



OTHER RELEVANT INFORMATION ASTURIANA DE LAMINADOS, S.A.

04 OCTOBER 2022

Pursuant to the provisions of article 17 of Regulation (EU) no. 596/2014 on market abuse and article 227 of the revised text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, and concordant provisions, as well as BME GROWTH Circular 3/2020, we hereby inform you of the following information regarding the company **ASTURIANA DE LAMINADOS, S.A.** (hereinafter "ELZ" or "the Company" indistinctly).

The interim financial statements for the six-month period ended 30 June 2022 of ASTURIANA DE LAMINADOS, S.A. are hereby published.

The Company hereby submits the interim financial statements reported favourably by the Audit Committee and approved by the Board of Directors, together with the corresponding limited review report carried out by its auditor KPMG.

In compliance with the provisions of BME Growth Circular 3/2020, it is hereby expressly stated that the information provided has been prepared under the sole responsibility of the issuer and the Chairman of the Board of Directors.

In Lena on 04 October 2022

D. Macario Fernández Fernández

Chairman of the Board of Directors



Asturiana de Laminados, S.A.

Interim Financial Statements

30 June 2022

Interim Directors' Report

30 June 2022

(With Limited Review Report thereon)

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



KPMG Auditores, S.L.
Ventura Rodriguez, 2
33004 Oviedo

Limited Review Report on the Interim Financial Statements

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

To the Shareholders of Asturiana de Laminados, S.A.

Introduction

We have carried out a limited review of the interim financial statements of Asturiana de Laminados, S.A. (the "Company"), which comprise the balance sheet at 30 June 2022, and the income statement, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Directors are responsible for the preparation of these interim financial statements in accordance with the financial reporting framework applicable to the entity (specified in note 2 to the accompanying interim financial statements) and, in particular, with the accounting principles and criteria set forth therein. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our 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 information 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 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 the accompanying interim financial statements.



Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the equity and financial position of Asturiana de Laminados, S.A. at 30 June 2022, its financial performance and its cash flows for the six-month period then ended in accordance with the financial reporting framework applicable to the entity and, in particular, with the accounting principles and criteria set forth therein.

Report on Other Legal and Regulatory Requirements

The accompanying interim directors' report for the six-month period ended 30 June 2022 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements. The interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2022. Our work is limited to the verification of the interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Asturiana de Laminados, S.A.

Other Matter

This report has been prepared in relation to the publication of the six-monthly financial report and the corresponding limited review report on the interim financial statements required by the second article of section 2.1 a) of BME MTF Equity Circular 3/2020 on information to be provided by growth companies incorporated for trading in the BME Growth segment of BME MTF Equity.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Alberto Fernandez Solar

3 October 2022



Asturiana de Laminados, S.A.
Interim Financial Statements
30 June 2022

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

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Balance Sheet
 30 June 2022

(Expressed in Euros)

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

ASSETS	Note	Unaudited 30.06.2022	Audited 31.12.2021
NON-CURRENT ASSETS		131,386,587	126,439,493
Intangible assets	5	1,037,960	1,104,796
Development		779,719	850,213
Patents, licences, trademarks and similar rights		28,308	20,422
Computer software		229,933	234,161
Property, plant and equipment	6	96,672,219	96,047,491
Land and buildings		27,549,657	27,595,261
Technical installations, machinery, equipment, furniture and other items		68,740,551	68,382,369
Under construction and advances		382,011	69,861
Investment property	6 (g)	129,075	129,075
Land and buildings		129,075	129,075
Non-current investments in Group companies and associates		26,677,950	22,144,656
Equity instruments	8 (a)	11,513,377	7,669,753
Other financial assets	8(b) and 19	15,164,573	14,474,903
Non-current investments	9	4,778,059	4,766,134
Equity instruments		86,476	66,403
Loans to third parties		67,098	75,246
Debt securities		138,403	138,403
Other financial assets		4,486,082	4,486,082
Deferred tax assets	16 (d)	2,091,324	2,247,341
CURRENT ASSETS		53,900,649	37,737,028
Inventories	11	24,770,844	13,256,102
Merchandise		205,767	77,163
Raw materials and other supplies		3,583,526	2,285,572
Work in progress		5,101,586	946,436
Finished goods		15,879,965	9,946,931
Trade and other receivables	12	21,763,730	13,494,384
Trade receivables		18,086,458	9,319,774
Trade receivables from Group companies and associates – current	19	2,004,563	2,533,499
Group companies	19	560,201	492,994
Other receivables		15,000	15,000
Personnel		215,875	23,290
Current tax assets	16	82,546	82,546
Public entities, other	16 (a)	799,087	1,027,281
Current investments in Group companies and associates	8(b) and 19	370,828	233,256
Other financial assets		370,828	233,256
Current investments	9	5,083,617	5,216,654
Other financial assets		5,083,617	5,216,654
Prepayments for current assets		400,143	380,806
Cash and cash equivalents		1,511,487	5,155,826
TOTAL ASSETS		185,287,236	164,176,521

The accompanying notes form an integral part of the interim financial statements for the six-month period ended 30 June 2022.

Balance Sheet
 30 June 2022

(Expressed in Euros)

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

EQUITY AND LIABILITIES	Note	Unaudited 30.06.2022	Audited 31.12.2021
EQUITY		50,155,155	47,767,807
Capital and reserves	13	39,065,213	36,321,108
Capital		25,710,333	25,710,333
Registered capital		25,710,333	25,710,333
Share premium		4,686,667	4,686,667
Reserves		6,140,431	2,066,614
Own shares and equity holdings		(210,395)	(232,656)
Profit for the year		2,738,177	4,090,150
Grants, donations and bequests received	14	11,089,942	11,446,699
NON-CURRENT LIABILITIES		87,488,995	84,624,143
Non-current payables	15	80,821,347	77,798,133
Bonds and other marketable securities		46,918,958	47,432,890
Loans and borrowings		15,568,487	10,333,247
Finance lease payables	7	2,338,138	3,761,247
Other financial liabilities		15,995,764	16,270,749
Deferred tax liabilities	16 (d)	6,667,648	6,826,010
CURRENT LIABILITIES		47,643,086	31,784,571
Current payables	15	27,896,724	19,662,072
Bonds and other marketable securities		-	1,205,137
Loans and borrowings		20,396,178	12,211,394
Finance lease payables	7	2,395,356	1,898,642
Other financial liabilities		5,105,190	4,346,899
Group companies and associates, current	16(b) and 19	130,483	130,483
Trade and other payables		19,615,879	11,992,016
Suppliers		17,369,828	10,963,765
Other payables		400,781	385,954
Personnel (salaries payable)		555,389	393,791
Current tax liabilities	16	778,777	-
Public entities, other	16 (a)	511,104	248,506
TOTAL EQUITY AND LIABILITIES		185,287,236	164,176,521

Income Statement
for the six-month period ended
30 June 2022

(Expressed in Euros)

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

PROFIT AND LOSS	Note	Unaudited 30.06.2022	Unaudited 30.06.2021
CONTINUING OPERATIONS			
Revenues	18 (a)	79,010,801	53,673,516
Sales		78,997,275	53,673,516
Services rendered		13,526	-
Changes in inventories of finished goods and work in progress		10,088,184	4,872,169
Self-constructed assets	5 and 6	40,176	267,314
Supplies	18 (b)	(72,445,557)	(46,228,987)
Merchandise used		(773,420)	(330,942)
Raw materials and other consumables used		(71,623,576)	(45,882,489)
Subcontracted work		(48,561)	(15,556)
Other operating income	18 (g)	254,111	259,666
Non-trading and other operating income		252,480	259,666
Operating grants taken to income		1,631	-
Personnel expenses	18 (c)	(3,953,876)	(3,131,450)
Salaries, wages and similar		(3,097,541)	(2,461,403)
Employee benefits expense		(856,335)	(670,047)
Other operating expenses		(6,271,736)	(3,707,192)
External services	18 (f)	(6,187,915)	(3,638,184)
Taxes		(83,821)	(54,779)
Losses, impairment and changes in trade provisions		-	(14,229)
Amortisation and depreciation	5 and 6	(1,022,450)	(955,523)
Non-financial and other capital grants	14	475,676	484,199
Impairment and gains/(losses) on disposal of fixed assets		-	96
Impairment and losses		-	96
Other income/(expenses)		(3,899)	9,053
Results from operating activities		6,171,430	5,542,861
Finance income		238,318	229,383
Marketable securities and other financial instruments	9	238,318	78,071
Group companies and associates	19	237,505	73,491
Other		813	4,580
Capitalised borrowing costs	6	-	151,312
Finance costs	15	(2,756,941)	(1,778,731)
Other		(2,756,941)	(1,778,731)
Net finance cost		(2,518,623)	(1,549,348)
Profit before income tax		3,652,807	3,993,513
Income tax	16	(914,630)	(999,797)
Profit for the year		2,738,177	2,993,716



ASTURIANA DE LAMINADOS, S.A.

Statement of Recognised Income and Expense
for the period ended
30 June 2022

(Expressed in Euros)

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

STATEMENT OF RECOGNISED INCOME AND EXPENSE	Unaudited 30.06.2022	Unaudited 30.06.2021
Profit for the year	2,738,177	2,993,716
Profit for the year	2,738,177	2,993,716
Total income and expense recognised directly in equity	2,738,177	2,993,716
Amounts transferred to the income statement (note 14)	(356,757)	(363,150)
Grants, donations and bequests	(475,676)	(484,199)
Tax effect	118,919	121,049
Total recognised income and expense	2,381,420	2,630,566

The accompanying notes form an integral part of the interim financial statements for the six-month period ended 30 June 2022.

Statement of Changes in Equity for the six-month period ended
30 June 2022

(Expressed in Euros)

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

STATEMENT OF CHANGES IN EQUITY	Capital	Share premium	Legal reserve	Voluntary reserves	Own shares and equity holdings	Prior years' losses	Profit for the year	Grants, donations and bequests	Total
Balance at 1 January 2021	25,710,333	4,686,667	738,075	965,504	(120,864)	(1,506,485)	1,760,685	12,141,283	44,375,198
Own shares	-	-	-	85,358	(74,209)	-	-	-	11,149
Recognised income and expense	-	-	-	-	-	-	2,993,716	(363,150)	2,630,566
Distribution of profit	-	-	176,069	78,131	-	1,506,485	(1,760,685)	-	-
Balance at 30 June 2021	25,710,333	4,686,667	914,144	1,128,993	(195,073)	-	2,993,716	11,778,133	47,016,913
Balance at 1 January 2022	25,710,333	4,686,667	914,144	1,152,470	(232,656)	-	4,090,150	11,446,699	47,767,807
Own shares	-	-	-	(16,333)	22,261	-	-	-	5,928
Recognised income and expense	-	-	-	-	-	-	2,738,177	(356,757)	2,381,420
Distribution of profit	-	-	409,015	3,681,135	-	-	(4,090,150)	-	-
Balance at 30 June 2022	25,710,333	4,686,667	1,323,159	4,817,272	(210,395)	-	2,738,177	11,089,942	50,155,155

Statement of Cash Flows for the six-month period ended
 30 June 2022

(Expressed in Euros)

