousands of euros at 30 June 2022 and 2021)

	Note	30-Jun-22	30-Jun-21
Revenue	**21**	**4,821,477**	**3,065,804**
Other operating income	21	16,618	14,117
In-house work on non-current assets	21	1,235	871
Changes in inventories of finished goods and work in progress		551,964	175,591
Procurements		-3,501,498	-2,199,494
Staff costs		-320,248	-288,260
Depreciation and amortisation charge	9,10,11	-93,986	-88,010
Other operating expenses		-628,265	-390,587
PROFIT FROM OPERATIONS		**847,297**	**290,032**
Finance income		4,464	1,693
Finance costs		-24,123	-22,171
Exchange differences		-15,478	-2,396
Remeasurement of financial instruments at fair value		11,088	1,406
PROFIT FROM ORDINARY ACTIVITIES		**823,248**	**268,564**
Income tax	18	-195,887	-64,328
Other taxes		-179	-268
PROFIT FOR THE PERIOD		**627,182**	**203,968**
Attributable to:			
NON-CONTROLLING INTERESTS		**18,303**	**1,347**
NET PROFIT ATTRIBUTABLE TO THE GROUP		**608,879**	**202,621**
Basic and diluted earnings per share (in euros)		2.32	0.75

The condensed notes 1 to 24 are an integral part of these interim condensed consolidated financial statements.

3. INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Figures in thousands of euros at 30 June 2022 and 2021)

	30-Jun-22	30-Jun-21
A) PROFIT PER INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**627,182**	**203,968**
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS	**26,753**	**11,177**
1. Arising from measurement of equity instruments at fair value through other comprehensive income	-720	2,833
2. Arising from actuarial gains and losses and other adjustments	40,561	13,452
3. Tax effect	-13,088	-5,108
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	**214,171**	**60,485**
1. Arising from cash flow hedges		
- Revaluation gains (losses)	15,134	5,412
- Amounts transferred to profit or loss	-2,301	1,766
2. Translation differences		
- Revaluation gains (losses)	204,072	55,396
- Amounts transferred to profit or loss		
3. Tax effect	-2,734	-2,089
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**868,106**	**275,630**
a) Attributable to the Parent	846,043	271,687
b) Attributable to non-controlling interests	22,063	3,943

The condensed notes 1 to 24 are an integral part of these interim condensed consolidated financial statements.

4. INTERIM CONDENSED CONSOLDATED STATEMENTS OF CHANGES IN EQUITY

The changes in the reported period were as follows:

(Figures in thousands of euros at 30 June 2022 and 2021)

	Equity attributable to shareholders of the Parent									
	Share capital	Share premium	Reserves (including profit or loss for the period)	Other equity instruments	Translation differences	Valuation adjustments	Treasury shares	TOTAL	Non-controlling interests	TOTAL EQUITY
Total equity at 31/12/21	**67,637**	**268**	**2,099,314**	**3,048**	**-10,154**	**5,178**	**-10,251**	**2,155,040**	**59,822**	**2,214,862**
Year-to-date profit (loss) at June 2022	0	0	**608,879**	0	0	0	0	**608,879**	**18,303**	**627,182**
Cash flow hedges (net of tax)						10,099		**10,099**		**10,099**
Measurement of equity instruments (net of tax)						-541		**-541**		**-541**
Actuarial adjustments to employee benefit obligations (net of tax)						27,294		**27,294**		**27,294**
Translation differences					200,312			**200,312**	3,760	**204,072**
Net profit (loss) recognised directly in equity	**0**	**0**	**0**	**0**	**200,312**	**36,852**	**0**	**237,164**	**3,760**	**240,924**
Total comprehensive income	**0**	**0**	**608,879**	**0**	**200,312**	**36,852**	**0**	**846,043**	**22,063**	**868,106**
Dividends paid	0	0	-129,873	0	0	0	0	**-129,873**	0	**-129,873**
Transactions with shareholders	**0**	**0**	**-129,873**	**0**	**0**	**0**	**0**	**-129,873**	**0**	**-129,873**
Acquisition of treasury shares							-115,294	**-115,294**		**-115,294**
Directors long-term incentive plan			-675	25			995	**345**	15	**360**
Other changes			-712					**-712**		**-712**
Total equity at 30/06/22	**67,637**	**268**	**2,576,933**	**3,073**	**190,158**	**42,030**	**-124,550**	**2,755,549**	**81,900**	**2,837,449**

The condensed notes 1 to 24 are an integral part of these interim condensed consolidated financial statements.

The changes in the same interim period of the previous year were as follows:

(Figures in thousands of euros)

	Equity attributable to shareholders of the Parent									
	Share capital	Share premium	Reserves (including profit or loss for the period)	Other equity instruments	Translation differences	Valuation adjustments	Treasury shares	TOTAL	Non-controlling interests	TOTAL EQUITY
Total equity at 31/12/20	**67,637**	**258**	**1,648,480**	**2,170**	**-131,919**	**-13,550**	**-1,062**	**1,572,014**	**42,966**	**1,614,980**
Year-to-date profit (loss) at June 2021	0	0	**202,621**	0	0	0	0	**202,621**	**1,347**	**203,968**
Cash flow hedges (net of tax)						5,089		**5,089**		**5,089**
Measurement of equity instruments (net of tax)						2,125		**2,125**		**2,125**
Actuarial adjustments to employee benefit obligations (net of tax)						9,052		**9,052**		**9,052**
Translation differences					52,800			**52,800**	2,596	**55,396**
Net profit (loss) recognised directly in equity	**0**	**0**	**0**	**0**	**52,800**	**16,266**	**0**	**69,066**	**2,596**	**71,662**
Total comprehensive income	**0**	**0**	**202,621**	**0**	**52,800**	**16,266**	**0**	**271,687**	**3,943**	**275,630**
Dividends paid	0	0	-135,226	0	0	0	0	**-135,226**	0	**-135,226**
Transactions with shareholders	**0**	**0**	**-135,226**	**0**	**0**	**0**	**0**	**-135,226**	**0**	**-135,226**
Purchase of non-controlling interests			-3,911		386			**-3,525**	3,525	**0**
Directors long-term incentive plan				939				**939**	17	**956**
Other changes		10	36					**46**		**46**
Total equity at 30/06/21	**67,637**	**268**	**1,712,000**	**3,109**	**-78,733**	**2,716**	**-1,062**	**1,705,935**	**50,451**	**1,756,386**

The condensed notes 1 to 24 are an integral part of these interim condensed consolidated financial statements.

5. INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures in thousands of euros at 30 June 2022 and 2021)

	30-Jun-22	30-Jun-21
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	823,248	268,564
Adjustments for:		
Depreciation and amortisation charge	93,986	88,010
Impairment losses	18,801	-3,037
Net changes in provisions and allowances	11,079	7,153
Recognition of grants in profit or loss	-4,284	-1,909
Gains or losses on disposals of non-current assets	-739	-681
Gains or losses on disposals of financial instruments	3	
Changes in fair value of financial instruments	-1,044	8,585
Finance income	-4,464	-1,693
Finance costs	24,121	22,171
Other income and expenses	37,541	-6,441
Changes in working capital:		
(Increase) / decrease in trade and other receivables	-316,205	-241,351
(Increase) / decrease in inventories	-833,561	-301,740
(Increase) / decrease in trade and other payables	342,526	290,329
Other cash flows from operating activities		
Interest paid	-17,805	-19,192
Interest received	4,067	1,554
Income tax paid	-100,636	-2,587
NET CASH FLOWS FROM OPERATING ACTIVITIES	**76,634**	**107,735**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-46,890	-51,803
Acquisition of intangible assets	-1,031	-1,132
Acquisition of other financial assets	-293	-867
Proceeds from disposal of property, plant and equipment	2,026	4,644
Proceeds from disposal of other financial assets	164	90
Dividends received	388	8
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-45,636**	**-49,060**
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of treasury shares	-115,294	
Income from borrowings	656,067	284,451
Repayment of interest-bearing liabilities	-432,905	-154,365
Dividends paid		-135,226
NET CASH FLOWS FROM FINANCING ACTIVITIES	**107,868**	**-5,140**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**138,866**	**53,535**
Cash and cash equivalents at beginning of period	1,274,929	917,118
Effect of foreign exchange rate changes	103,669	20,358
CASH AND CASH EQUIVALENTS AT PERIOD-END	**1,517,464**	**991,011**

The condensed notes 1 to 24 are an integral part of these interim condensed consolidated financial statements.

CONTENTS: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Acerinox, S.A. ("the Company") was incorporated as a public limited liability company for an indefinite period of time on 30 September 1970. Its registered office is located at Calle Santiago de Compostela, 100, Madrid, Spain.

The accompanying interim condensed consolidated financial statements include the Company and all its subsidiaries.

The latest approved financial statements, which correspond to 2021, are publicly available upon request at the Company's head office, on the Group's website www.acerinox.es and on the website of the Spanish National Securities Market Commission (CNMV).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 27 July 2022.

NOTE 2 – STATEMENT OF COMPLIANCE

The interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard IAS 34 — Interim Financial Reporting. These financial statements do not include all the information required for complete financial statements and should be read and interpreted in conjunction with the Group's published annual financial statements for the year ended 31 December 2021.

NOTE 3 – ACCOUNTING PRINCIPLES

These interim condensed consolidated financial statements of the Acerinox Group were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations (IFRICs) adopted by the European Union ("EU-IFRSs") and with the other provisions of the applicable regulatory financial reporting framework. The 2021 annual consolidated financial statements detail all the accounting standards applied by the Group.

The interim condensed consolidated financial statements for the first six months of 2022 were prepared using the same accounting principles (EU-IFRSs) as were used for 2021, except for the standards and amendments adopted by the European Union and mandatorily applicable from 1 January 2022 onwards, which were the following:

- Property, plant and equipment – Proceeds before intended use (Amendments to IAS 16): This standard prohibits the deduction from the cost of property, plant and equipment of any proceeds from the sale of items produced while an entity is preparing the asset for its intended use. The proceeds from the sale of any such samples, together with the related production costs, must be recognised in profit or loss. The amendments also clarify that an entity is considered to be testing whether an asset functions correctly when it assesses the asset's physical and technical performance. That is to say, the asset's financial performance is not relevant to this assessment. Therefore, an asset could be ready to operate in the manner intended by management and be subject to depreciation before the level of operation expected by management is achieved. Until the reporting date, the Group had always recognised in profit or loss the proceeds from the sale of items produced while the assets were being readied for their intended use; accordingly, the application of these amendments does not have any impact on the Group. With regard to the date on which the items are ready for their intended use, as established in the Group's policies, an asset is considered to be ready for its intended use, and can therefore begin to be depreciated, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37): These amendments explain that the direct cost of fulfilling a contract includes the incremental costs arising and an allocation of other costs that relate directly to fulfilling the contract. They also clarify that before recognising a separate provision for an onerous contract, the entity shall recognise any impairment losses on the assets used to fulfil the contract. Application of this standard has not had any impact.

- Reference to the Conceptual Framework (Amendments to IFRS 3): IFRS 3 has been updated to refer to the 2018 Conceptual Framework in order to determine what constitutes an asset or a liability in a business combination. Also, a new exception was added in IFRS 3 for liabilities and contingent liabilities. The Group will take the amendments into consideration in future business combinations. No new business combination took place during this period.

- Annual Improvements to IFRSs. 2018-2020 cycle: These amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply to annual reporting periods beginning on or after 1 January 2022. The Group was not affected.
    - IFRS 1 "First-time Adoption of IFRSs": IFRS 1 allows an exemption for a subsidiary that adopts IFRSs after its parent. These amendments allow entities that have taken this exemption to also measure cumulative translation differences using the parent's carrying amounts based on the parent's date of transition to IFRS. The Group was not affected, as there are no entities that have adopted the IFRSs after the Parent.
    - IFRS 9 "Financial instruments" These amendments clarify that the costs or fees paid to third parties cannot be included in the 10% test for the derecognition of financial liabilities. The Group was not affected, as these types of expenses have never been recognised.

The standards, interpretations and amendments not yet approved by the European Union, and are therefore not mandatorily applicable in the current year, and thus have not been adopted early by the Group but could have an impact, are the following:

- IFRS 10 (Amendment) and IAS 28 (Amendment) - These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures. The amendments shall 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 ownership interests in associates are not material and no such contributions have been made to date.

- Classification of liabilities as current or non-current (Amendments to IAS 1): These amendments clarify that the classification of liabilities as either current or non-current depend on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The effective date of application of these amendments is 1 January 2023. The Group does not expect the application of these amendments to have any impact on its financial statements.