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

STATEMENT OF CASH FLOWS	Note	Unaudited 30.06.2022	Unaudited 30.06.2021
Cash flows from operating activities			
Profit for the year before tax		3,652,807	3,993,513
Adjustments for:		3,065,397	2,034,805
Amortisation and depreciation (+)	5 and 6	1,022,450	955,523
Impairment (+/-)	12	-	14,229
Grants recognised in the income statement (-)	14	(475,676)	(484,199)
Proceeds from disposals of fixed assets (+/-)		-	(96)
Finance income (-)		(238,318)	(229,383)
Finance costs (+)	15	2,756,941	1,778,731
Changes in operating assets and liabilities		(12,825,122)	(5,120,621)
Inventories (+/-)	11	(11,514,742)	(5,170,995)
Trade and other receivables (+/-)	12	(8,269,166)	(5,267,172)
Other current assets (+/-)		113,700	(231,788)
Trade and other payables (+/-)		6,845,086	5,549,334
Other cash flows used in operating activities		(3,651,998)	(1,151,697)
Interest paid (-)		(3,659,444)	(893,180)
Interest received (+)		26,728	3,825
Income tax paid (-/+)		(19,282)	(262,342)
Cash flows used in operating activities		(9,758,916)	(244,000)
Cash flows from investing activities			
Payments for investments (-)		(6,051,723)	(2,287,763)
Intangible assets	5	(46,917)	(92,194)
Property, plant and equipment	6	(1,533,425)	(774,196)
Group companies and associates	8	(4,459,456)	(1,276,865)
Other financial assets	9	(11,925)	(144,508)
Cash flows used in investing activities		(6,051,723)	(2,287,763)
Cash flows from financing activities			
Proceeds from and payments for equity instruments		5,928	(11,149)
Disposal of equity instruments	13	5,928	(11,149)
Proceeds from and payments for financial liability instruments		12,160,372	2,506,392
a) Issue	15		
Loans and borrowings (+)		15,157,973	5,756,059
Group companies and associates (+)		-	6,020
b) Redemption and repayment of	15		
Loans and borrowings (-)		(2,554,512)	(1,492,410)
Other payables (-)		(443,089)	(1,763,277)
Cash flows from financing activities		12,166,300	2,495,243
Net decrease in cash and cash equivalents		(3,644,339)	(36,520)
Cash and cash equivalents at beginning of year		5,155,826	1,070,288
Cash and cash equivalents at 30 June		1,511,487	1,033,768

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(1) General Information on and Activities of the Company

Asturiana de Laminados, S.A. (hereinafter "the Company") was incorporated in Oviedo with limited liability on 26 May 2006 before the notary Manuel Rodríguez de la Paz Guijarro. The Company is registered with the Asturias Mercantile Registry under volume 3,478, sheet 70, page AS-34460 and entry no. 1 and has its registered office at Polígono Industrial de Villallana, num. 1, 33695 Pola de Lena, Asturias.

According to its articles of association, the Company's main statutory activity consists of the following:

- Designing, casting or melting, assembling, lacquering, anodising, patination, machining and marketing of metal profiles, sheets, coils and any other component of metal products.
- Casting or melting of zinc or other metals and any industrial treatment thereof.
- Designing, manufacturing, marketing and managing logistics of accessories, metal and non-metallic components and other products for the construction and transport sectors and heavy industry in general.
- Performing all manner of transport and delivery activities and acting as an agent to arrange transport services for third parties.

Its principal activity is transforming zinc ingots into coils and sheets of different sizes and thicknesses according to customer orders.

At 30 June 2022, Asturiana de Laminados, S.A. does not and did not form part of a decision-making unit, under the terms defined in standard 13 for the preparation of annual accounts, with any other companies domiciled in Spain.

As explained in note 8 (a), the Company holds investments in subsidiaries. Nevertheless, as permitted by section 2 of article 43 of the Spanish Code of Commerce, the Company does not prepare consolidated annual accounts as the subgroup is part of the larger Spanish group Laminados del Principado, S.A. The registered office of Laminados del Principado, S.A. is Polígono Industrial de Villallana-Lena 33695, Asturias.

As a result of a major investment drive in recent years, the Company now has the world's most advanced zinc rolling plant. Its state-of-the-art machinery lends considerable flexibility to the production process, which, coupled with the high quality of its products and quick production turnover, has allowed it to become the world's third leading manufacturer by tonnes placed on the market, and first in range of products.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(2) Basis of Presentation of the Interim Financial Statements

(a) True and fair view

The interim financial statements at 30 June 2022 have been prepared based on the Company's accounting records in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position at 30 June 2022 and results of operations, changes in equity, and cash flows for the six-month period then ended.

On 30 September 2022, the Company's directors prepared and authorised for issue the accompanying interim financial statements and explanatory notes thereon for the six-month period ended 30 June 2022.

(b) Comparative information

These interim financial statements and explanatory notes include, for each of the items in the balance sheet, income statement, statement of changes in equity, statement of cash flows and the explanatory notes thereto for the six month-period ended 30 June 2022, comparative figures for the six month-period ended 30 June 2021, which formed part of the interim financial statements for the six month-period ended 30 June 2021 and were approved by the Directors of the Company on 30 September 2021, except for the balance sheet, which compares 30 June 2022 with 31 December 2021.

(c) Functional and presentation currency

The figures disclosed in the interim financial statements are expressed in Euros, the Company's functional and presentation currency.

(d) Accounting principles applied

The Company's directors have prepared these interim financial statements taking into consideration all mandatory accounting standards and principles which have a significant effect on these interim financial statements. The Company has applied all mandatory accounting principles. In addition, only obligatory accounting principles have been applied.

(e) Critical issues regarding the valuation and estimation of uncertainty

The information included in these interim financial statements is the responsibility of the Company's directors.

Estimates made by the Company's directors have been used to measure certain assets, liabilities, income, expenses and commitments in the preparation of the accompanying interim financial statements. These estimates basically refer to:

- The evaluation of possible impairment losses on property, plant and equipment and intangible assets.
- The evaluation of impairment of investments in Group companies and associates.
- The write-down of inventories based on the related expected realisable value.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Although these estimates have been prepared based on the best information available at 30 June 2022, future events might make it necessary to change these estimates (upwards or downwards) in subsequent years. If required, changes in accounting estimates would be applied in accordance with the Spanish General Chart of Accounts, i.e. prospectively, by recognising the effects of the change in estimates in the related income statement.

(3) Distribution of Profit

Of the Euros 4,090,149.86 profit for 2021, Euros 409,014.99 was appropriated to the legal reserve and Euros 3,681,134.87 to voluntary reserves. This distribution was approved by the shareholders at their annual general meeting on 22 June 2022.

At 30 June 2022 and 2021, the distribution of dividends is subject to certain limitations, as dividends may only be distributed provided that they do not reduce the balance of reserves to an amount lower than the balance of research and development expenses pending amortisation (Euros 779,719 at 30 June 2022 and Euros 850,213 at 31 December 2021).

The terms and conditions stipulated in the prospectus for the bonds issued in both 2016 and 2021 (see note 15) established a limit on the distribution of dividends. Since the bonds have not been fully redeemed, the Company may only distribute dividends to shareholders provided that the net financial debt to EBITDA ratio of the issuer is lower than 2.5, none of the early redemption events have been triggered and the Company has not breached any of the obligations described in section 8.11 of the information memorandum for the admission of securities on the Alternative Fixed-Income Market (MARF(see note 15). As a result of the aforementioned ratio there is a limit to the distribution of dividends at 30 June 2022.

In addition, the bond issue prospectus establishes that the maximum dividend to be paid is limited to 50% of net profit.

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

(4) Significant Accounting Principles

The accompanying interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with accounting principles established in the Spanish General Chart of Accounts, the most significant of which are as follows:

(a) Intangible assets

Intangible assets are measured at cost of acquisition or production, using the same criteria as for determining the cost of production of inventories. Capitalised production costs are recognised under self-constructed assets in the income statement. Intangible assets are carried at cost, less any accumulated amortisation and impairment.

Advances on account of fixed assets are initially measured at cost. In subsequent years, advances accrue interest at the supplier's incremental borrowing rate when the period between payment and the receipt of the asset exceeds one year.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(i) Research and development expenditure

Research and development expenditure is recognised on the asset side of the balance sheet at acquisition or production cost when incurred, provided there is evidence of a project's technical success and economic and commercial feasibility. Research expenditure is amortised on a straight-line basis from the date on which it is capitalised, whereas development expenditure is amortised on a straight-line basis from the date on which the project finishes. Both are amortised over a five-year period. The Company capitalises development expenses incurred by each specific project that meets the following conditions:

- Payments attributable to the performance of the project can be measured reliably.
- The allocation, assignment and timing of costs for each project are clearly defined.
- There is evidence of the project's technical success, in terms of direct operation or sale to a third party of the results thereof once completed and if a market exists.
- The economic and commercial feasibility of the project is reasonably assured.
- Financing to develop the project, the availability of adequate technical and other resources to complete the development and to use or sell the resulting intangible asset are reasonably assured.
- There is an intention to complete the intangible asset for its use or sale.

Where there are reasonable doubts as to the project's technical success and economic feasibility, the amounts recognised under assets are taken directly to profit and loss.

Development expenditure is reclassified under patents, licences, trademarks and similar rights at the date of registration.

(ii) Patents, licences and trademarks (industrial property)

This item reflects the amounts disbursed for the acquisition of industrial property or the right to use the different forms thereof, or any expenses incurred to register the industrial property developed by the Company. It is amortised on a straight-line basis over five years.

(iii) Computer software

Computer software reflects the cost incurred for the acquisition and development of computer software, including website development costs (which are recognised when they meet the conditions set out under development expenditure). Computer software maintenance costs are expensed as incurred. Amortisation is on a straight-line basis over a period of six years.

(b) Property, plant and equipment

Property, plant and equipment are initially measured at cost of acquisition or production, using the same criteria as for determining the cost of production of inventories. It is subsequently reduced by the related accumulated depreciation and by any accumulated impairment, in accordance with the criterion mentioned in this note.

Advances on account of fixed assets are initially measured at cost. In subsequent years, advances accrue interest at the supplier's incremental borrowing rate when the period between payment and the receipt of the asset exceeds one year.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Repair and maintenance costs of property, plant and equipment are recognised in the income statement when incurred. Conversely, amounts invested in improvements that increase the capacity or efficiency or extend the useful lives of assets are recognised as an increase in the cost of those assets. Replacements or renewals of items of property, plant and equipment are recognised as assets and the items replaced or renewed are derecognised.

For assets that will not be available for use for at least one year, capitalised costs include borrowing costs accrued prior to the start-up of the asset which have been charged by the supplier or relate to loans or other funds borrowed specifically or generally directly attributable to the acquisition or production of the asset.

Replacements of property, plant and equipment that qualify for capitalisation are recognised as a reduction in the carrying amount of the items replaced. Where the cost of the replaced items has not been depreciated independently and it is not possible to determine the respective carrying amount, the replacement cost is used as indicative of the cost of items at the time of acquisition or construction.

Self-constructed assets are recorded at the accumulated cost, determined basically as external costs plus internal costs calculated on the basis of own consumption of materials, direct labour costs and manufacturing overheads calculated using absorption rates similar to those used to measure inventories. The related capitalised costs are recognised under self-constructed assets in the income statement.

The Company depreciates property, plant and equipment using the straight-line method over the estimated useful lives of the items or, for certain items, applies the depreciation rates calculated based on actual production compared to the total estimated production for such assets.

The straight-line method is applied to depreciated items as follows:

Type of asset	Estimated years of useful life
Buildings	68
Pressing equipment and accessories	18
Tools	8
Other installations	18
Furniture	20
Information technology equipment	8
Other property, plant and equipment	20

Machinery is depreciated on the basis of the number of tonnes produced.

The estimated useful lives of the items of property, plant and equipment are reviewed on a regular basis with a view to detecting significant changes therein. If changes are detected, the useful lives of the assets are adjusted by correcting the depreciation charge to be recognised in the income statement in future years on the basis of the new useful lives.

(c) Impairment of property, plant and equipment and intangible assets

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

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Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses or reviews of impairment losses, if the circumstances in which they were recognised no longer exist, are recognised as an expense or income, respectively, in the income statement.

The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

(d) Leases

Leases are classified as finance leases when under the terms thereof the risks and rewards incidental to ownership of the asset are substantially transferred to the lessee. Otherwise they are classified as operating leases.

(i) Finance leases

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting principles applied to the assets used by the Company by virtue of finance lease contracts are the same as those set out in sections a) and b). However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term and their useful lives.

(ii) Operating leases

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

(iii) Sale and leaseback transactions

Asset sale and leaseback transactions that meet the conditions for classification as a finance lease are considered as financing operations and, therefore, the type of asset is not changed and no profit or loss is recognised.

(e) Financial instruments

The measurement standards applicable to financial instruments are as follows:

ASTURIANA DE LAMINADOS, S.A.

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(i) Recognition and classification of financial instruments

The Company classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

Debt instruments are recognised from the date on which the legal right to receive or legal obligation to pay cash arises. Financial liabilities are recognised at the trade date.

The Company classifies financial instruments into the following categories: financial assets and financial liabilities at fair value through profit or loss, financial assets and financial liabilities measured at amortised cost, and financial assets measured at fair value through equity and financial assets measured at cost.

The Company classifies a financial asset or liability as held for trading if:

- It originates, is acquired, issued or assumed principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- It is a derivative financial instrument, except for a derivative that is a financial guarantee contract or a designated hedging instrument; or
- It is an obligation held by the Company in a short position, to return the financial assets that it has borrowed.

The Company classifies a financial asset at amortised cost, even when it is traded, if it is held within a business model whose objective is to hold the investment in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Company classifies a financial asset as at fair value through equity when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Upon initial recognition, the Company designates equity instruments not held for trading and that need not be measured at cost as measured at fair value through equity.

At any rate, the Company classifies the following financial assets at cost:

- a) Equity investments in Group companies, jointly controlled entities and associates.
- b) Investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or that cannot be estimated reliably.
- c) Any other financial asset that should be initially classified at fair value through profit or loss when it is not possible to obtain a reliable estimate of its fair value.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

The Company designates a financial liability at initial recognition as measured at fair value through profit or loss whenever doing so eliminates or significantly reduces an accounting inconsistency or mismatch in the measurement or recognition. The Company classifies all other financial liabilities at amortised cost.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs, and are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash flows through the expected life of a financial instrument to the carrying amount of that financial instrument based on the contractual terms of the instrument, and for financial assets, not considering expected credit losses, except for purchased or originated credit-impaired financial assets, for which the credit-adjusted effective interest rate is used, i.e. considering the credit losses incurred when purchased or originated.

(iv) Financial assets at fair value through equity

Financial assets at fair value through equity are initially recognised at fair value plus transaction costs directly attributable to the acquisition.

After initial recognition, financial assets classified in this category are measured at fair value and any gain or loss is accounted for in income and expenses recognised in equity. On disposal of the financial assets, amounts recognised in equity and any impairment loss are reclassified to profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss.

(v) Financial assets and financial liabilities carried at cost

Investments in equity instruments for which the fair value cannot be reliably measured and derivative instruments that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost. Nonetheless, if the financial assets or liabilities can subsequently be reliably measured on an ongoing basis, they are accounted for at fair value and any gain or loss is recognised in accordance with their classification.

The Company measures investments included in this category at cost, which is equivalent to the fair value of the consideration given or received, plus or minus any directly attributable transaction costs, and net of any accumulated impairment. The initial measurement of the equity instruments also includes any pre-emptive subscription and similar rights acquired.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(vi) Investments in Group companies, associates and jointly controlled entities

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration given, including transaction costs in the case of investments in associates and jointly controlled entities, and are subsequently measured at cost net of any accumulated impairment.

(vii) Interest and dividends

Dividends are recognised as income in the income statement when the investee or any other Group company investing in the latter have generated profits in excess of the equity being distributed.

Moreover, when the dividends are clearly derived from profits generated prior to the acquisition date, they are not recognised as income, and the carrying amount of the investment is reduced.

Judgement as to whether the investee has generated profits will be based exclusively on the profits accounted for in the individual income statement since the acquisition date, unless the distribution of profits can clearly be considered a recovery of the investment from the perspective of the entity receiving the dividend.

Interest is accounted for using the effective interest method, while dividends are recognised when the right to receive payment is established.

(viii) Derecognition of financial assets

The Company applies the financial asset derecognition criteria to a part of a financial asset or a part of a group of similar financial assets, or to a financial asset or a group of similar financial assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Where the Company retains the contractual rights to receive cash flows, it only derecognises financial assets when it has assumed a contractual obligation to pay the cash flows to one or more recipients.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed, is recorded in profit or loss.

(ix) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises impairment on financial assets at amortised cost when estimated future cash flows are reduced or delayed due to debtor insolvency.

For equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(x) Security deposits

Security deposits paid in relation to supply contracts are measured using the same criteria as for financial assets.

(xi) Derecognition and modifications of financial liabilities

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Company and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

(f) Inventories

Inventories are stated at the lower of cost of acquisition, cost of production or net realisable value. Trade discounts, rebates and other similar items, as well as the interest added to the nominal amount of the consideration, are deducted from the cost of acquisition.

Sales returns are recognised at purchase price or cost of production calculated as the weighted average cost, except where the net realisable value is lower, in which case they are recognised at that amount.

The cost of production includes the direct cost of materials consumed and, where applicable, direct labour costs and other manufacturing overheads.

The Company measures its inventories using the weighted average cost method.

The Company recognises impairment as an expense in the income statement when the net realisable value of inventories falls below their acquisition cost (or cost of production). For these purposes, net realisable value is understood as follows:

- For raw materials and other supplies, replacement cost. Raw materials and other supplies are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost of production;
- For merchandise and finished goods, estimated selling price less costs to sell;
- For work in progress, estimated selling price of the related finished goods, less the estimated costs of completion and the estimated costs necessary to make the sale;

The previously recognised write-down is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the valuation adjustment is limited to the lower of the cost and the revised net realisable value of the inventories.

Write-downs to net realisable value recognised or reversed on inventories are classified under changes in inventories of finished goods and work in progress or supplies, depending on their nature.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

The Company takes out insurance policies to cover the possible risks to which its inventories are exposed.

(g) Foreign currency transactions

The Company's functional and presentation currency is the Euro. Consequently, operations in currencies other than the Euro are considered to be denominated in foreign currency and are recognised at the exchange rates prevailing at the transaction date.

At year end, monetary assets and liabilities denominated in foreign currencies are translated into Euros at the exchange rates prevailing at the reporting date. Exchange gains and losses are taken directly to the income statement for the year they are incurred.

(h) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax reflects income tax settlements payable for the year. Deductions and other tax relief applicable to tax payable, excluding withholdings and payments on account, and tax loss carryforwards effectively applied in the current reporting period are accounted for as a reduction in current tax.

Deferred tax income or expense derives from the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences, which are defined as the amounts which are expected to be paid or recovered in the future for differences between the carrying amount of assets and liabilities and their tax bases, as well as unused tax loss carryforwards and tax deductions. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither taxable profit nor accounting profit.

In the absence of evidence to the contrary, it is not considered probable that the Company will have future taxable profit when the deferred tax assets are expected to be recovered in a period of more than ten years from the end of the reporting period. Nevertheless, it is considered probable that the Company will generate sufficient taxable profit to recover deferred tax assets when there are taxable temporary differences, which are expected to reverse in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

Deferred tax assets and liabilities deriving from transactions with direct debits or credits to equity accounts are also recognised with a balancing entry in equity.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Company intends to use these opportunities or it is probable that they will be utilised.

At each reporting date, the Company reassesses recognised and previously unrecognised deferred tax assets. The Company then derecognises previously recorded deferred tax assets when recovery is no longer probable, or recognises a previously unrecorded deferred tax asset whenever it is probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

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ASTURIANA DE LAMINADOS, S.A.

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(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(j) Revenue from the sale of goods

The Company engages in the manufacture and sale of zinc coils. Although the products are manufactured for customers, revenue is recognised when control of the products is transferred and not over time, as the Company does not have an unconditional right to payment for performance completed at the end of each reporting period.

Delivery is considered to have taken place when the products have been sent to the location indicated, the risks of loss and obsolescence have been transferred to the customer and the customer has accepted the products in accordance with the sales agreement, the acceptance clauses have expired or the Company has objective evidence that all the acceptance criteria have been met.

Customers agree to a standard market collection period with the Company. The Company records these sales at the nominal amount, without considering the financial effect thereof, which is not significant.

The Company provides customers with standard warranties, which are recognised in accordance with the accounting policy for provisions.

Once the product has been delivered to the customer, an account receivable is recognised to the extent that an unconditional right to receive payment arises at that time.

The Company does not recognise incremental costs of obtaining contracts with significant customers.

(k) Provisions and contingencies

In preparing the interim financial statements, the Company's directors distinguish between:

(i) Provisions

Provisions are payable balances covering present obligations deriving from past events with respect to which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the amount of which can be reliably estimated.

(ii) Contingent liabilities

Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The interim financial statements include all the provisions for amounts for which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the interim financial statements, but rather are disclosed in the notes.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Provisions are measured at the present value of the best possible estimate of the amount necessary to settle or transfer the obligation, taking into account available information on the event and its consequences, and any adjustments arising from the restatement of these provisions are recognised as a finance cost as they are accrued.

(l) Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. There is no provision for this item in the accompanying interim financial statements as situations of this nature are not expected to arise.

(m) Environmental assets and liabilities

Expenses derived from environmental activities are recognised as other operating expenses in the year in which they are incurred.

Property, plant and equipment acquired by the Company for long-term use to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as assets applying the measurement, presentation and disclosure criteria described in section b (property, plant and equipment).

(n) Grants

The Company accounts for grants, donations and bequests received from third parties other than the owners as follows:

(i) Non-repayable grants, donations and bequests related to assets

These are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss.

(ii) Operating grants

These are recognised as income as soon as they are awarded, except those earmarked to finance operating losses for a future period, in which case they are recognised as income in that period. If they are awarded to finance specific costs, they are taken to income as the financed costs are accrued.

(iii) Interest-free loans

As receipt of interest-free loans is conditional upon compliance with certain investment requirements, the difference between the sum received and the fair value of the repayable interest-free loan (net present value at market interest rates) is recognised as a grant related to assets. These financial liabilities are recognised initially at fair value and subsequently at amortised cost, and any accrued interest is taken to the income statement using the effective interest method.

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In any of the foregoing cases, should an amount be collected before the Company meets the conditions established in the grant or interest-free loan, the amount collected relating to the grant is recognised in other financial liabilities under non-current payables, in other financial liabilities under current payables or in trade and other payables under public entities, other in the accompanying balance sheet until the Company meets such conditions.

Grants received are recognised definitively when the Company is considered to have met and/or expects to meet the conditions for the specific grant.

(o) Related party transactions

All of the Company's related party transactions (whether financial, trading or of any other kind) are carried out at transfer prices established following OECD principles governing transactions with group companies and associates.

Moreover, as the Company has formalised the transfer pricing documentation requirements established by Royal Decree 1793/2008 of 3 November 2008, which came into force on 19 February 2009, the directors do not consider this issue to pose any major risk that might give rise to significant liabilities in the future.

(p) Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months after the end of the reporting period; financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled in a period exceeding one year; and, in general, all obligations that will mature or be extinguished in the short term. All other liabilities are classified as non-current liabilities.

(5) Intangible Assets

Details and movement of intangible assets and the most significant information affecting this item are as follows:

Euros	Balance at 01.01.2022	Additions or charges	Balance at 30.06.2022
Cost	3,535,724	46,917	3,582,641
Research and development	2,784,997	17,667	2,802,664
Industrial property	235,978	13,879	249,857
Computer software	514,749	15,371	530,120
Accumulated amortisation	(2,430,928)	(113,753)	(2,544,681)
Research and development	(1,934,784)	(88,161)	(2,022,945)
Industrial property	(215,556)	(5,993)	(221,549)
Computer software	(280,588)	(19,599)	(300,187)
Net	1,104,796	(66,836)	1,037,960

(Continued)

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Euros	Balance at 01.01.2021	Additions or charges	Balance at 30.06.2021
Cost	3,388,914	92,194	3,481,108
Research and development	2,777,628	2,811	2,780,439
Industrial property	228,781	1,181	229,962
Computer software	382,505	88,202	470,707
Accumulated amortisation	(2,175,063)	(135,839)	(2,310,902)
Research and development	(1,735,613)	(105,639)	(1,841,252)
Industrial property	(198,420)	(9,637)	(208,057)
Computer software	(241,030)	(20,563)	(261,593)
Net	1,213,851	(43,645)	1,170,206

At 30 June 2022, additions consisted mainly of the expenses incurred in various projects to develop new products, as well as computer software. At 30 June 2021, this related to business management software. In addition, the amounts capitalised included capitalisations credited to self-constructed assets in the income statement for the six-month period ended 30 June 2022, amounting to Euros 17,507 (Euros 2,810 at 30 June 2021).