- Disclosure of accounting policies (Amendments to IAS 1): IAS 1 has been amended to improve the disclosures of accounting policies to provide more useful information to investors and other primary users of the financial statements. The effective date of application of these amendments is 1 January 2023. The Group will apply the standard once it becomes mandatory.

- Definition of accounting estimates (Amendments to IAS 8): IAS 8 has been amended to help distinguish between changes in accounting estimates and changes in accounting policies. The effective date of application of these amendments is 1 January 2023. The Group will apply the standard once it becomes mandatory.

- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12): Under IAS 12, in certain circumstances companies are exempt from recognising deferred taxes when they first recognise assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised upon initial recognition. The amendments clarify that the exemption does not apply and, therefore, there is an obligation to recognise deferred taxes on these transactions. The amendments are effective for reporting periods beginning on or after 1 January 2023, although earlier application is permitted. These amendments do not significantly affect the Group.

NOTE 4 – ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting estimates and judgements used by the Group during this interim period were applied consistently with those used for the latest approved annual financial statements, which correspond to 2021.

NOTA 5 - FINANCIAL RISK MANAGEMENT

Note 4 to the Group's published financial statements for the year ended 31 December 2021 includes a detailed description of the risks to which the Group's activities are exposed, and the management carried out to minimise the impact thereof.

Note 8 explains the consequences for the Group of the current geopolitical situation caused by the Russian invasion in Ukraine, which has not had a significant direct impact during the first six months of 2021.

NOTE 6 - SEASONAL OR CYCLICAL NATURE OF TRANSACTIONS

The activities carried on by the Acerinox Group are not seasonal in nature.

NOTE 7 - CHANGES IN THE SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation in the period.

Changes in the scope of consolidation in 2021 are explained in the Group's 2021 consolidated financial statements.

NOTE 8 – SIGNIFICANT EVENTS TAKING PLACE IN THE FIRST SIX MONTHS OF 2022

Market environment

The Group obtained the best six-month period results in its history. Despite the effects of the invasion in Ukraine and the disruptions experienced in this period, strong demand and excellent management of the Company enabled record profits to be recognised.

The recovery in demand experienced in 2021 continued during the first six months of 2022 This period was characterised mainly by a recovery in prices in all markets. Covid, problems in the supply chain, transportation costs and trade defence measures, among other reasons, are favouring the regionalisation of markets.

According to the latest data available, apparent consumption in the US increased by 14%. The majority of the economy's sectors that consume stainless steel maintained strong demand during the first six months of 2022 and continued the strong tendency established during the fourth quarter of 2021. Imports of cold rolled flat products increased during the first six months of 2022, although they did not alter the dynamics of the American market, despite being at historically high levels (27%). North American Stainless (NAS) operated at full capacity during the first six months of 2022.

According to the latest data available, apparent consumption of flat products in Europe increased by approximately 13%, and the recovery, which commenced in 2021, continued. The system of base prices and alloy surcharges was re-established in our backlog. Imports of cold rolled flat products increased, due to material from China and the high price differential between Europe and Asia, despite the existing trade defence measures, giving rise to a market penetration of almost 32%. On 16 March, the European Union approved anti-subsidy measures against India and Indonesia. Also worthy of note is the approval in June of the review of the safeguarding measures for the July 2022 - June 2023 period, with the exclusion of Malaysia and the inclusion of South Africa. Acerinox Europa suffered from the impact of the transport strike in Spain and the three-day stoppage of the melting shop due to the impact of the high energy prices in the first quarter of 2022. Despite the aforementioned, the factory's production levels were satisfactory.

Columbus continued to develop and market, with long-term contracts, a range of carbon steel products for the local South African market, enabling the plant to optimise its production capacity and recognise results above those forecast at 2021 year-end.

With regard to the rest of the markets, strict lockdowns in China led to a sharp drop in domestic demand, while factories continued to produce products. Attempts to export this overcapacity precipitated the fall in prices in the region, increasing the differential with other markets. Bahru Stainless continued to implement its commercial diversification strategy, enabling very satisfactory results to be recognised, above the forecasts made at year-end.

With regard to the high performance alloys division, the market experienced a good performance in the first six months of 2022, despite the increase in nickel prices and the collapse of the LME in March. Strong demand enabled both raw material and energy price increases to be passed on to the market. The positive evolution of the various consumer sectors enabled the Group to significantly improve its backlog in terms of both volumes and margins. The oil and gas sector and the chemical process industry continued with the bullish trend that commenced in the second half of 2021. The aerospace sector experienced a significant recovery, although it is still significantly below normal activity levels. The automotive sector witnessed some recovery, although the sector was hampered by supply problems resulting from the invasion in Ukraine and the lack of semiconductors.

The current geopolitical situation caused by the Russian invasion in Ukraine, did not have a significant direct impact on the Group during the first six months of 2022; however, it is worth noting the increase in energy prices due to the uncertainty that the war and the political instability are generating. Uncertainty also remains over the supply chain problems that may arise.

With regard to sales, as soon as the war started, the Group minimised its exposure in Russia, halted sales and confirmed that all outstanding accounts receivable from sales in the countries involved were covered by trade credit insurance.

In the stainless division, the Group has one commercial entity in Russia with three employees. In the high performance alloys division, the Group only has a representative office. The Group ceased all commercial activities as soon as the war began, although the Group maintains the contracts of its employees. Group sales to Russia represented only 0.4% of total Group sales.

With regard to procurement, the Group has very diversified supply sources, in line with its strategy of responsible procurement. In line with the guidelines set out by Management, significant efforts are being made to secure alternative supplies to reduce or eliminate dependence on Russian raw materials.

Although there is currently no regulation in place, the Group has set up a monitoring committee to assess the impact of the measures that could be implemented in Germany to reduce dependence on gas supplies from Russia and to mitigate the impacts for the Group.

The impact on business continuity has been assessed and no liquidity risk is estimated for the Company that cannot be covered by the existing liquidity and the available credit facilities entered into with the Company's banks.

The projections used in the annual financial statements did not consider the impacts that could arise from this conflict; however, the Company's management considers that the effects that this situation could have will not significantly affect the values considered.

Results

Revenue totalled EUR 4,821, an increase of 57% compared to the first six months of 2021, as a result of the strong demand and the improvement in prices.

In the first six months of 2022, EBITDA[1] totalled EUR 945 million, 2.5 times higher than the first six months of 2021, and the highest in Acerinox's history. The EBITDA margin on sales was 20%.

Profit after tax and non-controlling interests totalled EUR 609 million, 3 times higher than the first six months of 2021.

Operating expenses increased by 61% during the six-month period, due mainly to the increase in energy prices and transport costs. Worthy of note is "Energy" (which includes, inter alia, electricity and gas consumption), which doubled at Group level and tripled in Spain compared to the first six months of 2021.

The good results recognised enabled the Group to generate operating cash flow totalling EUR 77 million in the first six months of 2022. The sound financial situation of the Company enabled it to secure raw materials at competitive prices through cash payments. This strategy involved a temporary investment in working capital. The aforementioned situation together with the good levels of activity and the increase in raw material and stainless prices gave rise to an increase of EUR 807 million in working capital.

Net financial debt[2] amounted to EUR 574 million, decreasing by EUR 5 million compared to December 2021, despite the increase in working capital (EUR 807 million) and the share buyback programme (EUR 115 million).

[1]EBITDA = Results from operating activities – Amortisation and depreciation – Impairment of property, plant and equipment - Changes in trade provisions for an amount of EUR -3,298 thousand included under "Other Operating Expenses" in the statement of profit or loss (EUR -318 thousand at 30 June 2021)
[2]Net financial debt = Issue of bonds and other marketable securities (current and non current) + Current and non current bank borrowings – Cash and cash equivalents.

NOTE 9 – INTANGIBLE ASSETS

The changes in intangible assets were as follows:

(Figures in thousands of euros)

COST	Development expenditure	Intellectual property	Computer software and other	Customer portfolio	SUBTOTAL	Goodwill
Balance at 1 January 2021	**16,355**	**32,337**	**51,702**	**29,200**	**129,594**	**118,953**
Acquisitions	791	72	2,066		2,929	
Transfers						
Disposals		-289	-139		-428	
Translation differences			215		215	
Balance at 31 December 2021	**17,146**	**32,120**	**53,844**	**29,200**	**132,310**	**118,953**
Acquisitions	508		466		974	
Transfers						
Disposals			-3		-3	
Translation differences			373		373	
Balance at 30 June 2022	**17,654**	**32,120**	**54,680**	**29,200**	**133,654**	**118,953**

ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	Development expenditure	Intellectual property	Computer software and other	Customer portfolio	SUBTOTAL	Goodwill
Balance at 1 January 2021	**7,499**	**25,472**	**45,425**	**1,622**	**80,018**	**-67,889**
Charge for the year	1,144	540	2,139	1,947	5,770	
Transfers			-1		-1	
Disposals		-53	-139		-192	
Translation differences			136		136	
Balance at 31 December 2021	**8,643**	**25,959**	**47,560**	**3,569**	**85,731**	**-67,889**
Charge for the year	572	209	1,111	973	2,865	
Transfers						
Disposals			-3		-3	
Translation differences			279		279	
Balance at 30 June 2022	**9,215**	**26,168**	**48,947**	**4,542**	**88,872**	**-67,889**

CARRYING AMOUNT	Development expenditure	Intellectual property	Computer software and other	Customer portfolio	SUBTOTAL	Goodwill
Cost at 1 January 2021	16,355	32,337	51,702	29,200	129,594	118,953
Accumulated amortisation and	-7,499	-25,472	-45,425	-1,622	-80,018	-67,889
Carrying amount at 1 January 2021	**8,856**	**6,865**	**6,277**	**27,578**	**49,576**	**51,064**
Cost at 31 December 2021	17,146	32,120	53,844	29,200	132,310	118,953
Accumulated amortisation and	-8,643	-25,959	-47,560	-3,569	-85,731	-67,889
Carrying amount at 31 December 2021	**8,503**	**6,161**	**6,284**	**25,631**	**46,579**	**51,064**
Cost at 30 June 2021	17,654	32,120	54,680	29,200	133,654	118,953
Accumulated amortisation and	-9,215	-26,168	-48,947	-4,542	-88,872	-67,889
Carrying amount at 30 June 2022	**8,439**	**5,952**	**5,733**	**24,658**	**44,782**	**51,064**

The "Customer Portfolio" intangible asset is the result of the business combination that took place in 2020 by acquiring the special alloys division. It is common practice in the industry to recognise both customer relationships and order backlogs as one of the most significant intangible assets resulting from a business combination. In the purchase price allocation process following the acquisition of the VDM Group, both assets were jointly evaluated. At the date of acquisition, the fair value was estimated at EUR 29,200 thousand.

Moreover, the EUR 51,064 thousand recognised as goodwill relates mainly (EUR 49,829 thousand) to that arising from the business combination performed as a result of the acquisition of the VDM Group. The goodwill was attributed to the VDM cash-generating unit (CGU), which wholly belongs to the high performance alloys segment.

Impairments

With regards to the impairments on goodwill, the Group estimates the recoverable amount of goodwill on a yearly basis, or more frequently when indications of a possible impairment are identified.

At 31 December 2021, it was not necessary to recognise any impairment losses on goodwill.

The recovery in demand and the increase witnessed in prices in this period led the special alloys segment to recognise results at the end of the six-month period above those expected at the end of 2021, which determined the appropriateness of the goodwill recognised. Therefore, there are no indications at period-end that would make it necessary to assess the possible impairment of goodwill.

At 31 December 2022 the Group will carry out an analysis of the potential impairment that could affect this goodwill.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

The changes in property, plant and equipment and investment property were as follows:

(Figures 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	Investment property
Balance at 1 January 2021	**942,488**	**4,308,137**	**160,836**	**75,461**	**5,486,922**	**17,499**
Hyperinflation adjustments	198	36	69		303	
Additions	3,845	33,150	8,567	52,836	98,398	
Transfers	8,266	63,639	8,040	-78,280	1,665	825
Disposals	-13,932	-21,815	-3,442		-39,189	-179
Translation differences	37,250	183,204	2,656	1,651	224,761	
Balance at 31 December 2021	**978,115**	**4,566,351**	**176,726**	**51,668**	**5,772,860**	**18,145**
Additions	529	18,160	3,705	25,305	47,699	
Transfers	2,820	29,013	2,748	-34,582	-1	
Disposals	-176	-10,798	-1,708		-12,682	-826
Translation differences	44,157	236,803	3,584	2,610	287,154	
Balance at 30 June 2022	**1,025,445**	**4,839,529**	**185,055**	**45,001**	**6,095,030**	**17,319**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	TOTAL	Investment property
Balance at 1 January 2021	**421,470**	**3,121,343**	**122,178**		**3,664,991**	**4,173**
Charge for the year	21,909	140,481	5,019		167,409	285
Hyperinflation adjustments	120	29	68		217	
Transfers	1,875	-2,865	2,865		1,875	615
Disposals	-8,672	-15,541	-3,124		-27,337	-143
Translation differences	15,649	127,585	2,163		145,397	
Balance at 31 December 2021	**452,351**	**3,371,032**	**129,169**		**3,952,552**	**4,930**
Charge for the year	11,848	68,543	7,010		87,401	151
Transfers	1	-28	16		-11	
Disposals	-120	-7,861	-1,639		-9,620	-624
Translation differences	19,469	169,348	2,806		191,623	
Balance at 30 June 2022	**483,549**	**3,601,034**	**137,362**		**4,221,945**	**4,457**

CARRYING AMOUNT	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	TOTAL	Investment property
Cost at 1 January 2021	942,488	4,308,137	160,836	75,461	5,486,922	17,499
Accumulated depreciation and impairment losses	-421,470	-3,121,343	-122,178		-3,664,991	-4,173
Carrying amount at 1 January 2021	**521,018**	**1,186,794**	**38,658**	**75,461**	**1,821,931**	**13,326**
Cost at 31 December 2021	978,115	4,566,351	176,726	51,668	5,772,860	18,145
Accumulated depreciation and impairment losses	-452,351	-3,371,032	-129,169		-3,952,552	-4,930
Carrying amount at 31 December 2021	**525,764**	**1,195,319**	**47,557**	**51,668**	**1,820,308**	**13,215**
Cost at 30 June 2022	1,025,445	4,839,529	185,055	45,001	6,095,030	17,319
Accumulated depreciation and impairment losses	-483,549	-3,601,034	-137,362		-4,221,945	-4,457
Carrying amount at 30 June 2022	**541,896**	**1,238,495**	**47,693**	**45,001**	**1,873,085**	**12,862**

The investments made in the reporting period in property, plant and equipment, intangible assets and right-of-use assets arising from lease agreements amounted to EUR 52,286 thousand, of which EUR 12,927 thousand related to those made by Acerinox Europa, EUR 18,219 thousand by NAS, EUR 7,190 thousand by Columbus and EUR 10.759 thousand by VDM. In the first six months of 2021, the investments made totalled EUR 47,613 thousand, of which EUR 20,708 thousand related to Acerinox Europa, EUR 13,026 thousand to NAS, EUR 4,854 thousand to Columbus and EUR 7,511 thousand to VDM.

Disposals of property, plant and equipment

Gains on the sale or retirement of property, plant and equipment recognised under "Other Operating Income" in the statement of profit of loss at 30 June 2022 amounted to EUR 1,791 thousand (June 2021: EUR 2,514 thousand) and related mainly to the sale of a warehouse of the Spanish company Inoxcenter, classified as investment property.

Losses on the sale or retirement of property, plant and equipment recognised under "Other Operating Expenses" in the statement of profit or loss at 30 June 2022 amounted to EUR 1,053 thousand (June 2021: EUR 1,833 thousand) and related mainly to disposals of replacement items of property, plant and equipment.

Obligations and commitments

At 30 June 2022, the Group had entered into agreements to acquire new equipment and facilities for EUR 41,228 thousand, of which EUR 11,212 thousand related to the investments made by Acerinox Europa, EUR 9,619 thousand to those made by Columbus, EUR 9,041 thousand to those made by NAS and EUR 7,961 thousand to those made by VDM Metals. At 30 June 2021, the Group had entered into agreements to acquire new equipment and facilities amounting to EUR 45,761 thousand, of which EUR 15,609 thousand related to the new investments made by Acerinox Europa, EUR 8,922 thousand to those made by NAS and EUR 6,381 thousand to those made by VDM.

Impairment losses

As stated in the annual financial statements of the Acerinox Group, the carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there are any indications of impairment.

As explained in the 2021 financial statements, at period-end no entity presented indications of impairment losses on assets; however, the Group resolved to asses the valuation of the assets of Bahru Stainless Sdn. Bhd. to determine whether it was appropriate to reverse impairment losses recognised in prior years.

In the first six months of 2022, all Group entities obtained results above the forecasts made, thus, there were no signs of impairment, and therefore no revaluation of the estimates was necessary in this period.

Given the uncertain situation currently being experienced in the market, and despite the results recognised being significantly above the forecasts made, the Group has considered it appropriate to maintain the forward-looking forecasts made at the end of 2021.

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 in the period is as follows:

(Figures 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 at 1 January 2021	**10,939**	**7,124**	**5,148**		**23,211**
Additions	422	1,734	2,549		4,705
Remeasurement		311			311
Disposals	-255	-2,758	-1,048		-4,061
Translation differences	110	4	298		412
Balance at 31 December 2021	**11,216**	**6,415**	**6,947**		**24,578**
Additions	519	685	2,409		3,613
Remeasurement		455			455
Transfers	-17		17		0
Disposals	-587	-354	-1,543		-2,484
Translation differences	39		351		390
Balance at 30 June 2022	**11,170**	**7,201**	**8,181**		**26,552**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	TOTAL
Balance at 1 January 2021	**2,345**	**3,485**	**2,129**		**7,959**
Charge for the year	1,779	2,150	1,695		5,624
Disposals	-252	-2,287	-1,045		-3,584
Translation differences	44	2	133		179
Balance at 31 December 2021	**3,916**	**3,350**	**2,912**		**10,178**
Charge for the year	812	1,477	1,280		3,569
Transfers			11		11
Disposals	-586	-354	-1,493		-2,433
Translation differences	88		101		189
Balance at 30 June 2022	**4,230**	**4,473**	**2,811**		**11,514**

CARRYING AMOUNT	Land and buildings	Plant and machinery	Other items of property, plant and equipment		TOTAL
Cost at 1 January 2021	10,939	7,124	5,148		23,211
Accumulated depreciation and impairment	-2,345	-3,485	-2,129		-7,959
Carrying amount at 1 January 2021	**8,594**	**3,639**	**3,019**		**15,252**
Cost at 31 December 2021	11,216	6,415	6,947		24,578
Accumulated depreciation and impairment	-3,916	-3,350	-2,912		-10,178
Carrying amount at 31 December 2021	**7,300**	**3,065**	**4,035**		**14,400**
Cost at 30 June 2022	11,170	7,201	8,181		26,552
Accumulated depreciation and impairment	-4,230	-4,473	-2,811		-11,514
Carrying amount at 30 June 2022	**6,940**	**2,728**	**5,370**		**15,038**

At 30 June 2022, the balance of the lease liabilities totalled EUR 14,556 thousand, the majority of which were recognised under "Other Non-Current Financial Liabilities" (31 December 2021: EUR 12,540 thousand).

The borrowing costs on the lease liabilities recognised by the Group at 30 June 2022 amounted to EUR 148 thousand (30 June 2021: EUR 151 thousand).

The lease expenses recognised under "Operating Expenses" in the statement of profit or loss relating to low-value assets or short-term leases amounted to EUR 7,237 thousand (30 June 2021: EUR 4,734 thousand).

NOTE 12 – INVENTORIES

The detail of "Inventories" in the balance sheet is as follows:

(Figures in thousands of euros)

	At 30 June 2022	At 31 December 2021
Raw materials and other supplies	738,521	481,199
Work in progress	926,896	594,214
Finished goods	848,232	605,376
By-products, waste products and materials	138,171	95,821
Advances	366	0
TOTAL	**2,652,186**	**1,776,610**

The increase in inventories was due mainly to the increase in the prices of raw materials and the added value incorporated in work in progress and finished goods.

"Raw materials and other supplies" includes EUR 43,531 thousand relating to the measurement of the emission allowances held by the Group at 30 June 2022 (31 December 2021: EUR 34,747 thousand).

The adjustment recognised at 30 June 2022 to measure inventories at their net realisable value amounted to EUR 29,358 thousand (31 December 2021: EUR 10,948 thousand)

NOTE 13 – FINANCIAL INSTRUMENTS

The detail of the Group's financial assets, except for investments in associates, at 30 June 2022 and year-end 2021 is as follows:

(Figures in thousands of euros)

	Non-current financial instruments						Current financial instruments					
	Equity instruments		Debt securities		Loans, derivatives and other		Equity instruments		Debt securities		Loans, derivatives and other	
Category	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Financial assets at amortised cost	0		0		3,586	3,437	0		0		1,157,984	839,744
- At fair value through other comprehensive income	10,008	10,729	0		0		0		0		0	
- At cost	401	396	0		0		0		0		0	
Assets at fair value through profit or loss	0		0		199	45	0		0		26,000	8,766
Hedging derivatives	0		0		13,743	1,017	0		0		17,339	6,449
TOTAL	**10,409**	**11,125**	**0**	**0**	**17,528**	**4,499**	**0**	**0**	**0**	**0**	**1,201,323**	**854,959**

At period-end the Group's financial liabilities were as follows:

(Figures in thousands of euros)

	Non-current financial instruments						Current financial instruments					
	Bank borrowings		Bonds and other marketable securities		Accounts payable, derivatives and other		Bank borrowings		Bonds and other marketable securities		Accounts payable, derivatives and other	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Financial liabilities at amortised cost	1,254,504	1,293,494	74,800	74,750	13,360	15,830	758,257	483,271	3,493	1,634	1,995,060	1,446,680
Liabilities at fair value through profit or loss					17	8					18,695	6,999
Hedging derivatives					1,798	2,437					17,454	5,515
TOTAL	**1,254,504**	**1,293,494**	**74,800**	**74,750**	**15,175**	**18,275**	**758,257**	**483,271**	**3,493**	**1,634**	**2,031,209**	**1,459,194**

13.1 Fair value measurement

The Group measures the following assets at fair value: financial assets at fair value through other comprehensive income and derivative financial instruments.

Financial instruments recognised 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

At 30 June 2022 and 31 December 2021, the Group's position concerning financial instruments recognised at fair value was as follows:

(Figures in thousands of euros)

	30-Jun-22			31-Dec-21		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Financial assets at fair value through other comprehensive income	10,008			10,729		
Financial derivatives (assets)		57,281			16,276	
TOTAL	**10,008**	**57,281**		**10,729**	**16,276**	
	LEVEL 1	**LEVEL 2**	**LEVEL 3**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Financial derivatives (liabilities)		37,964			14,959	
TOTAL		**37,964**			**14,959**	

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. To determine the fair values of the futures contracts of raw materials quoted on the LME ("London Metal Exchange"), the Group takes into account the difference between the futures prices quoted on the LME for the aforementioned raw materials at the contract's expiration date and the futures price established in each contract.

13.2 Financial assets at fair value through other comprehensive income

As explained in the 2021 consolidated financial statements, Acerinox includes in this section the shares that the Group does not intend to sell and that it had designated in this category on initial recognition. Specifically, at 30 June 2022, the Group had classified in this category the shares it held in Nippon Steel & Sumitomo Metal Corporation (Nippon). These shares were sold on 7 July 2022, as explained in Note 24: Events after the reporting period.

The value of the financial assets designated as at fair value through other comprehensive income amounted to EUR 10,409 thousand at the end of this interim period, of which EUR 10,008 thousand related to Acerinox, S.A.'s ownership interest in the Japanese company Nippon Steel & Sumitomo Metal Corporation (Nippon), a company listed on the Tokyo Stock Exchange. This value is equal to the fair value of the shares at 30 June 2022 and coincides with their closing price. (At 31 December 2021 total financial assets designated as at fair value amounted to EUR 11,125 thousand and the value of the shares in Nippon amounted to EUR 10,729 thousand).

The market value of Nippon's shares at 30 June 2022 was JPY 1,899 per share. Acerinox, S.A. held 747,346 shares in this company, which represented a scantly significant percentage of ownership in the Japanese group. At 30 June 2022, the Group recognised the changes in fair value for the period in the amount of EUR -720 thousand in other comprehensive income.

NOTE 14 – BANK BORROWINGS

At 30 June 2022, the Acerinox Group had arranged bank credit facilities and private placements amounting to EUR 2,471 million (31 December 2021: EUR 2,582 million), in addition to approved non-recourse factoring facilities amounting to EUR 520 million (31 December 2021: EUR 520 million). At 30 June 2022, the amount drawn down against the credit facilities was EUR 2,091 million (31 December 2021: EUR 1,853 million drawn down) and that of the factoring facilities was EUR 217 million (31 December 2021: EUR 287 million drawn down against factoring facilities).