Details of fully amortised intangible assets at 30 June 2022 and 31 December 2021 are as follows:

Euros	30.06.2022	31.12.2021
Research and development	1,661,195	1,661,195
Industrial property	197,782	175,110
Computer software	168,369	165,942
Total	2,027,346	2,002,247

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Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(6) Property, Plant and Equipment

Details and movement of property, plant and equipment and the most significant information affecting this item are as follows:

Euros	Balance at 01.01.2022	Additions or charges	Balance at 30.06.2022
Cost	111,102,162	1,533,425	112,635,587
Land and natural resources	3,703,448	1,530	3,704,978
Buildings	25,699,856	105,819	25,805,675
Technical installations	2,247,348	8,339	2,255,687
Machinery	77,673,076	1,044,207	78,717,283
Other installations, equipment and furniture	969,985	18,839	988,824
Other property, plant and equipment	738,588	42,541	781,129
Advances for property, plant and equipment and work in progress	69,861	312,150	382,011
Depreciation	(14,923,397)	(908,697)	(15,832,094)
Buildings	(1,808,043)	(152,953)	(1,960,996)
Technical installations	(1,041,045)	(60,552)	(1,101,597)
Machinery	(11,197,031)	(654,942)	(11,851,973)
Other installations, equipment and furniture	(630,901)	(21,546)	(652,447)
Other property, plant and equipment	(246,377)	(18,704)	(265,081)
Impairment	(131,274)	-	(131,274)
Impairment losses	(131,274)	-	(131,274)
Net	96,047,491	624,728	96,672,219

Euros	Balances at 01.01.2021	Additions or charges	Balances at 30.06.2021
Cost	103,886,586	774,196	104,660,782
Land and natural resources	3,613,873	-	3,613,873
Buildings	13,337,515	-	13,337,515
Technical installations	2,204,284	4,035	2,208,319
Machinery	60,403,766	51,397	60,455,163
Other installations, equipment and furniture	944,555	4,514	949,069
Other property, plant and equipment	647,461	44,283	691,744
Advances for property, plant and equipment and work in progress	22,735,132	669,967	23,405,099
Depreciation	(13,290,241)	(819,684)	(14,109,925)
Buildings	(1,556,829)	(97,315)	(1,654,144)
Technical installations	(921,633)	(59,295)	(980,928)
Machinery	(10,011,737)	(623,979)	(10,635,716)
Other installations, equipment and furniture	(586,485)	(22,338)	(608,823)
Other property, plant and equipment	(213,557)	(16,757)	(230,314)
Impairment	(131,274)	-	(131,274)
Impairment losses	(131,274)	-	(131,274)
Net	90,465,071	(45,488)	90,419,583

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(a) Main investments

During 2022 and 2021, investments were made for the expansion of production capacity, mainly in the finishing line (for some of these investments provisional acceptance of the installation had not yet been secured at 30 June 2021 and, therefore, the Company recognised them under work in progress). The investments underway at 30 June 2022 are primarily for improvements to the roof of the industrial building.

Furthermore, additions for the six-month periods ended 30 June 2022 and 2021 include capitalisations credited to self-constructed assets in the accompanying income statement, amounting to Euros 22,669 and Euros 264,504, respectively.

During the six-month period ended 30 June 2021, the Company capitalised borrowing costs of Euros 151,312 under advances for property, plant and equipment and work in progress. During the six-month period ended 30 June 2022, the Company did not capitalise any borrowing costs.

At 30 June 2022 the Company has commitments to purchase fixed assets amounting to approximately Euros 0.6 million, which are mostly associated with the finishing line (Euros 1.2 million at 31 December 2021 associated with the finishing line).

(b) Fixed assets acquired from related companies

At 30 June 2022 and 31 December 2021, the Company has not purchased any fixed assets from related parties.

(c) Grants

At 30 June 2022 and 31 December 2021 the Company has recognised grants of Euros 11,089,942 and Euros 11,446,699, respectively, related to assets and awarded by various bodies earmarked for the construction of the industrial building and expansion of the zinc rolling plant in the Villallana industrial park (see note 14).

(d) Guarantees

At 30 June 2022 and 31 December 2021 the Company had arranged a mortgage on certain assets with an appraisal value of Euros 99,557,098, in accordance with the provisions of the bond issue prospectus (see note 15 b).

(e) Fully depreciated assets

Details of fully depreciated property, plant and equipment at 30 June 2021 and 2020 are as follows:

Euros	30.06.2022	31.12.2021
Technical installations and machinery	20	20
Other installations, equipment and furniture	358,715	336,280
Other property, plant and equipment	94,655	85,773
Total	453,390	422,073

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(f) Insurance policies

The Company takes out insurance policies to cover possible risks relating to property, plant and equipment. At 30 June 2022 and 31 December 2021 the coverage was considered sufficient for the risks inherent in its activities.

(g) Investment property

In the six-month period ended 30 June 2022, the Company has recognised land amounting to Euros 129,075 that is not used in its ordinary course of business.

(7) Leases

(a) Operating leases

The Company has rented various vehicles under operating leases. These lease payments amounted to Euros 64,671 in the six-month period ended 30 June 2022 (Euros 57,278 thousand in the six-month period ended 30 June 2021). In addition, the Company has primarily leased machinery for Euros 94,635 (Euros 300 in the six-month period ended 30 June 2021).

At 30 June 2022 and 2021 the Company has committed the following minimum lease payments to lessors, pursuant to the leases in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions, amounting to:

Euros	Nominal amount	
	30.06.2022	30.06.2021
Minimum payments		
Less than one year	77,539	38,917
One to five years	118,578	42,926
Over five years	36,432	-

(b) Finance leases

At 30 June 2022 and 31 December 2021 the Company has leased the following types of assets under finance leases:

Euros	Technical installations and machinery	Other property, plant and equipment	Total
Initially recognised at:			
Present value of minimum lease payments	13,274,081	27,060	13,301,141
Accumulated depreciation	(1,525,581)	(14,819)	(1,540,400)
Carrying amount at 30 June 2022	11,748,500	12,241	11,760,741

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Euros	Technical installations and machinery	Other property, plant and equipment	Total
Initially recognised at:			
Present value of minimum lease payments	13,274,081	27,060	13,301,141
Accumulated depreciation	(1,443,434)	(13,852)	(1,457,286)
Carrying amount at 31 December 2021	11,830,647	13,208	11,843,855

On 31 March 2018 the Company signed a sale and leaseback agreement, payable in monthly instalments, expiring on 31 March 2023. At 30 June 2022, the balance payable in this regard was Euros 1,722,957 (Euros 2,328,660 at 31 December 2021).

On 21 December 2018 the Company also signed another sale and leaseback agreement, payable in 61 monthly instalments. The balance payable amounts to Euros 3,002,457 at 30 June 2021 (Euros 3,319,018 at 31 December 2021).

Additionally, the Company has other assets under finance leases amounting to Euros 8,078 (Euros 12,211 at 31 December 2020).

Future minimum lease payments are reconciled with their present value as follows:

Euros	30.06.2022	31.12.2021
Future minimum payments	5,288,880	6,417,254
Unaccrued finance costs	(555,386)	(757,365)
Present value	4,733,494	5,659,889

Details of minimum payments under finance leases, by maturity date, are as follows:

Euros	30.06.2022	31.12.2021
Less than one year	2,395,356	1,898,642
One to five years	2,338,138	3,761,247
Total	4,733,494	5,659,889

All purchase options are expected to be exercised upon expiry of the leases. The value of the assets exceeds the amount of minimum lease payments in all cases.

No contingent rents for finance leases have been recognised as expenses.

(8) Investments in Group Companies and Associates

Details of investments in Group companies and associates at 30 June 2022 and 31 December 2021 are as follows:

Euros	30.06.2022	31.12.2021
Equity instruments	11,513,377	7,669,753
Other financial assets (note 19)	15,164,573	14,474,903
Total	26,677,950	22,144,656

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(a) Equity instruments

Details of equity instruments, which are measured at cost, at 30 June 2022 and 31 December 2021, are as follows:

Euros	30.06.2022		31.12.2021	
	% ownership	Investment	% ownership	Investment
Latem Global Trading S.A	55.39%	11,475,252	48.20%	7,657,128
Quinta Metálica Factoría de Revestimientos S.A	50%	8,625	50%	8,625
elZinc America	100%	1,000	100%	1,000
elZinc France	100%	3,000	100%	3,000
elZinc Alemania	100%	25,500	-	-
Total		11,513,377		7,669,753

Latem Global Trading S.A.

On 14 February 2022, Latem Global Trading S.A. carried out a capital reduction in Latem Global Trading S.A. through a pardoning of all the outstanding liabilities to date arising from the most recent capital increase that had been agreed on 15 March 2021, i.e. in the amount of Euros 4,651,248. On the same date and subsequently, Latem Global Trading S.A. approved a share capital increase of Euros 10,000,000 through the issue of new registered shares with a par value of Euros 1 each.

Following these transactions, the share capital of Latem Global Trading, S.A. amounts to Euros 24,456,752.

Asturiana de Laminados, S.A. has subscribed 5,825,000 new shares of the aforementioned capital increase, paying up on that date an amount of Euros 1,456,250, corresponding to 25% of the par value of the shares and a further Euros 2,330,000 on 25 May 2022, corresponding to 40% of the par value of the aforementioned capital increase. In addition, on 4 May 2022 the Company acquired 63,750 fully paid shares for an amount of Euros 31,875.

At 30 June 2022, Euros 20,956,752 has been paid for the share capital of this company (Euros 14,456,752 at 31 December 2021), which has negative reserves of Euros 18,861 (Euros 16,744 at 31 December 2021), prior years' losses of Euros 8,519 and a loss for this year of Euros 1,671 (Euros 1,813 at 31 December 2020). The principal activity of Latem Global Trading, S.A. is the holding of shares. Its registered office is located in the Villadangos industrial park, in León.

As permitted by section 2 of article 43 of the Spanish Code of Commerce, the Company does not prepare consolidated annual accounts as the subgroup is part of the larger Spanish group Laminados del Principado, S.A.

Latem Global Trading, S.A. holds a 71.29% interest in the share capital of LatemAluminium, S.A., which was incorporated in 2018 and engages in the rolling and casting of aluminium.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Quinta Metálica Factoría de Revestimientos, S.A.

On 12 March 2021, Raizquinta Architectural Roofing and Cladding, S.L. changed its name to Quinta Metálica Factoría de Revestimientos, S.A. and its share capital was increased to Euros 60,000 through the issuance of 57,000 new shares of Euros 1 par value each. Asturiana de Laminados S.A. subscribed to 50% of these new shares and has paid up 25% thereof. At 30 June 2022 and 31 December 2021 the investment amounted to Euros 8,625.

At 30 June 2022 and 31 December 2021, the share capital of this company amounts to Euros 60,000, of which Euros 17,250 have been paid. The company has reserves of Euros 50,769 (Euros 1,167 at 31 December 2021) and a loss for the year of Euros 3,520 (profit of Euros 69,092 at 31 December 2021). The principal activity of the Company comprises the procurement and construction and particularly the preparation and metal coating of roofs, façades and all manner of structures. Its registered office is located at La Marina industrial park in Villabrázaro, Zamora.

elZinc America Corporation

On 2 March 2020, the Company subscribed 100 new shares with a par value of USD 10 each, fully paid up for a total amount of Euros 1,000, of the share capital of elZinc America Corporation. At 30 June 2022 and 31 December 2021, Euros 1,000 has been fully paid and subscribed for the share capital of this company, which presents a loss of Euros 81,680 at 30 June 2022 (Euros 238,930 at 31 December 2021).

elZinc France, S.A.S

On 5 June 2021, elZinc France was incorporated as a wholly-owned subsidiary of Asturiana de Laminados, S.A. with a share capital of Euros 3,000. This company has had practically no activity since it was incorporated and recorded a profit of Euros 27,655 (Euros 1,459 at 31 December 2021).

elZinc Alemania

On 22 April 2022, elZinc Alemania was incorporated as a 51% owned subsidiary of Asturiana de Laminados, S.A. with a share capital of Euros 50,000. The company has been dormant since it was incorporated.

Details by company at 30 June 2022, are as follows:

Investee	Capital	Unpaid capital	Reserves	Prior years' losses	Profit/(Loss) for the year	Total equity
Latem Global Trading	24,456,752	(3,500,000)	(18,861)	(8,519)	(1,671)	20,927,701
Quinta Metálica Factoría de Revestimientos, S.A.	60,000	(42,750)	50,769	-	(3,520)	64,499
ElZinc America Corporation	1,000	-	-	(468,685)	(81,680)	(549,365)
ElZinc France	3,000	-	1,459	-	27,655	32,114
ElZinc Alemania	50,000	-	-	-	-	50,000

None of the investees are listed on the stock exchange. No dividends were received from these companies in 2022 or 2021.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(b) Other financial assets

At 30 June 2022 and 31 December 2021, the Company held a current account with its majority shareholder Laminados del Principado, S.A., the balance of which amounted to Euros 9,615,900 (Euros 8,937,461 at 31 December 2021). This account accrues annual interest of 3% and has a maximum credit limit of Euros 10 million. The balance drawn down from the current account with Laminados del Principado, S.A. was used to meet the cash requirements of Laminados del Principado, S.A. for the payment of share redemptions already formalised and agreed with the founding institutional shareholders upon incorporation of Asturiana de Laminados, S.A. At 30 June 2022 the amount payable for these redemptions is Euros 1.9 million (Euros 2.4 million at 31 December 2021), of which approximately Euros 1.3 million are guaranteed by the Company.

In addition, the Company has a current account with Lufeol Investment, S.L., a shareholder of Laminados del Principado, S.A., the balance of which amounts to Euros 339,460 at 30 June 2022 (Euros 339,460 at 31 December 2021) (see note 19).

At the meeting held on 08 April 2017 the board of directors unanimously approved the extension of a guarantee or loan to the related company Titanzinc, S.A. Consequently, on 27 April 2017 the Company extended a Euros 4,940,000 loan to the related company Titanzinc, S.A., which accrues interest at an annual rate of 3.00%, payable on a half-yearly basis (see notes 9 (a) and 19). The loan has a seven year term and the full amount is payable upon maturity. On 26 July 2019, the Company's board of directors approved the extension of the maturity date by a further five years. This related party transaction was carried out for the purpose of enabling Titanzinc S.A. to meet its obligations to third parties.

All the shares of Laminados del Principado, S.A. held by Titanzinc, S.A. have been pledged to the Company to secure this loan, in addition to the future receivables of Titanzinc, S.A. from the dividends that it might receive from Laminados del Principado, S.A. Titanzinc, S.A. is a shareholder of Laminados del Principado, S.A. with an ownership interest of 57.78%.

In 2021 the Company extended a non-current loan to elZinc America Corporation, which amounts to Euros 269,213 at 30 June 2022 (Euros 257,982 at 31 December 2021).

In addition, during the six-month period ended 30 June 2022, the Company has extended a loan to Inversiones Coraín with a balance of Euros 241,323. In 2021 the Company extended current loans to Group companies, the balance of which at 30 June 2022 amounts to Euros 101,145 (Euros 226,065 at 31 December 2021) corresponding to Latem Global Trading, S.A. and Euros 28,360 (Euros 7,191 at 31 December 2021) to other related entities (see note 19).

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(9) Financial Assets by Category and Investments(a) Financial assets by category

The Company classifies the financial assets detailed in notes 8, 9 and 12 under financial assets at amortised cost, except for investments in equity instruments, amounting to Euros 86,476 (Euros 66,403 at 31 December 2021), which are considered financial assets at cost given that their fair value cannot be reliably estimated, and equity investments in Group companies amounting to Euros 11,513,377 (Euros 7,669,753 at 31 December 2021).

Financial assets at amortised cost are initially measured at fair value and subsequently at amortised cost, with their fair values being the same as their carrying amounts. Financial assets at fair value through equity are measured at fair value and investments in Group companies are measured at cost.

Net gains and losses by financial asset category for the six-month period ended 30 June 2022 amounted to Euros 238,318 of finance income using the amortised cost method from financial assets at amortised cost, relating mainly to the loans extended and bank deposits (Euros 78,071 in the six-month period ended 30 June 2021).

(b) Investments

Movement in non-current and current investments in the six-month-period ended 30 June 2022 and in 2021 is as follows:

Euros	Balance at 01.01.2022	Additions and charges	Disposals	Balance at 30.06.2022
Non-current investments	4,766,134	20,073	(8,148)	4,778,059
Equity instruments	66,403	20,073	-	86,476
Loans to third parties	75,246	-	(8,148)	67,098
Debt securities	138,403	-	-	138,403
Fixed-term deposits	4,467,249	-	-	4,467,249
Non-current security and other deposits extended	18,833	-	-	18,833
Current investments	5,216,654	39,461	(172,498)	5,083,617
Fixed-term deposits	4,943,266	-	(79,970)	4,863,296
Other financial assets	273,388	39,461	(92,528)	220,321

(Continued)

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Euros	Balance at 01.01.2021	Additions and charges	Disposals	Balance at 31.12.2021
Non-current investments	4,741,124	25,010		4,766,134
Equity instruments	41,393	25,010	-	66,403
Loans to third parties	75,246	-	-	75,246
Debt securities	138,403	-	-	138,403
Fixed-term deposits	4,467,249	-	-	4,467,249
Non-current security and other deposits extended	18,833	-	-	18,833
Current investments	5,106,902	241,324	(131,572)	5,216,654
Fixed-term deposits	4,743,266	200,000	-	4,943,266
Other financial assets	363,636	41,324	(131,572)	273,388

The figures shown in the foregoing tables do not differ substantially from the fair values of the related assets.

At 30 June 2022, fixed-term deposits under non-current assets include six deposits at three banks amounting to Euros 4,467,248 (Euros 4,467,248 at 31 December 2021). During the six-month-period ended 30 June 2022 and in 2021, these deposits did not earn any interest. In addition, these deposits are tied to the maturity of the guarantees relating to the 2007, 2008, 2013, 2014 and 2016 Reindus loans and 2014 and 2016 Competitiveness loans, which will mature in over 12 months. The maturity of the Reindus and Competitiveness loans is detailed in note 15.

At 30 June 2022, fixed-term deposits under current assets include two deposits at two banks amounting to Euros 4,863,296 (Euros 4,943,266 at 31 December 2021). These deposits do not earn interest and mature in less than 12 months. They are mainly linked to guarantees required to supply raw materials.

(10) Risk Management Policy(a) Qualitative disclosures

Financial risk is centrally managed at the Company by the directors. The main financial risks affecting the Company are as follows:

(i) Credit risk:

The Company takes out insurance policies to mitigate the credit risk derived from sales to third parties.

During the six-month period ended 30 June 2022 and in 2021, the Company intensified its activity in the collections and risks department in order to meet the collection targets set before the crisis caused by the COVID-19 pandemic. However, it has not been necessary to change the policies developed in previous years, since they have been considered sufficient in order to face the new socio-economic reality.

The average collection period has not changed with respect to the average period prior to the pandemic caused by COVID-19 and the situation derived from the war in Ukraine and, likewise, the percentage of debt covered by insurance has not changed.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(ii) Liquidity risk:

At 30 June 2022, the Company's working capital is positive in an amount of Euros 6,258 thousand (positive working capital of Euros 5,952 thousand at 31 December 2021).

The Company has the cash presented in its balance sheet and current financial assets (see note 9), as well as undrawn financing facilities of Euros 6.2 million at 30 June 2022 (see note 15) and bill discounting and reverse factoring lines maturing in over 12 months to finance working capital (Euros 10.6 million recognised as current) for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities and the major investments that it has made (see note 15).

Also, in 2021 the Company was granted an extension of the grace period (one more year) and maturity (two more years) of the loans under the ICO COVID-19 guarantee line arranged in 2020.

In 2021, the Company also optimised its financial structure in order to adjust the repayment schedule of certain debts to the reality of the Company's business plan, once the investment in the finishing line has been completed and taking into account the administrative and technical delays that have occurred.

As regards this optimisation process, on 4 November 2021 the Company completed the sixth bond issue in its programme to issue Euros 50,000,000, the first issue of which was on 3 August 2021. This programme involves the issue of 500 guaranteed bonds with a face value of Euros 100,000 each and listed on Bolsas y Mercados Españoles de Renta Fija, the Spanish fixed income market (BME RF or MARF per its Spanish acronym). These bonds accrue an annual coupon rate of 5.75% and are repayable at six years via a bullet payment. These bond issues have been fully subscribed and paid up by Spanish and French institutional investors. The purpose of the second issue on 17 September 2021 for Euros 18,800,000, equivalent to 188 secured bonds with a value of Euros 100,000 each on the Alternative Fixed-Income Market (MARF), and under the same terms and conditions as the other issues, was to exchange 188 bonds issued in 2016 on the EURO MTF market of the Luxembourg stock exchange. This effectively cancelled and redeemed the issue carried out by the Company in that year and incorporated the former bondholders into this new issue.

Consequently, these facilities, together with the cash flows generated by the business and the financing transactions performed, provide the Company with sufficient liquidity in the course of its forecast transactions.

(iii) Market risk (including interest rate, currency and other types of price risk):

Both the cash balances and the financial debt of the Company are exposed to interest rate risk, which could have an adverse impact on its financial results and cash flows.

As regards currency risk, the Company did not perform any significant transactions in foreign currency during the six-month period ended 30 June 2022 or in 2021.

As regards market risks, fluctuations in zinc prices (LME) affect the measurement of certain inventories that are produced for stock purposes and not on order.

The IBOR reform does not affect the Company.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(b) Quantitative information

• Credit risk:

The Company takes out insurance policies to mitigate the credit risk derived from sales to third parties. At 30 June 2022 and 31 December 2021, the percentage of receivables from third parties secured by credit insurance or non-recourse factoring facilities to total receivables from third parties is 94% and the policies taken out cover 95% of the balance with each insured customer.

• Interest rate risk:

The Company had not arranged any interest rate hedges at 30 June 2022 or 31 December 2021. A portion of the Company's loans are arranged at floating rates and, therefore, it is exposed to cash flow risk. In addition, the Company has issued bonds (see note 15) at a fixed interest rate and, accordingly, is exposed to fair value risk.

During the six-month period ended 30 June 2022, had interest rates been 100 basis points higher or lower, with other variables remaining constant, profit after tax would have been approximately Euros 36,089 higher/lower (Euros 35,918 in 2021), mainly because of higher/lower borrowing costs on floating interest debt.

• Currency risk:

The Company did not perform any significant transactions in foreign currency nor transactions to hedge currency risk in 2022 or 2021.

• Market risk:

During the first six months of 2022, zinc prices trended upward for the first four months, falling in the following two months to return to where they started.

Had zinc prices on the commodities market at 30 June 2022 been 1% higher or lower, with other variables remaining constant, the difference in profit/loss after tax would not be significant.

(11) Inventories

Details of inventories at 30 June 2022 and 31 December 2021 are as follows:

Euros	30.06.2022	31.12.2021
Merchandise	205,767	77,163
Raw materials and other supplies	3,583,526	2,285,572
Work in progress	5,101,586	946,436
Finished goods	15,879,965	9,946,931
Total	24,770,844	13,256,102

At 30 June 2022 and 31 December 2021, the Company did not consider that it had any obsolete, defective or slow-moving products that reduced the cost at which its inventories were measured.

The Company has taken out insurance policies to cover the risk of damage to its inventories. The coverage of these policies with respect to the carrying amounts of inventories is considered sufficient.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(12) Trade and Other Receivables

The breakdown of trade and other receivables in the accompanying balance sheets at 30 June 2022 and 31 December 2021 is as follows:

Euros	30.06.2022	31.12.2021
Receivables from Group companies	2,564,764	3,026,493
Trade receivables from Group companies (note 19)	2,004,563	2,533,499
Receivables - Group companies (note 19)	560,201	492,994
Unrelated parties	19,198,966	10,467,891
Trade receivables	18,086,458	9,319,774
Personnel	215,875	23,290
Other receivables from public entities (note 16)	799,087	1,027,281
Current tax assets (note 16)	82,546	82,546
Other receivables	15,000	15,000
Total	21,763,730	13,494,384

The carrying amounts shown above do not differ substantially from the fair value of these assets.