The most significant financing transactions in the first six months of 2022 were as follows:

- The entering into of two new loans: one fixed-rate loan with Unicredit amounting to EUR 50 million with final maturity in four years, and a variable-rate loan with Bankinter amounting to EUR 25 million with final maturity in three years.
- The renegotiation in March of the long-term loan of EUR 60 million entered into with Cajamar, in which the conditions were improved, with the nominal amount of the loan being increased by EUR 20 million and the final maturity being extended to 2026.
- The novation of the loan entered into in 2020 with Caixabank for EUR 80 million, with final maturity in 2025, increasing the capital to EUR 260 million and the final maturity to 2027. To this end, the two loans entered into with Bankia and Caixabank amounting to EUR 160 and 50 million, respectively, with final maturity in 2024, were cancelled.
- To maintain the Group's liquidity, in the first six months of 2022, the following transactions took place:
  - The renewal of three credit facilities in euros amounting to EUR 160 million, increasing the amount of one of the credit facilities by EUR 20 million.
  - The entering into of a new credit facility in euros amounting to EUR 25 million.
  - The renewal of a credit facility in US dollars amounting to USD 20 million.
  - The entering into of two new credit facilities in US dollars amounting to USD 30 million for Acerinox Europa.
- The modification of one of the sustainability indicators defined initially in the loan novated in 2021 with Banca March, which amounted to EUR 50 million.

Regarding debt renegotiations, the Group assessed the significance of the modifications made to determine whether they were substantially different, in which case, the Group recognised the effects of the new agreements as an extinguishment and simultaneous recognition of a new loan. In the first six months of 2022, the amount of fees and commission recognised in profit or loss for loans derecognised from liabilities amounted to EUR 459 thousand.

The Acerinox Group has satisfactorily met the repayment schedules for its borrowings.

The valuation of financial debt at fair value does not differ significantly from its value at amortised cost.

None of the loans entered into in the first six months of 2022 are subject to the achievement of annual financial ratios linked to results.

The loans detailed in the Group's consolidated financial statements at 31 December 2021 and the debt of the VDM Metals Group are conditional on compliance with covenants.

At 30 June 2022, all Acerinox Group companies had achieved all the ratios required.

NOTE 15 – DERIVATIVE FINANCIAL INSTRUMENTS

As detailed in the Group's annual financial statements, it is essentially exposed to three types of market risk when carrying on its business activities: 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 are classified as assets and liabilities measured at fair value through profit or loss. Those that qualify as hedging instruments are classified as hedging derivatives.

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

(Figures in thousands of euros)

	30-Jun-22		31-Dec-21	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedging derivatives	31,082	19,252	7,466	7,952
Derivatives at fair value through profit or loss	26,199	18,712	8,811	7,007
TOTAL	**57,281**	**37,964**	**16,277**	**14,959**

The following table provides a breakdown of the Group's derivative financial instruments at 30 June 2022 and 31 December 2021, by type of hedged risk:

(Figures in thousands of euros)

	2022		2021	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Currency forwards	26,162	18,509	8,005	7,007
Interest rate swaps	14,113		980	5,608
Commodity futures contracts	17,006	19,455	7,292	2,344
TOTAL	**57,281**	**37,964**	**16,277**	**14,959**

At 30 June 2022, the currency forwards arranged by the Group did not qualify as cash flow hedging instruments. At 30 June 2022, the effect on profit or loss of measuring these derivatives at market value was positive, totalling EUR 11,088 thousand, and was recognised under "Remeasurement of Financial Instruments at Fair Value" in the statement of profit or loss.

At 30 June 2022 and 31 December 2021, all interest rate swaps met the conditions to be classified as cash flow hedging instruments and, therefore, the unrealised gain of EUR 17,157 thousand on their measurement at fair value was recognised in the consolidated statement of comprehensive income. In the first six months of 2022, EUR 2,186 thousand were transferred from the consolidated statement of comprehensive income to profit or loss for the period.

As explained in the annual financial statements, high performance alloys have a high metal content, mainly Nickel, but also other metals listed on the London Metal Exchange (LME). The Group is subject to the risk of volatility in the price of raw materials, mainly in this division, as it is unable to pass these fluctuations on to customers in the selling price. Therefore, VDM uses derivative financial instruments in order to guarantee fixed prices to its customers and ensure that they are aligned with the entity's costs, thus enabling it to maintain margins. The financial instruments used are futures contracts relating to the metal prices quoted on the London Metal Exchange (LME). Since 1 January 2021, the Group has implemented a model that guarantees the effectiveness of the hedge and has documented the relationships, so that from this date hedge accounting is applied to record these financial instruments. Only derivatives arranged prior to this date and still outstanding are recognised as instruments at fair value through profit or loss, with the changes in value recognised in profit or loss under "Other Operating Income".

Of the total financial instruments arranged to cover this risk, EUR -2,283 thousand met the conditions to be classified as cash flow hedging instruments and EUR -166 thousand were recognised at fair value through profit or loss as they were arranged prior to the commencement of the documentation of the hedging relationships. At 30 June 2022, the unrealised loss arising from measurement at fair value and recognised in the consolidated statement of comprehensive income amounted EUR -2,022 thousand. During the period, EUR -4,402 thousand were transferred from the consolidated statement of comprehensive income to profit for the period in this connection.

Following the novation of the loan entered into in 2020 with Caixabank for EUR 80 million and with final maturity in 2025; and the cancellation of the two loans entered into with Bankia and Caixabank for a total amount of EUR 160 million and EUR 50 million, respectively, three interest rate swaps were cancelled. Furthermore, during the first six months of 2022, an interest rate derivative was arranged with that same entity for EUR 260 million and with final maturity in 2027 to hedge highly probable future flows benchmarked against the variable interest rate, as well as any modification thereof that may occur before the maturity date.

The Group enters into interest rate derivatives to hedge cash flows benchmarked against variable interest rates arising from debt instruments. Since Acerinox's risk management strategy enables it to exchange instruments and hedged items according to its corporate financing needs, the Group has documented the effectiveness of the hedging instruments to be classified for accounting purposes as cash flow hedging instruments through the designation of generic hedging relationships. Therefore, the amount accumulated in equity due to the cancellation of the current derivatives and the arrangement of the new derivative has not had any impact on the statement of profit or loss.

Furthermore, it has been assessed whether the hedging relationships in place at 30 June 2022 comply with the effectiveness requirements both at the date of designation and at period-end. At 30 June 2022, all outstanding interest rate derivatives met the conditions to be classified as cash flow hedging instruments.

NOTE 16 – DISTRIBUTION OF PROFIT AND DIVIDENDS

At the General Shareholders' Meeting held on 16 June 2022, the shareholders voted in favour of the distribution of the Parent's 2021 profit, as follows:

(Data in euros)

	2021
Distributable profit:	
Profit for the year	308,558,305
Distribution to:	
Dividends	135,273,096
Voluntary reserves	173,285,209

The amount earmarked for the distribution of the dividend corresponds to a remuneration of EUR 0.50 per share, which was paid on 5 July 2022. At 30 June 2022, the Group had recognised the dividend payable under "Other Current Financial Liabilities" in the consolidated balance sheet. This dividend payable amounted to EUR 129,873 thousand as no dividend is paid for treasury shares.

In relation to the same period in 2021, the Ordinary General Shareholders' Meeting held on 15 April 2021 resolved to distribute a cash dividend of EUR 0.50 gross for each share in circulation, with a charge to unrestricted reserves. This dividend of EUR 135,273 thousand was paid on 3 June 2021.

NOTE 17 – SHARE CAPITAL AND TREASURY SHARES

The share capital at period-end consisted of 270,546,193 ordinary shares of EUR 0.25 par value each, yielding capital of EUR 67,637 thousand.

The General Shareholders' Meeting held on 16 June 2022, resolved to reduce the share capital of Acerinox, S.A. by EUR 2,705 thousand through the redemption of 10,821,848 treasury shares. The purpose of the share capital reduction through the redemption of treasury shares is to increase the value of the Shareholder's shares in the Company. This capital reduction through the redemption of treasury shares will take place during a maximum period of one month from the approval of this agreement.

At 30 June 2022, the Group held 10,846,927 treasury shares, the value of which totalled EUR 124,550 thousand (31 December 2021; 908,669 treasury shares, the value of which totalled EUR 10,251 thousand). In March, the Group concluded the share buyback programme of 4%, which commenced in December. In the first six months of 2022, the cash outflow in this connection totalled EUR 114,875 thousand, with the programme totalling EUR 124,293 thousand. In addition, 40,000 treasury shares were acquired for an amount of EUR 419 thousand to cover the Directors' Multiannual Remuneration Plans.

In June 2022, 88,229 treasury shares were delivered to Group directors as a result of the completion of the second cycle of the First Multiannual Remuneration Plan. As a result, treasury shares totalling EUR 995 thousand were cancelled. There are 21,149 additional shares pending delivery to one of the Group's directors who resides abroad, which will be paid in July. The difference between the equity instruments recognised 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 totalling EUR -675 thousand.

NOTE 18 – TAX MATTERS

During the first six months of 2022, no legislative amendments were approved that significantly affected the Group.

The tax rate shown in the Group's consolidated statement of profit or loss for the interim reporting period was 24%, in line with the tax rates prevailing in the various countries.

With regard to the multilateral risk assessment and assurance programme ("ICAP") in which Acerinox participated in cooperation with the Spanish Tax Agency, in March 2022, letters were obtained with the result of the analysis, specifying that the transactions assessed were of low tax risk.

The risk analysis involved the Canadian, British and US tax agencies, as well as the Spanish tax agency, which acted as the lead agency.

The international tax risks that were analysed in the risk assessment, which was carried out by the tax agencies involved, were primarily those relating to transfer pricing risk.

The assessment covered 2017 and 2018 and focused on the transactions carried out in these financial years between the tax group and the international subsidiaries located in the jurisdictions of the participating tax agencies. The outcome of the assessment (transactions with low tax risk) is extended to 2019 and 2020, if there are no significant changes in the group's operations, in the characterisation and valuation methods and in the criteria of the transactions.

This programme has been designed to develop a rapid and coordinated approach to providing multinational groups that have been willing to participate in the programme actively, openly and in a fully transparent manner, with greater tax certainty with regard to certain activities and transactions thereof, with the tax agency providing an assessment note specifying its position on the examined risks of the corporate group.

This programme is undoubtedly the most globally recognised initiative in cooperative relations with tax agencies, since it is endorsed by the OECD, a body that continuously monitors and provides trust in this programme. Involvement therein and conclusion of the assessment with recognition of "low tax risk" is the best endorsement at international level of the good tax practices and transparency with which the Acerinox Group operates.

Regarding the tax assets recognised at 30 December 2021 arising from tax loss carryforwards, as explained in the Acerinox Group's financial statements for 2021, the Group companies that have tax assets recognised in their financial statements are mainly the Spanish companies. The key assumptions considered in the preparation of the budgets are based on demand estimates, raw material and selling prices, exchange rates, consumer price increases and the Company's strategy itself.

The recovery of the economic activity and the good results obtained by all the companies, all of which exceeded the forecasts made at the end of last year, mean that the Group considers that during the first six months of 2022 there have been no indications that would require a recoverability analysis beyond that made at the end of last year, nor a revision of the assumptions. The Group will carry out these analyses at the end of 2022, as set out in its policies. However, in the first six months of 2022, deferred tax assets decreased by EUR 19 million, as shown in the consolidated balance sheet, due partly to the positive results obtained in the period.

With respect to the tax audits and lawsuits in progress, as discussed in the Acerinox Group's annual financial statements for 2021, the following changes have since occurred in the first six months of 2022:

Italy

As described in the 2021 financial statements, the Group is pending the enforcement in Italy of the amicable settlements reached between the Spanish and Italian authorities concerning 2007 to 2015. Discussions are currently ongoing with the Italian authorities for the implementation of these settlements, as well as for the transfer of the treatment accepted in the amicable settlements to the adjustments with third countries. These proceedings are expected to be finalised with a settlement on the aforementioned terms before the end of the year. Moreover, the Group filed appeals at the Milan Provincial Tax Commission for the adjustments relating to transactions with third countries, requesting, at the same time, the suspension of payment of the debts until the finalisation of the proceedings. On 14 June 2022, a postponement of the court hearing was granted until the end of 2022.