Euros 7,522,706 were transferred under non-recourse factoring agreements at 30 June 2022 (Euros 4,986,987 at 31 December 2021).

(13) Equity

(a) Subscribed capital

On 10 November 2021, the shareholders of the Company at their Extraordinary General Meeting agreed to split the Company's total share capital, which increased from 25,710,333 shares of Euros 1 par value each to 128,551,665 shares with a par value of Euros 0.20 each, proportionally equivalent to five new shares for every one former share. The purpose of the split was to increase the market availability of the Company's stock and to improve stock trading volumes. Splitting the shareholders' investment in the stock this way can attract new investors.

As a result, at 30 June 2022 and 31 December 2021 the Company's share capital amounts to Euros 25,710,333, represented by 128,551,665 shares of Euros 0.20 par value each, subscribed and fully paid.

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ASTURIANA DE LAMINADOS, S.A.

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At 30 June 2022 and 31 December 2021, the Company's shareholders are as follows:

Percentage ownership	30.06.2022	31.12.2021
Laminados del Principado, S.A.	60.37%	60.37%
Own shares	0.54%	0.54%
Other shareholders	39.09%	39.09%
Total	100.00%	100.00%

At 30 June 2022, Laminados del Principado S.A. is the only shareholder that holds an interest of 5% or more.

On 19 June 2017, Asturiana de Laminados, S.A. began trading on BME Growth (the Spanish stock exchange regulated market for small and medium-sized companies previously called the MAB). The listing of 100% of the Company's share capital on this market is one of the most important moments in the Company's history, offering solvency, transparency and prestige to investors, customers, suppliers and financial intermediaries and enabling the Company to continue growing and to achieve its main objective, which is to be a global benchmark in the production of rolled zinc products.

Following its aforementioned admission to listing on BME Growth, the Company formalised a liquidity contract with the liquidity provider, whereby the latter commits to offering liquidity to investors. In order to enable the liquidity provider to meet the commitments of this contract, Asturiana de Laminados, S.A. provided the former with Euros 300,000 in cash and a certain number of shares.

(b) Legal reserve

Under Royal Legislative Decree 1/2010 of 2 July 2010 approving the Spanish Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total share capital after the increase.

Except as indicated above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The legal reserve amounts to Euros 1,323,159 at 30 June 2022 (Euros 914,144 at 31 December 2021).

At 30 June 2022 and 31 December 2021, the balance of this reserve had not reached the legally required minimum.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(c) Own shares

At 30 June 2022 the Company holds 688,213 own shares valued at Euros 226,729, which represent 0.54% of the Company's share capital (the Company held 692,191 own shares valued at Euros 232,656, which represented 0.54% of the Company's share capital, at 31 December 2021). During the six-month period ended 30 June 2022, the Company has carried out the following transactions with own shares, through the operations of its liquidity provider:

Euros	Number of shares	Nominal	Average purchase price
Balance at 01.01.2022	692,191	232,656	0.34
Acquisitions	505,520	141,184	0.28
Disposals	(509,498)	(147,111)	0.29
Balance at 30.06.2022	688,213	226,729	0.33

(*) The amount obtained from the sale of the shares totalled Euros 147,111, which represents a decline in reserves of Euros 16,333.

Euros	Number of shares	Nominal	Average purchase price
Balance at 01.01.2021	134,409	120,864	0.90
Purchases prior to stock split	254,651	420,907	
Sales prior to stock split	(259,403)	(324,441)	
Stock split	518,628	-	
Purchases after stock split	104,316	35,633	
Sales after stock split	(60,410)	(20,307)	
Balance at 31.12.2021	692,191	232,656	0.34

(*) The amount obtained from the sale of the shares totalled Euros 453,583, which represents an increase in reserves of Euros 108,835.

(Continued)

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(Expressed in Euros)

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

 (14) Capital Grants

Euros				30 June 2021					30 June 2022				
Grantor	Grant	Related loan (*****)	Year awarded	Amount extended	Balance at 1 January 2021	Recognised in the six-month period ended 30 June 2021	Tax effect of allocation to profit or loss	Balance at 30 June 2021	Balance at 1 January 2022	Recognised in the six-month period ended 30 June 2022	Tax effect of allocation to profit or loss	Balance at 30 June 2022	
MITC (*)	Reindus 2007	2,000,000	2,007	720,994	445,138	(6,112)	1,528	440,554	436,478	(6,121)	1,530	431,887	
MITC (*)	Reindus 2008	1,800,000	2,008	595,508	341,288	(6,973)	1,743	336,058	331,402	(6,950)	1,738	326,190	
MITC (*)	Reindus 2009	1,500,000	2,009	551,470	340,682	(5,572)	1,393	336,503	332,888	(5,403)	1,351	328,836	
MITC (*)	Reindus 2010	1,800,000	2,010	671,063	347,443	(6,636)	1,659	342,466	337,489	(6,636)	1,659	332,512	
MITC (*)	Reindus 2011	1,000,000	2,011	404,650	185,465	(11,240)	2,810	177,035	168,605	(11,240)	2,810	160,175	
MITC (*)	MINER Phase I grant		2,007	6,900,000	3,883,329	(94,785)	23,696	3,812,240	3,746,307	(94,193)	23,548	3,675,662	
IDEPA (**)	IDEPA Phase I grant		2,008	2,952,862	1,703,662	(37,423)	9,356	1,675,595	1,649,628	(37,210)	9,303	1,621,721	
MEH (***)	LIR Phase I grant		2,007	1,668,038	918,842	(21,752)	5,438	902,528	887,405	(21,627)	5,407	871,185	
MITC (*)	MINER Phase II grant		2,010	5,480,008	3,915,105	(282,215)	70,554	3,703,444	3,513,405	(274,804)	68,701	3,307,302	
CDTI (****)	CDTI-CEIT		2,019	114,915	60,329	(11,491)	2,872	51,710	43,092	(11,492)	2,872	34,472	
Total				20,059,508	12,141,283	(484,199)	121,049	11,778,133	11,446,699	(475,676)	118,919	11,089,942	

MITC (*) Ministry of Industry, Tourism and Trade
 IDEPA (**) Asturias regional government Institute for Economic Development
 MEH (***) Ministry of Economy and Finance
 CDTI (****) Centre for the Development of Industrial Technology
 (*****) The Company recognised as a capital grant the difference between the amounts received and the fair values of these loans (present value of amounts payable discounted at market interest rates). See loans - note 15

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(Expressed in Euros)

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

(a) Grants recognised as non-repayable

Information on non-repayable capital grants received by the Company, which form a part of equity, as well as amounts taken to the income statement, are shown in the foregoing table. The requirements for receiving these grants have been met and certified. With respect to the MINER Phase II grant, the Company is obliged to hold the investment until 31 December 2022, having met the conditions established for the grant in 2020.

(15) Financial Liabilities

All financial liabilities are classified under financial liabilities at amortised cost and are measured at amortised cost. Their fair value does not differ significantly from their carrying amount at 30 June 2022 and 31 December 2021.

(a) Non-current and current payables

Details of non-current and current payables in the balance sheet at 30 June 2022 and 31 December 2021 are as follows:

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Euros	30 June 2022						
	Date granted	Maturity date	Nominal interest rate	Initial loan/limit	Total amount	Long-term maturity	Short-term maturity
Bonds and other marketable securities					46,918,958	46,918,958	-
Non-convertible bonds	03/08/2021	02/08/2027	5.75%	50,000,000	46,918,958	46,918,958	-
Loans and borrowings					35,964,665	15,568,487	20,396,178
Caixabank export discounting line	14/09/2020	14/09/2023	Euribor + 1.75%	3,500,000	3,466,776	-	3,466,776
Cajamar reverse factoring	27/11/2017	27/11/2024	1.60%	4,000,000	2,823,950	-	2,823,950
Sabadell factoring	07/07/2017	07/07/2022	Euribor + 1.75%	2,500,000	118,584	-	118,584
Liberbank ICO export discounting line	04/06/2020	04/06/2023	Euribor + 2.3%	1,000,000	867,183	-	867,183
Caixabank loan	16/03/2018	16/03/2023	2.65%	513,000	81,344	-	81,344
Caja Laboral ICO reverse factoring	16/05/2018	25/06/2023	Euribor + 1.85%	400,000	400,000	-	400,000
Liberbank ICO reverse factoring	13/09/2020	05/06/2023	3-month Euribor +1.95%	1,500,000	948,474	-	948,474
BBVA ICO reverse factoring	17/10/2020	24/07/2023	90-day Euribor +4.10%	1,000,000	994,255	-	994,255
Cajamar loan	26/12/2018	26/12/2023	1.60%	1,100,000	339,062	114,044	225,018
Sabadell ICO reverse factoring	14/05/2018	17/09/2023	2.50%	750,000	500,000	-	500,000
Santander loan	27/11/2019	27/11/2022	12-month Euribor +3.30%	970,000	140,423	-	140,423
Caixabank ICO loan	20/04/2020	20/04/2028	2.75%	2,000,000	1,923,514	1,618,744	304,770
Deutsche Bank ICO loan	20/04/2020	20/04/2028	2.91%	2,000,000	1,927,169	1,622,573	304,596
Cajamar ICO loan	30/04/2020	30/04/2028	2.67%	1,500,000	1,444,999	1,210,967	234,032
Caixabank ICO credit account	17/12/2016	20/04/2026	2%	4,000,000	3,679,152	3,679,152	-
BBVA ICO loan	08/05/2020	08/03/2026	4.64%	500,000	480,311	360,301	120,010
BBVA ICO credit facility	19/06/2021	19/06/2024	2.31%	1,000,000	974,593	974,593	-
Liberbank ICO loan	15/06/2020	04/06/2028	3.41%	1,000,000	990,317	840,448	149,869
Deutsche Bank ICO credit account	26/06/2020	26/04/2025	1.60%	2,400,000	2,366,237	2,366,237	-
Deutsche Bank reverse factoring	09/06/2021	09/06/2024	6-month Euribor +2.55%	500,000	500,000	-	500,000
Santander VAT prepayment	01/06/2021	01/06/2022	Euribor + 1.70%	500,000	350,857	-	350,857
Banco Santander export discounting line	21/03/2018	10/05/2024	2.50%	500,000	429,472	-	429,472
Caja Laboral loan	14/06/2021	14/06/2025	2.65%	600,000	482,559	326,412	156,147
CajaMar credit facility	03/09/2021	03/09/2022	0.015	3,000,000	2,115,381	-	2,115,381
Santander loan	19/04/2022	19/07/2022	5.38%	98,000	32,761	-	32,761
Santander reverse factoring	24/01/2022	24/01/2023	2.17%	1,800,000	1,795,013	-	1,795,013
Sabadell 1 reverse factoring prepayment	25/03/2022	25/03/2023	2.50%	500,000	500,000	-	500,000
Banco Santander prepayment	27/04/2022	27/04/2025	Euribor + 1.70%	2,000,000	1,837,263	-	1,837,263
Sabadell 2 reverse factoring prepayment	07/07/2017	07/07/2022	2.50%	500,000	500,000	-	500,000
C.Laboral loan	01/06/2022	01/06/2028	1.50%	1,000,000	997,500	997,500	-
Santander credit facility	27/04/2022	27/04/2025	2.90%	1,500,000	1,457,516	1,457,516	-
Novicap (s/t)	31/03/2022	31/03/2023	5.28%	500,000	500,000	-	500,000
Other payables					25,834,448	18,333,902	7,500,546
2007 reindustrialisation loan	31/10/2007	01/10/2023	4.97%	2,000,000	396,407	196,407	200,000
2008 reindustrialisation loan	15/12/2008	01/10/2024	4.49%	1,800,000	529,180	349,180	180,000
2009 reindustrialisation loan	17/08/2009	01/10/2025	4.96%	1,500,000	577,437	427,437	150,000
2010 reindustrialisation loan	15/09/2010	01/10/2026	5.10%	1,800,000	416,130	327,975	88,155
2011 reindustrialisation loan	31/08/2011	01/10/2027	5.70%	1,000,000	550,975	450,975	100,000
2012 reindustrialisation loan	10/12/2012	30/09/2024	3.95%	4,417,500	1,893,214	1,262,143	631,071
2013 reindustrialisation loan	31/12/2013	31/12/2023	4.93%	5,475,750	665,133	266,571	398,562
2014 reindustrialisation loan	31/12/2014	31/12/2026	4.53%	3,360,000	2,203,176	1,762,541	440,635
2014 competitiveness loan	31/12/2014	31/12/2026	4.53%	747,750	534,107	427,286	106,821
2016 competitiveness loan	29/12/2016	31/12/2028	2.29%	5,015,850	6,750,463	5,786,111	964,352
2016 reindustrialisation loan	29/12/2016	31/12/2028	2.29%	7,475,596	3,979,576	3,411,065	568,511
2017 reindustrialisation loan	27/11/2017	31/12/2029	4.00%	1,123,427	1,123,427	1,123,427	-
CDTI loan	27/01/2017	31/05/2028	0.00%	362,544	211,569	172,897	38,672
Finance leases (note 7)				-	4,733,494	2,338,138	2,395,356
Accrued interest				-	282,443	-	282,443
Suppliers of fixed assets				-	987,717	31,749	955,968
Total					108,718,071	80,821,347	27,896,724

(Continued)

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Euros	31 December 2021						
	Date granted	Maturity date	Nominal interest rate	Initial loan/limit	Total amount	Long-term maturity	Short-term maturity
Bonds and other marketable securities					48,638,027	47,432,890	1,205,137
Non-convertible bonds	03/08/2021	02/08/2027	5.75%	50,000,000	47,432,890	47,432,890	-
Accrued interest					1,205,137	-	1,205,137
Loans and borrowings					22,544,641	10,333,247	12,211,394
Caixabank export discounting line	14/09/2020	14/09/2023	1.65% to 2.10%	3,500,000	1,185,914	-	1,185,914
Cajamar reverse factoring	27/11/2017	27/11/2024	2%	3,000,000	1,915,900	-	1,915,900
Sabadell factoring	07/07/2017	07/07/2022	Legal interest rate + 0.1%	1,500,000	69,572	-	69,572
Liberbank ICO export discounting line	04/06/2020	04/06/2028	3.405%	1,000,000	1,000,000	-	1,000,000
Caixabank loan	16/03/2018	16/03/2023	2.65%	513,000	134,682	27,294	107,388
Caja Laboral ICO reverse factoring	16/05/2018	25/06/2023	Euribor + 1.85%	400,000	394,536	-	394,536
Liberbank ICO reverse factoring	13/09/2020	04/06/2026	3-month Euribor +1.95%	1,500,000	1,465,657	-	1,465,657
BBVA ICO reverse factoring	17/10/2020	24/07/2023	90-day Euribor +4.10%	1,000,000	997,836	-	997,836
Cajamar loan	26/12/2018	26/12/2023	1.60%	1,100,000	450,176	227,062	223,114
Sabadell ICO reverse factoring	14/05/2018	17/09/2023	1.40%	750,000	759,610	-	759,610
Santander loan	27/11/2019	27/11/2022	12-month Euribor +3.30%	970,000	306,123	-	306,123
Caixabank ICO loan	20/04/2020	20/04/2028	2.75%	2,000,000	1,973,368	1,772,349	201,019
Deutsche Bank ICO loan	20/04/2020	20/04/2028	1.95%	2,000,000	1,976,965	1,776,127	200,838
Cajamar ICO loan	30/04/2020	30/04/2028	1.95%	1,500,000	1,483,480	1,328,662	154,818
Caixabank ICO credit account	17/12/2016	20/04/2026	2%	4,000,000	1,161,841	1,161,841	-
BBVA ICO loan	08/05/2020	06/03/2026	4.6%	500,000	499,775	421,003	78,772
BBVA ICO credit facility	19/06/2021	19/06/2024	2.31%	1,000,000	685,474	685,474	-
Liberbank ICO loan	15/06/2020	04/06/2028	2.25%	1,000,000	990,317	916,139	74,178
Deutsche Bank ICO credit account	26/06/2020	26/06/2025	1.60%	2,400,000	1,612,237	1,612,237	-
Deutsche Bank reverse factoring	09/06/2021	09/06/2024	6-month Euribor +2.55%	500,000	495,246	-	495,246
Banco Santander reverse factoring	01/06/2021	01/06/2022	12-month Euribor	500,000	500,000	-	500,000
Banco Santander export discounting line	21/03/2018	10/05/2024	2.50%	500,000	498,500	-	498,500
Caja Laboral loan	14/06/2021	17/02/2025	2.65%	600,000	558,927	405,059	153,868
CajaMar credit facility	03/09/2021	03/09/2022	Euribor	2,000,000	560,108	-	560,108
Santander loan	20/10/2021	20/01/2022	4.95%	225,000	75,233	-	75,233
Santander, customer advances	26/07/2021	26/07/2022	2.17%	800,000	793,164	-	793,164
Other payables					26,277,537	20,031,996	6,245,541
2007 reindustrialisation loan	31/10/2007	01/10/2023	4.97%	2,000,000	394,264	194,264	200,000
2008 reindustrialisation loan	15/12/2008	01/10/2024	4.49%	1,800,000	525,163	345,163	180,000
2009 reindustrialisation loan	17/08/2009	01/10/2025	4.96%	1,500,000	571,389	421,389	150,000
2010 reindustrialisation loan	15/09/2010	01/10/2026	5.10%	1,800,000	410,976	322,821	88,155
2011 reindustrialisation loan	31/08/2011	01/10/2027	5.70%	1,000,000	542,619	442,619	100,000
2012 reindustrialisation loan	10/12/2012	30/09/2024	3.95%	4,417,500	1,893,214	1,262,143	631,071
2013 reindustrialisation loan	31/12/2013	31/12/2023	4.93%	5,475,750	797,133	533,133	264,000
2014 reindustrialisation loan	31/12/2014	31/12/2026	4.53%	3,360,000	2,203,176	1,762,541	440,635
2014 competitiveness loan	31/12/2014	31/12/2026	4.53%	747,750	534,107	427,286	106,821
2016 competitiveness loan	29/12/2016	31/12/2028	2.29%	5,015,850	6,750,463	5,786,111	964,352
2016 reindustrialisation loan	29/12/2016	31/12/2028	2.29%	7,475,596	3,979,576	3,411,065	568,511
2017 reindustrialisation loan	27/11/2017	31/12/2029	4.00%	1,123,427	1,123,427	1,123,427	-
CDTI loan	27/01/2017	31/05/2028	0.00%	362,544	227,565	188,893	38,672
Finance leases (note 7)					5,659,889	3,761,247	1,898,642
Accrued interest					76,619	-	76,619
Suppliers of fixed assets					587,957	49,894	538,063
Total					97,460,205	77,798,133	19,662,072

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

The amount relating to the limits of the 2007, 2008, 2009, 2010 and 2011 reindustrialisation loans is the total amount awarded without discounting the grant associated with them (see note 14).

The effective interest rate on loans and borrowings at 30 June 2022 and 31 December 2021 was between an annual rate of 2.98% and 3.73%.

All the finance costs recognised in the six-month period ended 30 June 2022 and 2021, amounting to Euros 2,756,941 and Euros 1,778,731, respectively, related to financial debts accounted for using the amortised cost method.

Details of non-current payables at 30 June 2022 and 31 December 2021, based on the related maturity, are as follows:

Euros	30.06.2022
2023/2024	7,071,157
2024/2025 (*)	9,556,981
2025/2026 (*)	8,506,777
2026/2027 (*)	3,760,811
2027/2028 and thereafter	51,925,621
Total	80,821,347

(*) 2024, 2025 and 2026 include amounts of Euros 1 million, Euros 2.4 million and Euros 3.7 million, respectively, corresponding to credit facilities maturing in the long term. The Company's directors intend to renew these facilities at maturity.

Euros	31.12.2021
2023	7,304,639
2024 (*)	6,186,785
2025 (*)	6,306,350
2026 (*)	5,191,703
2027 and subsequent years	52,808,656
Total	77,798,133

(*) 2024, 2025 and 2026 include amounts of Euros 0.7 million, Euros 1.6 million and Euros 1.2 million, respectively, corresponding to credit facilities maturing in the long term. The Company's directors intend to renew these facilities at maturity.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(b) Bonds and other marketable securities

On 20 July 2016 the Company issued 188 non-convertible bonds with a face value of Euros 100,000 on the EURO MTF market of the Luxembourg stock exchange, which initially matured on 20 July 2023. These bonds had an annual coupon rate of 6.50%, payable annually. At 30 June 2021 the Company had arranged a mortgage on its assets with an appraisal value of Euros 27,676,340, in accordance with the provisions of the bond issue prospectus (see note 6). At 30 June 2021, the outstanding balances relating to this issue amounted to Euros 17,962,901, which correspond to the amortised cost of the issue recognised as non-current, and Euros 661,917, which correspond to the accrued interest, recognised as current, that had not fallen due at that date. The annual effective interest rate was 7.69%. At 30 June 2021 the fair value of the debt did not differ significantly from its carrying amount.

On 26 December 2018 an amendment to the terms and conditions of the memorandum was agreed so as to change the maturity date of the issue to 20 July 2025, and provide the in rem guarantee for the issue, comprising a real estate mortgage and a chattel mortgage (see note 6).

On 25 March 2021, the Company's board of directors approved a debt restructuring programme through a bond issue for a maximum amount of Euros 50 million, of which Euros 40 million will be allocated to refinancing debt and Euros 10 million to new investments.

On 3 August 2021 the first issue of the Asturiana de Laminados Bond Programme was subscribed and paid up in an amount of Euros 21.7 million. The bond issue was subscribed by institutional investors of various nationalities. Furthermore, through Euroclear and Clearstream, the Company notified holders of the bonds issued on 12 August 2016 on the EURO MTF market in Luxembourg that, within a maximum period of 15 working days starting from 6 September 2021, a second bond issue in an amount of Euros 18.8 million would be carried out to exchange these former bonds, as agreed at the assembly of bondholders and reflected in the Other Relevant Information bulletin of 18 June 2021.

On 17 September 2021 the second and third issues of the Asturiana de Laminados Bond Programme were subscribed and paid up in amounts of Euros 18.8 million and Euros 4.5 million, respectively. The second issue constituted the full refinancing of the 2016 issue on the EURO MTF market in Luxembourg, which has been exchanged for this new issue, as agreed at the assembly of bondholders and reflected in the Other Relevant Information bulletin of 18 June 2021.

On 13 October 2021, 26 October 2021 and 4 November 2021 the fourth, fifth and sixth issues of the Asturiana de Laminados Bond Programme were subscribed and paid up in amounts of Euros 2 million, Euros 2.2 million and Euros 0.8 million, respectively, thereby completing in full the Company's entire Euros 50 million bond issuance programme.

The cash inflows from these issues, net of arrangement fees, amount to Euros 29.2 million.

The issues mature at six years via a bullet repayment, are secured by a mortgage guarantee (see note 6) and earn a coupon of 5.75%. The effective interest rate is an annual 6.92%.

The Company has two bond buyback options, one on 3 August 2026 at 101.475% and another six months prior to their maturity, i.e. 3 February 2027 at 100% (for further details on the issue and bond programme please refer to the MARF website).

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

As with the previous issue, the bond prospectus sets out a series of obligations to be met by the Company, including reporting obligations, the arrangement of an in rem guarantee (see note 6), restrictions on additional debt and on dividend distribution to shareholders, provided that the net financial debt to EBITDA ratio is lower than 2.5. If, as a consequence of taking on additional debt, the net financial debt to EBITDA ratio were to exceed 2.5, the issuer would have a maximum of six months, starting from the moment it becomes aware of this situation, to reduce the ratio to 2.5x or lower. In the event the ratio has not been reduced to 2.5x or lower after this six-month period has elapsed, it is understood that there are grounds for early redemption.