The Group maintains the provision of EUR 11.2 million, equal to the amount that will be payable in Italy if the treatment agreed by the Italian and Spanish Authorities is applied to the remaining adjustments with third countries, thereby accepting the proposal made by the Group. This amount includes both the instalments to be paid and the interest for late payment. This provision was recognised under "Deferred Tax Liabilities" in the consolidated balance sheet.

During this period, the situation of this provision was reviewed and the Group considered that it was not necessary to increase its amount, given that the settlements are at an advanced stage and everything suggests that the amount allocated is sufficient to cover the possible outcome of the aforementioned settlements, according to the latest proposals made.

With regard to the Spanish part of the settlement, on 24 February 2022, Spain received notification of the implementation of the last amicable settlement reached for 2014 and 2015. With regard to 2014, the Italian authorities proceeded to eliminate all transfer pricing adjustments imposed on transactions with Spanish companies, and therefore no adjustments are due from the Spanish tax authority. With regard to 2015, Italy waived EUR 2.2 million of the adjustments initially imposed, leaving adjustments of EUR 404 thousand that Spain recognised as a lower tax base in 2015, resulting in a refund of EUR 47 thousand corresponding to the corporation tax payable plus EUR 3 thousand in late payment interest. In addition, tax loss carryforwards to be offset in Spain increased by EUR 101 thousand.

Germany

The tax audits of Group entities in Germany are still ongoing. No report has currently been published from which any conclusion or possible adjustment can be derived.

With regard to Acerinox Deuschland, Gmbh, there is a Bilateral Advance Pricing Agreement (BAPA) between Spain and Germany, which covers the 2013 to 2021 period and provides the Group with full security in relation to the transfer pricing policy to be applied to sale and purchase transactions between the Spanish factories and the German subsidiary, thus eliminating transfer pricing risks with this country. As explained in the 2021 financial statements, a request has been filed in both Spain and Germany for renewal of the previous bilateral valuation agreement on the same terms as that in force until 31 December 2021. These proceedings are expected to be completed in the coming months.

Malaysia

In February 2022, the Group's two entities in Malaysia were notified of the opening of a transfer pricing audit proceeding relating to 2015 to 2020. At the reporting date of these interim six-month period financial statements, all information requested had been submitted and meetings had taken place between the Tax Agencies and the representatives of the entities and the Group to clarify all matters raised. To date, no findings or information report has been issued that would suggest the proposal of adjustments.

NOTE 19 – LITIGATION

There were no significant cases of litigation during the period.

NOTE 20 – CONTINGENT ASSETS AND LIABILITIES

At 30 June 2021, the Acerinox Group had no contingent assets or liabilities.

NOTE 21 - SEGMENT REPORTING

The Group is organised internally by operating segments; the strategic business units are made up of different products and services and are managed separately, and thus, Group management reviews internal reports for each unit at least monthly. Following the acquisition of the VDM Group in 2020, the Group's management modified the configuration of the operating segments, integrating the flat, long and other stainless steel product segments into a single segment called "Stainless steels". Furthermore, the "High Performance Alloys" segment, which includes the products produced by the VDM Group, is analysed and reported separately. Due to the different technical specifications and markets of both product types, Group management decided to manage this segment separately. The Group modified the classification in this interim period and presented the information retrospectively.

The operating segments presented by the Group, associated with the types of products it sells, are as follows:

- Stainless steels: includes stainless steel flat and long products.
- High performance alloys: special alloys with a high nickel content. This segment includes all the companies in the VDM Metals subgroup.

Segment results, assets and liabilities include all items directly or indirectly attributable to a segment. There are no material assets used jointly.

The "unallocated" segment includes the activities of the holding company and activities that cannot be allocated to any of the specific operating segments. The main activity of the holding company, the Parent of the Acerinox Group, is the provision of legal, accounting and advisory services to all Group companies, as well as the performance of financing activities within the Group, as all the Group's financing is centralised through Acerinox, S.A.

The results of the "unallocated" segment reflect only the expenses (both operating expenses and finance costs) relating to the holding company's activities, since revenue, which is always generated from Group companies, was eliminated on consolidation. The holding company centralises most of the Group's financing, as can be seen from the amount of the liabilities of the "unallocated" segment. For this reason, the segment's finance costs are the highest.

Revenue and all items reflected in the statement of profit or loss 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 profit before tax. The Group considers that this information is the most relevant when assessing the performance of the segment in relation to other comparables of the industry.

There have been no significant changes in the assets and liabilities attributed to each of the segments with respect to those presented in the Group's financial statements at 31 December 2021.

The majority of the investments made during this period were allocated to the stainless steels segment, except for those made by VDM, and which are detailed in **Note 10**.

21.1 Operating segments

The detail of the revenue by operating segment is as follows:

(Figures in thousands of euros)

	30-Jun-22			30-Jun-21		
	Revenue from external customers	**Inter-segment revenue**	**Total revenue**	**Revenue from external customers**	**Inter-segment revenue**	**Total revenue**
Stainless steel	4,245,847	193,840	4,439,687	2,704,454	113,679	2,818,133
High performance alloys	591,967	0	591,967	375,086	0	375,086
Unallocated	1,516	0	1,516	1,252	0	1,252
(-) Inter-segment adjustments and eliminations of revenue	0	-193,840	-193,840	0	-113,679	-113,679
TOTAL	**4,839,330**	**0**	**4,839,330**	**3,080,792**	**0**	**3,080,792**

No transaction with an external customer exceeded 10% of the Group's consolidated revenue at June 2022 or 2021.

The detail of consolidated profit by operating segment is as follows:

(Figures in thousands of euros)

	At 30 June 2022	**At 30 June 2021**
Stainless steel	812,306	287,239
High performance alloys	41,182	5,592
Total profit of reported segments	**853,488**	**292,831**
(+/-) Unallocated profit/(loss)	-30,240	-24,267
(+/-) Elimination of internal profit/(loss) (inter-segment)		
(+/-) Other profit/(loss)		
PROFIT BEFORE TAX	**823,248**	**268,564**

21.2 Geographical segments

Revenue from geographical segments is presented on the basis of customer location.

The detail of revenue by geographical area at 30 June 2022 and 2021 is as follows:

(Figures in thousands of euros)

	At 30 June 2022	At 30 June 2021
Spain	386,729	237,118
Rest of Europe	1,467,531	931,582
The Americas	2,402,153	1,481,214
Africa	233,099	163,730
Asia	323,273	242,413
Other	8,692	9,747
TOTAL	**4,821,477**	**3,065,804**

NOTE 22 – AVERAGE HEADCOUNT

The Group's average headcount in the first six months of 2022 was 8,298 employees (7,216 men and 1,082 women). The average headcount at 30 June 2020 was 8,290 (7,245 men and 1,045 women).

At 30 June 2022, the headcount was 8,429 (30 June 2021: 8,384). This figure includes 65 employees who availed themselves of the partial retirement plan (30 June 2021: 82).

NOTE 23 – RELATED PARTY TRANSACTIONS

- **Identity of 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, as well as their related parties.
- 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.

All transactions between related parties are carried out on an arm's length basis.

- **Balances and transactions with significant shareholders**

As reported in the 2021 financial statements in 2021, one of the Group's main former shareholders (Nippon Steel & Sumitomo Metal Corporation) sold its ownership interest in Acerinox, and therefore ceased to be a related party of the Group.

Furthermore, since Corporación Financiera Alba, a shareholder of Acerinox, S.A., no longer belongs to the March Group, Banca March is also no longer a related party for the Group.

- **Directors and key management personnel**

The remuneration received in the first six months of 2022 by the 10 senior executives of the Group, who do not hold positions on the Board of Directors of Acerinox, S.A., amounted to EUR 6,665 thousand at 30 June 2022 (first six months of 2021: EUR 2,765 thousand received by nine senior executives). Of this amount, EUR 1,631 thousand related to salaries (2021: EUR 1,288 thousand). EUR 4,289 thousand to variable remuneration based on the previous year's results and EUR 745 thousand to remuneration in kind, partly arising from the shares received for the completion of the second cycle of the First Multiannual Remuneration Plan (2021: EUR 1,398 thousand in variable remuneration and EUR 79 thousand in remuneration in kind).

At 30 June 2022, 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 3,134 thousand in fixed allowances, attendance fees, and fixed and variable salaries (first six months of 2021: EUR 1,435 thousand), of which EUR 646 thousand related to salaries and fixed allowances for directors (2021: EUR 600 thousand), EUR 421 thousand to attendance fees (2021: EUR 334 thousand), EUR 1,500 thousand to variable remuneration based on previous year's results and EUR 567 thousand to remuneration in kind (2021: EUR 493 thousand to variable remuneration and EUR 8 thousand in remuneration in kind).

The obligations arising from certain senior executive retirement benefit arrangements, which amounted to EUR 16.5 million at 31 December 2021, of which EUR 5.2 million related to the CEO, are fully insured, with their estimated amount covered by flows from the policies arranged. As a result, no liability is recognised for this item. At 30 June there were no significant variations in obligations, as there were no changes to the contracts. Equally, all obligations are duly insured.

At 30 June 2022 and 2021, no advances, balances or loans had been granted to the Company's members of the Board of Directors or senior executives.

In relation to the Multiannual Remuneration Plan or Long-Term Incentive Plan (LTI), the conditions of which are detailed in the financial statements for 2021, on 1 January 2021, a new multiannual remuneration plan was approved, consisting of 3 cycles, each lasting 3 years. Other Group executives were also been included in this second plan. The expense incurred to 30 June 2022 in relation to the Chief Executive Officer and Senior Management, the balancing entry of which is recognised under "Other Equity Instruments", amounted to EUR 434 thousand, of which EUR 143 thousand related to the Chief Executive Officer (To June 2021: 695 thousand, of which EUR 177 thousand related to the Chief Executive Officer). The General Shareholders' Meeting also approved the delivery of 109,378 shares from the first cycle of the Second Plan in force until 31 December 2021 (34,537 shares delivered to the Chief Executive Officer). The majority of these shares were delivered in June 2022 against a portion of the treasury shares, as explained in **Note 17**.

All transactions carried out between members of the Board of Directors and the Company or Group companies in the first six months of 2022 have been ordinary transactions on an arm's length basis.

The Parent's directors and the persons related to them were not involved in any conflict of interest that had to be reported pursuant to Article 229 of the Spanish Consolidated Limited Liability Companies Law.

The Group has taken out a third-party liability insurance policy, which covers the directors and senior executives, as well as Group employees. The premium will be renewed in October 2022. The premium paid in 2021 amounted to EUR 542 thousand.

NOTE 24 – EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to the preparation of these interim financial statements that could have an impact on the Group's financial statements.

Dividend

On 5 July 2022, the Company paid a dividend of EUR 0.50 per share, totalling EUR 129,873 thousand.

Sale of Nippon shares

On 7 July 2022, Acerinox sold the shares it held in Nippon Steel, which totalled EUR 10,157 thousand. At 30 June 2022 the shares were valued at EUR 10,008 thousand and classified as assets at fair value through other comprehensive income, whereby gains on their sale will be classified against equity.

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

Interim Management Report

First Half of

2022

ACERINOX

Presentation of the First Half 2022 results via webcast and conference call

Acerinox will hold a presentation for its First Half 2022 results today, 28 July, at 12.00 PM CEST, led by the CEO, Mr. Bernardo Velázquez and the CFO, Mr. Miguel Ferrandis, accompanied by the Investor Relations team.

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

From Spain:
919 01 16 44. PIN: 369098

From United States:
1 646 664 1960. PIN: 369098

From UK (local):
020 3936 2999. PIN: 369098

Rest of countries:
+44 20 3936 2999. PIN: 369098

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

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

Highlights

"Acerinox obtains the best half-year results in history, despite the global geopolitical situation, the uncertainties generated by the invasion of Ukraine, cost inflation and the disruptions experienced in the supply chain"

Second Quarter of 2022

- Melting shop production, at 622,080 tonnes, decreased by 7% with respect to the first quarter of 2022 (8% down on the second quarter of 2021).
- Revenue, EUR 2,535 million, increased by 11% compared to the first quarter of 2022 (56% higher than the second quarter of 2021).
- EBITDA, which totalled EUR 523 million, represented a 24% increase on the first quarter of 2022 (2.4 times higher than in the second quarter of 2021). The EBITDA margin was 21%.
- Profit after tax and non-controlling interests, amounting to EUR 343 million, was 29% higher than in the first quarter of 2022 (2.7 times higher than in the second quarter of 2021).
- Operating cash flow amounted to EUR 2 million.
- The Group's net financial debt, totalling EUR 574 million, decreased by EUR 55 million with respect to 31 March 2022.

First Half of 2022

- The accident rate fell by 26% with respect to 2021 year-end.
- The Group ceased sales in Russia.
- Melting shop production, at 1,290,115 tonnes, decreased by 4% with respect to the first half of 2021.
- Revenue, amounting to EUR 4,821 million, increased by 57% in comparison with the same period of 2021.
- EBITDA, which totalled EUR 945 million, was 2.5 times higher than in the first half of 2021. The EBITDA margin was 20%.
- Profit after tax and non-controlling interests, at EUR 609 million, was 3 times higher than the first half of 2021.
- Operating cash flow amounted to EUR 77 million.
- The Group concluded the share buyback programme of 4%, which commenced in December. The cash outflow of the first quarter totalled EUR 115 million (the entire programme totalled EUR 125 million).
- The Group's net financial debt, totalling EUR 574 million, decreased by EUR 5 million with respect to 31 December 2021, despite the EUR 807 million increase in working capital.
- The Annual General Shareholders´ Meeting held on 16 June approved the distribution of a dividend of EUR 0.50/share, which was paid on 5 July 2022.
- The Board of Directors meeting held on 16 June, after the General Shareholders' Meeting, appointed Mr. Carlos Ortega Arias-Paz as non-executive Chairman of Acerinox. He succeeds Mr. Rafael Miranda, who served as Chairman for the 2014-2022 period.
- The Board of Directors of Acerinox, S.A. held on 30 June 2022, unanimously approved the appointment of the Independent Director Mr. Donald Johnston as Lead Director.
- The Board of Directors also agreed to sell the 747,346 shares it held in Nippon Steel as it did not consider them strategic. Now that the strategic alliance with Nippon Steel has been finalised, Acerinox has begun commercial activity in Japan.
- The Board of Directors meeting on 27 July agreed to initiate a new 4% share buy-back programme for its possible later amortisation.

Bernardo Velázquez, Chief Executive Officer of Acerinox

"The regionalisation process that is taking place will increase local purchases and will offset, to a certain extent, the economic slowdown. Not only do we expect a greater local purchasing component in our main markets, but the closer sourcing will also boost the development of the industry in the countries in which we operate, which will further promote stainless steel consumption.

If we add to this situation the congestion and high transport costs and the measures against unfair competition in the different markets, which will make exports less competitive, we believe that this new decade that we are starting in such a turbulent way will allow us to value the geographical diversification of the Acerinox Group and all the progress we are making, which will boost Acerinox's results.

It is for all these reasons, the acquisition of VDM and the progress we have been making with the Excellence 360º Plan, that we expect the market to recognise the real value of the Company.

In view of the Company's financial strength, cash generation prospects and the low level of the share price, the Board of Directors meeting on 27 July agreed to initiate a new 4% share buyback programme for its possible later amortisation. This programme fulfils the Company's commitment to redeem the shares that were issued in the years when the dividend paid was made through scrip dividend."

Outlook

There remains a healthy demand from end customers, but there has been a drop in dealer orders following the end of the inventory rebuilding process that started at the end of 2020.

The strength of the market and the stability of costs in the US, coupled with the Group's order backlog, provide us with optimism for the third quarter.

The exceptional EBITDA achieved in the second quarter, helped by the revaluation of inventories, is a new historical record for Acerinox. Expected EBITDA in the third quarter of 2022 is likely to be in line with the average quarterly results of the excellent 2021, the best year in the Group's history.

The second half of the year will be marked by the conflict in Russia and Ukraine and the many uncertainties arising from it. The factor which causes greatest concern at the moment is energy, not only because of high prices in Spain, but also because of uncertainties about future regular supply in Germany.

The Group has very diversified supply sources, in line with its strategy of responsible procurement. Thanks to our efforts, we have managed to ensure that our supply of raw materials does not depend on countries that do not respect human rights and international law.

Main economic and financial figures

Consolidated Group	Quarter		First Half		
	Q1 2022	Q2 2022	2022	2021	Variation 2022/2021
Melting shop production (thousands of tonnes)	668	622	1,290	1,344	-4%
Revenue (EUR million)	2,287	2,535	4,821	3,066	57%
EBITDA (EUR million)	**422**	**523**	**945**	**378**	**150%**
% of sales	***18%***	***21%***	***20%***	***12%***	
EBIT (EUR million)	375	473	847	290	192%
% of sales	*16%*	19%	18%	9%	
Profit before tax and non-controlling interests (EUR million)	367	456	823	269	207%
Profit after tax and non-controlling interests (EUR million)	**266**	**343**	**609**	**203**	**201%**
Depreciation and amortisation (EUR million)	46	48	94	88	7%
No. of employees at period-end	8,284	8,429	8,429	8,302	2%
Net financial debt (EUR million)	628	574	574	838	-32%
Gearing ratio (%)	26%	20%	20%	48%	-58%
No. of shares (millions)	271	271	271	271	0%
Shareholder remuneration (per share)	0.43 (1)	0.00	0.43 (1)	0.50	---
Average daily volume of trading (millions of shares)	1.54	1.64	1.59	1.23	29%
Profit per share after tax and non-controlling interests	0.98	1.27	2.25	0.75	201%

(1) Indirect remuneration arising from the share buyback programme

Millions of euros	Second Quarter of 2022			First Half of 2022		
	Stainless Division	High performance alloys	Consolidated Group	Stainless Division	High performance alloys	Consolidated Group
Melting shop production	601	21	622	1,247	44	1,290
Revenue	2,232	303	2,535	4,237	584	4,821
EBITDA	**481**	**41**	**523**	**880**	**65**	**945**
EBITDA margin	**22%**	**14%**	**21%**	**21%**	**11%**	**20%**
Depreciation and amortisation	-41	-6	-48	-79	-11	-94
EBIT	439	36	473	797	54	847
EBIT margin	20%	12%	19%	19%	9%	18%

Results of the consolidated Acerinox Group

Revenue totalled EUR 4,821 million in the half year, an increase of 57% compared to the same period of 2021, driven by the recovery in demand and the improvement in prices.

The most significant figures are summarised in the table below:

Millions of euros	Q2 2022	Q1 2022	Q2 2021	S1 2022	S1 2021	%Q2 22 / Q2 21	% S1 22 / S1 21
Melting shop production	622	668	675	1,290	1,344	-8%	-4%
Revenue	2,535	2,287	1,625	4,821	3,066	56%	57%
EBITDA	**523**	**422**	**217**	945	**378**	**141%**	**150%**
EBITDA margin	**21%**	**18%**	**13%**	20%	**12%**		
EBIT	473	375	173	847	290	174%	192%
EBIT margin	19%	16%	11%	18%	9%		
Profit before tax	456	367	163	823	269	180%	207%
Profit after tax and non-controlling interests	343	266	125	609	203	175%	201%
Operating Cash Flow	2	74	84	77	108	-97%	-29%
Net financial debt	574	628	838	574	838	-32%	-32%

Operating expenses increased by 61% in the first half, mainly due to high energy prices and transport-related costs. Special mention should be made regarding energy costs (including electricity and gas consumption, among others), which increased 2.5 times in Spain.

Quarterly EBITDA in millions of euros

(1) Q4 2019 adjusted EBITDA: EUR 112 million. EBITDA without taking into account the provision totalling EUR 38 million for the layoffs at Acerinox Europa

(2) Q2 2020 adjusted EBITDA: EUR 94 million. EBITDA disregarding the EUR 14 million for the costs from the acquisition of VDM

Despite higher costs, EBITDA in the first half of the year, at EUR 945 million, was 55% higher than in the previous half. This was the eight consecutive quarter growth and the best half-year EBITDA ever. The EBITDA margin on sales was 20%.

EBITDA in the second quarter, amounting to EUR 523 million, was 2.4 times higher than in the second quarter of 2021 and 24% higher than in the preceding quarter.

Profit after tax and non-controlling interests, at EUR 609 million, was 3 times higher than in the first half of 2021. A profit of EUR 343 million was generated in the quarter, which was 2.7 times higher than in the second quarter of 2021 and 29% higher than in the first quarter of 2022.

Cash generation

The good results enabled the Group to obtain operating *cash flow* in the first half of EUR 77 million.

Special mention should be made regarding working capital. The strong activity and the increase in raw material prices and of our prices gave rise to an increase in working capital of EUR 807 million. Also contributing to this increase was the Company's strategy of securing supplies at competitive prices in this turbulent period for raw materials through cash payments.

Following investment payments of EUR 46 million, free cash flow amounted to EUR 31 million.

In March, the Group concluded the share buyback programme of 4%, which commenced in December. The cash outflow totalled EUR 115 million (the entire programme totalled EUR 125 million).

The appreciation of the US dollar had a significant impact on conversion differences amounting to EUR 91 million.

Cash flow (millions of euros)

	Q2 2022	Q1 2022	Q2 2021	S1 2022	S1 2021
EBITDA	**523**	**422**	**217**	**945**	**378**
Changes in working capital	-462	-345	-100	-807	-253
Income tax	-92	-8	-26	-101	-3
Finance costs	-6	-8	-9	-14	-18
Other adjustments to profit	40	13	2	54	2
OPERATING CASH FLOW	**2**	**74**	**84**	**77**	**108**
Payments due to investment	-24	-22	-20	-46	-49
FREE CASH FLOW	**-22**	**53**	**64**	**31**	**59**
Dividends and treasury shares	0	-115	-135	-115	-135
CASH FLOW AFTER DIVIDENDS	**-22**	**-62**	**-71**	**-84**	**-77**
Translation differences	78	13	-11	91	11
Grants and other	-1	-1	0	-2	0
Changes in net financial debt	**55**	**-50**	**-82**	**5**	**-66**

Balance sheet

ASSETS Millions of euros	Jun 22	2021	Jun 21	Variation	LIABILITIES Millions of euros	Jun 22	2021	Jun 21	Variation
Non-current assets	**2,112**	**2,067**	**2,060**	**2.1%**	**Equity**	**2,837**	**2,215**	**1,756**	**28.1%**
Current assets	**5,382**	**3,917**	**3,288**	**37.4%**	**Non-current liabilities**	**1,748**	**1,802**	**1,764**	**-3.0%**
Inventories	2,652	1,777	1,504	49.3%	Bank borrowings	1,329	1,368	1,367	-2.8%
Receivables	1,143	837	754	36.5%	Other non-current	419	434	397	-3.3%
Trade receivables	1,060	773	693	37.1%					
Other receivables	83	64	61	29.3%	**Current liabilities**	**2,908**	**1,968**	**1,828**	**47.8%**
Cash	1,517	1,275	991	19.0%	Bank borrowings	762	485	463	57.1%
Other current financial assets	70	28	39	148.1%	Trade payables	1,688	1,315	1,161	28.4%
					Other current liabilities	458	168	204	173.0%
Total assets	**7,494**	**5,984**	**5,348**	**25.2%**	**Total equity and liabilities**	**7,494**	**5,984**	**5,348**	**25.2%**

Net financial debt amounted to EUR 574 million, decreasing by EUR 5 million compared to December 2021 despite the increase in working capital (EUR 807 million) and the share buyback programme (EUR 115 million).

At 30 June 2022, Acerinox had immediate liquidity of EUR 1,897 million, consisting of EUR 1,517 million in cash and EUR 380 million in available credit lines.

The Group's term debt maturities total EUR 1,506 million and are fully covered by the current liquidity.

Stainless steel division

Stainless steel market

The beginning of the first half of 2022 was characterised by improved activity and confidence in the economy. However, from March onwards, the volatility of commodity prices on official markets and the geopolitical and energy situation have generated global uncertainty, which has led to a change in trend that will affect our industry.

COVID, problems in the supply chain, transportation costs and trade defence measures, among other reasons, are favouring the regionalisation of our main markets.

United States

According to the latest data available, apparent consumption in the US increased by 14% until May.

Production problems related to component and labour shortages continued to hamper end-users in many industries, limiting overall production, although demand for stainless steel remained solid throughout the first half of the year.

Imports of cold-rolled flat products increased throughout the semester due to good consumption expectations, although they did not alter the dynamics of the North American market, despite being at historically high levels (27%)

Stock levels increased as a result of the good market development and the simultaneous arrival of imports, although they remain in line with the historical average.

Europe

According to the latest available data, apparent consumption of flat products grew by around 13% until June.

Imports of cold-rolled flat products increased, due to material from China and the high price differential between Europe and Asia, reaching a penetration share of around 32%.

As a result, inventories were at levels close to the average of the last three years.

The main developments in trade defence are as follows:

- Approval of the revision of the safeguard measures in June for year 5 (Jul '22 - Jun '23), highlighting the exclusion of Malaysia and the inclusion of South Africa.

- The European Union approved anti-subsidy measures against India and Indonesia on 16 March.

Asia

The first half of the year was strongly marked by commodity volatility, which was bullish until the suspension of nickel trading on the LME in March.

Strict lockdowns in China led to a sharp drop in domestic demand while factories were still producing. Attempts to export excess production precipitated the fall in prices in the region.

The fall in nickel and the aggressive pricing strategy of Asian producers, mainly Indonesia, sped up the drop in prices.

Stainless steel division production

The Stainless Division improved production in the cold-rolling and long product workshops compared to the first half of 2021. The drop in melting shop production reflects the lower activity expected for the third quarter due to the seasonality typical of this period of the year.

	2021					2022			Variation	
Thousands of tonnes	**Q1**	**Q2**	**Q3**	**Q4**	**12 months**	**Q1**	**Q2**	**S1**	**Q2 22 / Q2 21**	**S1 22 / S1 21**
Melting shop	650	654	629	608	2,541	646	601	1,247	-8%	-4%
Cold-rolling	394	400	408	423	1,625	433	416	849	4%	7%
Long products (hot-rolling)	63	61	59	62	245	65	61	126	0%	2%

North American Stainless (NAS) operated at full capacity during the first half of the year.

Acerinox Europa suffered the impact of the metal strike in Cadiz and the transport strike in Spain as well as the three-day stoppage of the melting shop due to high energy prices in the first quarter. Despite this, production levels have been satisfactory.

Columbus continued with the development and marketing, with long-term contracts, of a range of non-stainless steel for the local South African market, which allowed it to optimise its production capacity.

Bahru Stainless continued with its commercial diversification strategy, although the volatility in the Asian market caused a decrease in its cold-rolling production in the last months of the half year.

Stainless steel division results

Millions of euros	Q2 2022	Q1 2022	Q2 2021	S1 2022	S1 2021	% Q2 22 / Q2 21	% S1 22 / S1 21
Melting shop production (thousands of tonnes)	601	646	654	1,247	1,304	-8%	-4%
Revenue	2,232	2,006	1,425	4,237	2,698	57%	57%
EBITDA	**481**	**398**	**201**	**880**	**353**	**140%**	**149%**
EBITDA margin	**22%**	**20%**	**14%**	**21%**	**13%**		
Depreciation and amortisation	-41	-39	-37	-79	-74	9%	7%
EBIT	439	358	163	797	279	169%	186%
EBIT margin	20%	18%	11%	19%	10%		
Operating cash flow (before investments)	120	145	98	265	123	22%	116%

In the first half of 2022, activity remained strong, as reflected in price increases, improved margins and good cash generation.

Half-year revenue of EUR 4,237 million was 57% higher than in the first half of 2021. Likewise, revenue in the quarter were 57% higher than in the same period of 2021.

EBITDA amounted to EUR 880 million, with a margin on sales of 21%, despite the cost inflation already mentioned in the Consolidated Group section. EBITDA in the quarter was EUR 481 million, with the margin on sales up 2 percentage points from the previous quarter to 22%.

Operating cash flow in the first half amounted to EUR 265 million, despite the EUR 556 million increase in working capital.

Millions of euros	Q2 2022	Q1 2022	Q2 2021	S1 2022	S1 2021
EBITDA	**481**	**398**	**201**	**880**	**353**
Changes in working capital	-307	-249	-67	-556	-214
Income tax	-91	-7	-28	-99	-1
Finance costs	-5	-6	-8	-11	-14
Other adjustments to profit	41	9	0	51	-1
OPERATING CASH FLOW	**120**	**145**	**98**	**265**	**123**

High performance alloys division

High performance alloys market

The high performance alloys market experienced a good half year, despite the increase in nickel prices and the collapse of the LME in the first quarter.

Strong demand is allowing both raw material and energy price increases to be passed on to the market.

The oil and gas sector has developed very positively thanks to the good pipeline situation.

The chemical process industry remains strong, with high demand for electrolysis equipment.

The aerospace sector experienced a significant recovery, although it is still significantly below normal activity levels. The demand for turbines is growing.

The automotive sector has seen some recovery, although it has been weighed down by supply problems resulting from the invasion in Ukraine and the lack of semiconductors.

The only sector with worse performance has been the electronics industry, which has experienced lower activity due to the drop in the consumption of household appliances

Production

In the first half of 2022, melting shop production of the high-performance alloys division reflected the good market momentum, with a 10% growth compared to the first half of 2021. Finishing shop production also increased by 18% compared to the same period of 2021.

	2021					2022			Variation	
Thousands of tonnes	**Q1**	**Q2**	**Q3**	**Q4**	**12 months**	**Q1**	**Q2**	**S1**	**Q2 22 / Q2 21**	**S1 22 / S1 21**
Melting shop	18	22	19	19	78	22	21	44	-1%	10%
Finishing shop	8	11	11	11	40	11	11	22	3%	18%

Results

Sales increased compared to the same period of 2021, as a result of the good backlog situation and the increase in prices.

Millions of euros	Q2 2022	Q1 2022	Q2 2021	S1 2022	S1 2021	% Q2 22 / Q2 21	% S1 22 / S1 21
Melting shop production	21	22	22	44	40	-1%	10%
Revenue	303	281	201	584	368	51%	59%
EBITDA	**41**	**24**	**16**	**65**	**26**	**153%**	**152%**
EBITDA margin	**14%**	**8%**	**8%**	**11%**	**7%**		
Depreciation and amortisation	-6	-6	-6	-11	-11	1%	2%
EBIT	36	18	11	54	15	233%	262%
EBIT margin	12%	6%	5%	9%	4%		
Operating cash flow (before investments)	-118	-71	-14	-188	-15	---	---

EBITDA generated in the first half was EUR 65 million, with a margin on sales of 11%. EBITDA for the quarter, at EUR 41 million, was the highest since the acquisition of VDM and represented a margin of 14% on sales.

Working capital increased by EUR 251 million due to the significant increase in inventories, which was not only due to the revaluation of the price of nickel, but also due to advance payments to secure the supply of raw materials during the period when the price of nickel was suspended.

The sound financial situation of the Company enabled it to secure raw materials at competitive prices through cash payments. This strategy involved an investment in working capital during the first half.

Millions of euros	Q2 2022	Q1 2022	Q2 2021	S1 2022	S1 2021
EBITDA	**41**	**24**	**16**	**65**	**26**
Changes in working capital	-155	-96	-32	-251	-39
Income tax	-1	-1	2	-2	-1
Finance costs	-2	-1	-1	-3	-3
Other adjustments to profit	-1	4	1	3	4
OPERATING CASH FLOW	**-118**	**-71**	**-14**	**-188**	**-15**

VDM integration synergies

After two full years of work since VDM Metals was acquired by Acerinox in March 2020, full integration has been achieved in many areas that service day-to-day operations. We continue to work tirelessly on the operational side and on finding new customers.

Synergies in the half year totalling EUR 12.9 million out of the expected EUR 16.7 million for the full year were achieved. This is EUR 5.5 million above budget to date, a 73% improvement.

In order to offer an increased product portfolio in both divisions, we continue to work on technical exchanges between the two divisions in both long and flat products, in Europe and in the United States. We currently have 73 best practices exchange projects underway to ensure that our standard product is manufactured more efficiently and with the aim of being more competitive in the market. Shared resources enabled new products to be created in eight different types of alloy, such as wide coil, plates and precision strips. All of them, have shown encouraging results.

The development of joint commercial strategies is allowing us to optimise our relationship with joint customers, to grow our presence in the project sector and to increase sales in certain geographical areas. The commercial network has developed 89 new customers.

Finally, we continue to deepen our efforts to identify synergies in purchasing, both in raw materials and general purchasing, and in R&D&I, both in product and process.

Sustainability

Our Contribution to Sustainable Development

Acerinox has the firm intention of contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations, among others, by contributing to the fight against climate change through the manufacture of entirely and indefinitely recyclable products; promoting innovation, education, protecting and fostering respect for human rights, the development of professional relationships based on diversity, inclusion, equal opportunities and contributing to the development of the communities where we operate.

Our Sustainability Plan

Acerinox has a Sustainability Plan to support and reinforce the business strategy and respond to social, environmental and good governance challenges. This Plan has been called 'Acerinox Positive Impact 360º', and defines a series of objectives and actions based on the five main pillars summarised below and which will run from 2021 to 2025:

Ethical, responsible & transparent governance	**Eco-efficiency & the fight against climate change**	**Circular economy & sustainable product**	**Committed team, culture, diversity & safety**	**Supply chain & impact on the community**

Within this Sustainability Plan, a number of long-term objectives were set and are reported on a quarterly basis together with the Group's financial data. Below, we have detailed their development:

- Acerinox continues to make progress towards its target of reducing CO_2 emissions intensity (Scope 1 and 2) with an 11.3% reduction since the 2015 reference year, and expects to meet its target of a 20% reduction by 2030.

  This is in addition to the recent commitment made by signing up to the SBTi (Science Base Target Initiative) whereby we will work to set targets for greenhouse gas (GHG) emission reductions in line with its methodology, i.e. aligned with the recommendations of science to achieve the Paris Agreement goals, doing everything possible to limit global temperature increase to 1.5°C.

- Linked to the aforementioned objective, we also continue to make positive progress in the objective of reducing relative energy intensity with the measures being implemented in all our factories to reduce energy consumption. A 2.3% reduction has already been achieved since the 2015 base year, leading to a 7.5% reduction by 2030.

- The other long-term objective related to climate change is the use we make of water, a fundamental part of our production process. This year we have already exceeded the target we had set ourselves to reduce specific water withdrawals by 20% since 2015, so we are working on setting other more ambitious targets.

- Not only are we one of the stainless steel manufacturers that uses the highest percentage of scrap in our production process, over 85%, but we also endeavour to recover all the waste generated during the process. Currently, over 76% of all waste generated is being recovered, with the aim of reaching 90% by 2030.

- Safety, our priority. The objective of reducing the accident rate in all Group companies by involving employees and contractors is being achieved year by year. As a result, we have again reduced Lost Time Injury Frequency Rate (LTIFR) by 26% in the first half of the year compared to the end of 2021.

  In April 2022, to commemorate ***World Steel Safety,*** Acerinox celebrated its ***Safety Week,*** with specific activities and information for employees and contractors from all over the world. Focussing mainly on working at heights and with the participation of hundreds of employees in plants on four continents, training courses, audits of potential hazards and safety improvements took place, resulting in new advances in this area, in addition to an important component of awareness on the subject.

Code of Conduct for Business Partners

Committed to the highest standards of ESG management, the Acerinox Group, has embarked on an ambitious programme that involves strengthening its governance and sustainability system within a framework of continuous improvement.

In this general context, the company has resolved to go a step further and extend its ESG commitments to the entire value chain by approving a Code of Conduct for its Business Partners, the acceptance of which is a prerequisite for maintaining the business relationship.

It is a code that seeks to promote sustainability throughout the supply chain and is based on compliance with current legislation, respect and integrity, business ethics, human rights, health and safety and environmental protection.

Thus, the company has set itself the objective of assessing the sustainability management of most of its suppliers over the next two years. In a first approach, the assessment will focus on the main global suppliers.

The evaluation model includes seven management indicators based on 21 sustainability criteria in four areas: environment, labour practices and human rights, ethics and sustainable procurement, and is based on the main international standards, such as GRI (Global Reporting Initiative), the UN Global Compact and the ISO 26000 Standard. The assessment is carried out through an independent external platform, Ecovadis, based on documented evidence, and is organised in four stages: registration, questionnaire, expert analysis and results.

For those members of the Acerinox supply chain that obtain a low rating, the company will provide them with support to detect areas for improvement and will propose an individualised action plan to implement policies, commitments and actions that will enable them to comply with internationally established ESG criteria.

The World Stainless Steel Association Grants Four of its Awards to the Acerinox Group

For progress in the Market Development, Sustainability and Security categories

The World Stainless Association (formerly ISSF) has granted awards to four of Acerinox Group's projects at its awards ceremony which, as every year, distinguishes good practices and innovative ideas in areas such as Market Development, Safety and Sustainability.

Market Development: From agriculture to security

Acerinox Europa won the Gold award for its 'Vertical Farming' project. The aim of this project is to grow crops anywhere in the world regardless of external climatic conditions. Vertical farming turns agriculture into an industrial process in which constant costs, production and quality are achieved.

The Bronze award went to North American Stainless (NAS) for a stainless steel bollard project that extends the life cycle and reduces the costs of the bollards, thanks to the selection of materials that reduce corrosion and the maintenance required.

Safety: Our priority: preventing accidents

Acerinox Europa has been awarded Bronze for the implementation of a system for the automatic extraction of lubricating grease from the damping system of the AOD converter movements, thus avoiding the risks derived from manual operation.

Sustainability: Consume the minimum even when not in production

In this category, the jury was looking for new developments that generate a clear reduction in operational emissions (GHGs), a clear reduction in the energy intensity of production, an improvement in the efficiency of the application of materials, an investment in new processes and/or products that have a positive environmental impact and the development or improvement of the company's environmental management system.

Acerinox Europa was awarded the Silver prize for its programme to reduce energy consumption during non-productive periods through innovative shutdown protocols. The plan is based on 21 procedures implemented in the organisation's management system, which are audited annually in the framework of ISO 50001.

Excellence 360° Plan

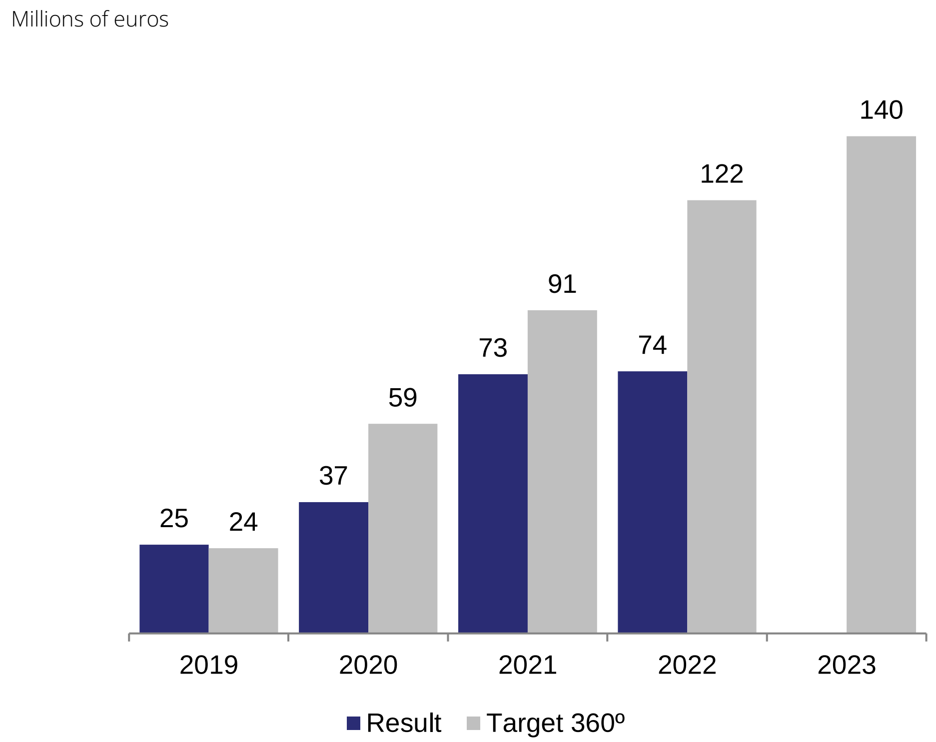
The Acerinox Group continues developing its multidisciplinary strategy through the Excellence 360º Plan. It includes all projects that involve operational efficiency improvements, using Digital Transformation as the main enabler.

The integration of VDM Metals into the Acerinox Group led to its incorporation into the Excellence 360º programme, the result of internal benchmarking and the Digital Strategy. This has led to an increase in the Plan's return target, from EUR 125 million per year, on a recurrent basis initially set for 2023, to EUR 140 million.

The Excellence 360º Plan seeks to comprehensively enhance the vision of the business, placing the customer and the service offered at the centre through the latest technologies. This vision also goes hand in hand with the Group's sustainability targets, with particular emphasis on efficiency improvements, consumption reduction and environmental cost reduction. To this end, there is complete coordination of the areas of production, supply chain, sales network and procurement of raw materials and consumables. All of this is aimed at improving the quality of products and processes, increasing the accuracy of deliveries by optimising stock and optimising the mix of customers, margins and products.

The plan is in its fourth year of implementation and, in the first half of 2022, estimated savings of EUR 74 million were achieved, which represents a degree of achievement of 61% of the 2022 target (EUR 122 million).

During this period, the results of the business areas of raw material procurement, commercial management and production are noteworthy. In particular, in the area of production, consumption of production materials, metal yields and energy consumption performed well.



Financial Risk Management

In this period, the current geopolitical situation caused by Russia's invasion of Ukraine must be highlighted. While there is no significant direct impact at Group level, it is worth noting the increase in prices, particularly for energy, gas and electricity, due to the uncertainties that the war and political instability are generating. Uncertainty also remains about the problems that could arise in the supply chain. From the moment the invasion began, the Group reduced its exposure in Russia as much as possible, halted sales and confirmed that all outstanding sales in the countries involved were covered by trade credit insurance. With regard to procurement, the Group has very diversified sources of supply and follows a strategy of responsible procurement. Following the guidelines set by the Group, a significant effort is being made to obtain alternative supplies to reduce or directly avoid dependence on raw materials from countries that do not respect human rights and international law.

The evolution of the global COVID-19 pandemic appears to be slowing down in terms of virulence and mortality. In this regard, the main measures adopted by governments and companies in recent times have been aimed more at de-escalation and a gradual return to normality.

Although the exceptional circumstances caused by the global Covid-19 pandemic continued in this period, Acerinox still considers the main financial risks to be those mentioned in its approved financial statements for 2021, namely: market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. Particular attention is being paid to price and interest rate risk.

Effective management of these risks enabled the Group to minimise the unavoidable impacts of the Covid-19 pandemic, and many of the measures set forth in the 2021 Annual Report remain in place.

Credit risk

As regards credit risk, the claims ratio at 30 June remained low and payment delays were not significant, despite the war in Ukraine and the effects of the Covid-19 pandemic.

Liquidity risk

With respect to liquidity risk, Acerinox had arranged credit facilities amounting to EUR 2,471 million, of which 15% were drawable. Net debt amounted to EUR 574 million at 30 June. The cash balances amounted to EUR 1,517 million.

The most significant financing transactions in the first half of 2022 were as follows:

- The signing of two new loans: a fixed rate loan with Unicredit for an amount of EUR 50 million with a final maturity of four years; and a variable rate loan with Bankinter for a total amount of EUR 25 million with a final maturity of three years.
- In March, the long-term loan of EUR 60 million arranged with Cajamar was refinanced, whereby the conditions were improved by increasing the loan principal by EUR 20 million and extending the final maturity to 2026.
- Novation of the loan signed in 2020 with Caixabank for EUR 80 million, with final maturity in 2025, increasing the capital to EUR 260 million and increasing the final maturity to 2027. To this end, the two loans signed with Bankia and Caixabank for amounts of EUR 160 million and EUR 50 million, respectively, with final maturity in 2024, have been cancelled.

- In order to ensure continued Group liquidity, the following transactions were carried out during the first half of 2022:
    - The renewal of three credit facilities in euros for a total amount of EUR 160 million, increasing the amount of one of them by EUR 20 million.
    - The signing of a new credit facility in euros for a total amount of EUR 25 million.
    - The renewal of a credit facility in US dollars for a total amount of USD 20 million.
    - The signing of two new credit facilities in US dollars for a total amount of USD 30 million for Acerinox Europa.
- Modification of one of the sustainability KPIs initially defined in the EUR 50 million loan novated in 2021 with Banca March.

The Acerinox Group has satisfactorily met the repayment schedules for its borrowings. None of the loans arranged in the first half of 2022 are contingent upon the achievement of annual results-based financial ratios.

Shareholder remuneration

- The Annual General Shareholders' Meeting held on 16 June 2022 approved the following shareholder remuneration proposals:
    - Distribution of a dividend of EUR 0.50/share payable on 5 July 2022.
    - Reduction of the share capital of Acerinox, S.A. by EUR 2,705,462 through the redemption of 10,821,848 treasury shares (4% of the share capital). The shares were purchased between December 2021 and March 2022 with a total cash outflow of EUR 125 million (EUR 115 million in the first quarter of 2022 and EUR 9 million in the fourth quarter of 2021).
- In view of the Company's financial strength, cash generation prospects and the low level of the share price, the Board of Directors meeting on 27 July agreed to initiate a new 4% share buy-back programme for its possible later amortisation. This programme fulfils the Company's commitment to redeem the shares that were issued in the years when the dividend paid was made through scrip dividend.

Changes in the Board of Directors

Mr. Carlos Ortega Arias-Paz, elected Chairman

At the Annual General Shareholders' Meeting held on 16 June 2022, Mr. Rafael Miranda Olmedo's second term as Chairman expired. In accordance with the Company's Articles of Association, he was not eligible for re-election as he had reached the age limit.

The Board of Directors meeting held on 16 June, after the General Shareholders' Meeting, appointed Mr. Carlos Ortega Arias-Paz as non-executive Chairman of Acerinox.

Mr. Ortega Arias-Paz, currently Managing Director of Corporación Financiera Alba and member of the Acerinox Board of Directors as a Proprietary Director, has taken on the position for a period of four years.

A Cum Laude graduate in Economics from Harvard University and Master in Business Administration from Harvard Business School, he joined Corporación Financiera Alba, S.A. in 2017 as Director of Strategy, leading the Company's international strategy and collaborating on investments in Spain.

In addition to having a seat on the highest governing body of Acerinox, he is a member of the Boards of Directors of Verisure, Piolin Bidco (Parques Reunidos), Rioja (Naturgy), Atlantic Aviation and Chairman of the Harvard Club of Spain.

Mr. Bernardo Velázquez, re-elected as Chief Executive Officer

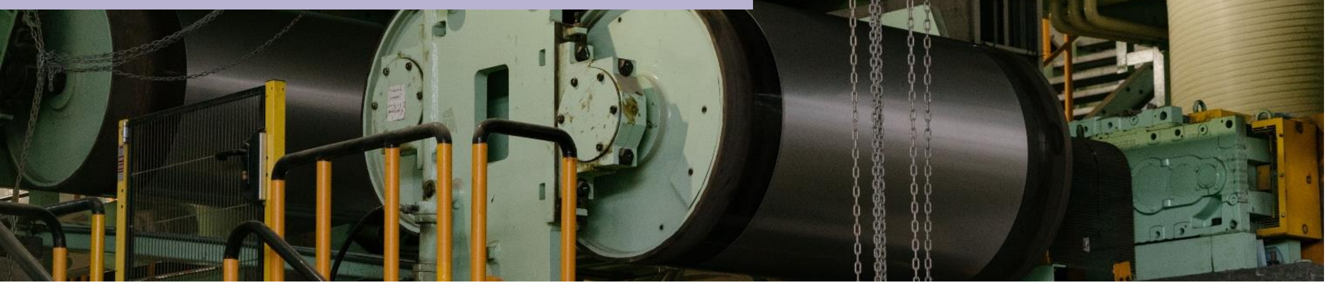
During the same Board meeting, Mr. Bernardo Velázquez Herreros was re-elected to the position of Chief Executive Officer for a four-year term, thus renewing the position he has held since 2010.

Mr. Velázquez is an Industrial Engineer through ICAI. During his extensive career within Acerinox, he has held various positions in the Group's subsidiaries and has been responsible for Strategy Management and General Management. He is also Chairman of *North American Stainless* (NAS).

He is also currently Chairman of UNESID (Spanish Association of Iron and Steel Companies) and Vice-Chairman of the World Stainless Steel Association.

Mr. Donald Johnston, elected Lead Director

The Board of Directors of Acerinox, S.A. held on 30 June 2022, unanimously approved the appointment of the Independent Director Mr. Donald Johnston as Lead Director.



Alternative Performance Measures
(Definitions)

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

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

Operating Working Capital: Inventories + Trade receivables – Trade payables

Net Cash Flow: Results after taxes and minority interests + depreciation and amortisation

Net Financial Debt: Bank borrowings + bond issuance - cash

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

EBIT: Operating income

Adjusted EBIT: EBIT, net of material extraordinary items

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

Adjusted EBITDA: EBITDA, net of material extraordinary items

Debt Ratio: Net Financial Debt / Equity

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

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

ROE: Results after taxes and minority interests / Equity

ICR (interest coverage ratio): EBIT / Financial expenses

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