The prospectus also provides certain early redemption clauses, which include defaults relating to the issue, the failure to meet the obligations assumed in the prospectus, the failure to meet payment obligations vis-à-vis third parties greater than 8% of the total value of the asset, substantial changes to the Company's statutory activity, auditor's reports containing a disclaimer of opinion and the failure to arrange an in rem guarantee.

At 30 June 2022, the Company meets all obligations set forth in the prospectus and has not triggered any of the early redemption clauses.

At 30 June 2022 the fair value of the debt does not differ significantly from its carrying amount.

(c) Loans and borrowings

The Company has various financing facilities at 30 June 2022 and 31 December 2021, the terms and outstanding balance of which are detailed in section a) of this note.

(d) Reindustrialisation and CDTI loans

The main terms and outstanding balances at 30 June 2022 and 31 December 2021 are shown in section a) of this note.

(i) 2007, 2008, 2009, 2010 and 2011 reindustrialisation loans

The Company received five reindustrialisation loans, the terms of which are detailed in section a) of this note.

The Company recognises the debts relating to the fair value (net present value) of the loan repayments. The difference between the amount awarded and present value was recognised as a capital grant (see note 14).

(ii) 2012, 2013, 2014, 2016 and 2017 reindustrialisation loans

The Company received five reindustrialisation loans from the MITC, the terms of which are detailed in section a) of this note.

(iii) 2014 and 2016 competitiveness loan

The Company received two reindustrialisation loans to boost competitiveness from the Spanish Ministry of Industry, Energy and Tourism, which are detailed in section a) of this note.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(iv) CDTI loan

On 27 January 2017, the Centre for the Development of Industrial Technology (CDTI) announced its final decision to award the Company an interest-free loan of Euros 362,544 to carry out a project, repayable in six-monthly instalments of Euros 19,336 each between 2021 and 2028. At 30 June 2022, the Company had satisfied the initial requirements of the CDTI.

(16) Taxation

(a) Current balances with public entities

At 30 June 2022 and 31 December 2021 the Company has the following balances with public entities:

Euros	30.06.2022	31.12.2021
Assets	881,633	1,109,827
Current tax assets	82,546	82,546
Value added tax	799,087	1,027,281
Liabilities	1,289,881	248,506
Current tax liabilities	778,777	-
Withholdings on account of personal income tax	357,453	110,895
Social Security contributions payable	153,651	137,611

(b) Reconciliation of accounting profit and taxable income

Income tax for the year is calculated based on the accounting profit/loss obtained under generally accepted accounting principles, which is not necessarily the same as taxable income/tax loss.

The reconciliation between the accounting profit before tax at 30 June 2022 and 31 December 2021 with the taxable income for the year is as follows:

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Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Euros	Income statement			Income and expense recognised directly in equity			Total
	Increases	Decreases	Net	Increases	Decreases	Net	
Income and expenses for the year	-	-	2,738,177	-	-	356,757	3,094,934
Income tax	-	-	914,630	-	-	118,919	1,033,549
Profit before income tax	-	-	3,652,807	-	-	475,676	4,128,483
Permanent differences	5,717	-	5,717	-	-	-	5,717
Temporary differences	682,445	(84,658)	597,787	-	(475,676)	(475,676)	122,111
Taxable income	688,162	(84,658)	4,256,311	-	(475,676)	-	4,256,311
Offset of tax loss carryforwards							-
Taxable income							4,256,311
Tax payable							1,064,078
Tax deductions							(266,019)
Withholdings and payments on account							(19,282)
Total amount payable							778,777

Euros	Income statement			Income and expense recognised directly in equity			Total
	Increases	Decreases	Net	Increases	Decreases	Net	
Income and expenses for the year	-	-	4,090,150	-	-	694,584	4,784,734
Income tax	-	-	1,366,968	-	-	231,527	1,598,495
Profit before income tax	-	-	5,457,118	-	-	926,111	6,383,229
Permanent differences	10,753	-	10,753	-	-	-	10,753
Temporary differences	979,219	(3,412,135)	(2,432,916)	-	(926,111)	(926,111)	(3,359,027)
Taxable income	989,972	(3,412,135)	3,034,955	-	(926,111)	-	3,034,955
Offset of tax loss carryforwards							(633,161)
Taxable income							2,401,794
Tax payable							600,449
Tax deductions							(150,111)
Withholdings and payments on account							(532,883)
Total amount recoverable							(82,546)

Permanent and temporary differences between the accounting profit and taxable income are:

- Positive permanent difference of Euros 5,717 at 30 June 2022 relating to expenses and taxes that are not deductible for tax purposes (Euros 10,753 at 31 December 2021).
- Positive adjustment of Euros 162,341 at 30 June 2022 (Euros 244,476 in 2021) due to the reversal of the accelerated depreciation applied in prior periods provided in additional provision eleven of the Revised Spanish Income Tax Law as worded in Royal Decree-Law 13/2010 of 9 April 2010, and in accordance with transitional provision 34 of the Spanish Income Tax Law.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

- Positive adjustment of Euros 514,037 at 30 June 2022 (Euros 730,694 in 2021) due to the limit to the deductibility of finance costs in accordance with article 16 of the Spanish Income Tax Law.
- Positive adjustment of Euros 6,067 due to application of article 106 of the Spanish Income Tax Law relating to finance leases (Euros 4,049 in 2021).
- A negative adjustment of Euros 10,632 at 30 June 2022 (Euros 20,319 at 31 December 2021) in connection with the tax recognition of income from grants in accordance with the inspection criterion.
- Negative adjustment of Euros 74,026 at 30 June 2022 and 31 December 2021 relating to the reversal of the 30% limitation on the tax deductibility of the amortisation and depreciation charge in accordance with article 7 of Law 17/2012 of 27 December 2012.
- Negative adjustment of Euros 3,317,790 at 31 December 2021 due to the reversal of the accelerated depreciation provided in additional provision eleven of the Revised Spanish Income Tax Law as worded in Royal Decree-Law 13/2010 of 9 April 2010, and in accordance with transitional provision 34 of the Spanish Income Tax Law.

At 30 June 2022 and 31 December 2021, the Company had a balance payable of Euros 130,483 to Laminados del Principado, S.A. relating to income tax for 2014. In 2014, the Company formed a consolidated tax group with Laminados del Principado S.A. The consolidated tax group was dissolved in 2017.

(c) Details of the income tax expense

Details of income tax at 30 June 2022 and 2021 are as follows:

Euros	30.06.2022	31.12.2021
Current tax:		
Present year	1,064,078	758,739
Offset of tax loss carryforwards	-	(158,291)
Deductions	(266,019)	(150,112)
Deferred tax:		
Source and reversal of temporary differences		
Property, plant and equipment	(22,079)	786,835
Non-deductible finance costs	(128,509)	(182,673)
Tax recognition of income from grants	2,658	5,080
Tax credits applied	-	158,291
Derecognition of deductions	266,019	150,112
Other	(1,518)	(1,013)
Total income tax expense recognised in the income statement	914,630	1,366,968

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(d) Deferred tax assets and liabilities

Details of deferred tax assets and liabilities and movement at 30 June 2022 and 31 December 2021 are as follows:

30 June 2022						
Euros	Opening balance	Income statement		Equity		Closing balance
		Additions	Disposals	Additions	Disposals	
Deferred tax assets						
Finance costs	1,513,565	128,509	-	-	-	1,642,074
Limitation on depreciation and amortisation	88,715	-	(18,507)	-	-	70,208
Impairment of fixed assets	32,819	-	-	-	-	32,819
Deductions capitalised	612,242	-	(266,019)	-	-	346,223
Total	2,247,341	128,509	(284,526)	-	-	2,091,324
Deferred tax liabilities						
Accelerated depreciation/amortisation	(3,342,424)	-	40,585	-	-	(3,301,839)
Finance leases	(13,916)	-	1,517	-	-	(12,399)
Tax effect of grants	(3,814,759)	-	-	-	118,919	(3,695,840)
Tax recognition of income from grants	345,089	(2,659)	-	-	-	342,430
Total	(6,826,010)	(2,659)	42,102	-	118,919	(6,667,648)

31 December 2021						
Euros	Opening balance	Income statement		Equity		Closing balance
		Additions	Disposals	Additions	Disposals	
Deferred tax assets						
Finance costs	1,330,892	182,673	-	-	-	1,513,565
Limitation on depreciation and amortisation	107,221	-	(18,506)	-	-	88,715
Impairment of fixed assets	32,819	-	-	-	-	32,819
Tax losses capitalised	158,291	-	(158,291)	-	-	-
Deductions capitalised	762,354	-	(150,112)	-	-	612,242
Total	2,391,577	182,673	(326,909)	-	-	2,247,341
Deferred tax liabilities						
Accelerated depreciation/amortisation	(2,574,096)	(829,447)	61,119	-	-	(3,342,424)
Finance leases	(14,929)	-	1,013	-	-	(13,916)
Tax effect of grants	(4,046,286)	-	-	-	231,527	(3,814,759)
Tax recognition of income from grants	350,169	(5,080)	-	-	-	345,089
Total	(6,285,142)	(834,527)	62,132	-	231,527	(6,826,010)

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Based on the best estimate of the Company's future profits, including certain tax planning initiatives, there are no reasonable doubts that the above deferred tax assets will be recovered, hence they have been recognised in the accompanying balance sheet.

At 30 June 2022 the Company does not have any unused tax loss carryforwards.

At 30 June 2022 the Company had unused deductions amounting to Euros 346,223 (Euros 612,242 at 31 December 2021). These deductions arose from research and development activities and, therefore, they may be used within 18 years as from their generation, in accordance with Spanish Income Tax Law 27/2014 of 27 November 2014.

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

Euros	30.06.2022	31.12.2021
Finance costs	1,642,074	1,513,565
Limitation on depreciation and amortisation	51,701	70,209
Impairment of fixed assets	32,819	32,819
Deductions capitalised	346,223	612,242
Total assets	2,072,817	2,228,835
Accelerated depreciation/amortisation	(3,261,254)	(3,342,424)
Finance leases	(10,882)	(13,916)
Tax effect of grants	(3,237,150)	(3,238,144)
Total liabilities	(6,509,286)	(6,594,484)
Net	(4,436,469)	(4,365,649)

(e) Years open to inspection

At the date these annual accounts were authorised for issue, the Company has all applicable taxes for 2019 to 2022 open to inspection, in addition to income tax for 2018 to 2021.

In accordance with prevailing legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or the inspection period has elapsed. However, the Company's directors do not expect any additional significant liabilities to arise as a result of an inspection of the years open.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(17) Guarantees to Third Parties

Details of the Company's guarantees to third parties at 30 June 2022 and 31 December 2021 are as follows:

Euros	30.06.2022	31.12.2021
Raw material purchases	9,440,000	9,440,000
Pola de Lena municipal council	-	435,600
Reindustrialisation and competitiveness loans (note 15)	7,184,611	7,184,611
Total	16,624,611	17,060,211

(18) Income and Expenses

(a) Revenues

Details of revenues by geographical market and activity for the six-month periods ended 30 June 2022 and 2021, are as follows:

Euros	30.06.2022	30.06.2021
Geographical markets		
Domestic	2,931,715	1,883,873
Exports	76,079,086	51,789,643
Total	79,010,801	53,673,516
Type of product		
Spherical anodes	-	11,780
Flat products	73,064,016	49,477,742
Profiled products	2,297,585	2,092,074
Zinc foam and other products	3,649,200	2,091,920
Total	79,010,801	53,673,516

(b) Supplies

Details of this income statement item for the periods ended 30 June 2022 and 2021 are as follows:

Euros	30.06.2022	30.06.2021
Raw materials purchased	70,929,778	44,603,830
Merchandise purchased	884,505	401,367
Purchases of other supplies	1,829,192	1,337,864
Carriage	180,079	169,196
Subcontracted work	48,561	15,556
Change in inventories	(1,426,558)	(298,826)
Total	72,445,557	46,228,987

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

The Company has signed a long-term contract with Asturiana de Zinc, S.A. (a Glencore Group company) to supply all the zinc required for its production process.

(c) Personnel expenses

Details of personnel expenses in the income statements for the six-month periods ended 30 June 2022 and 2021 are as follows:

Euros	30.06.2022	30.06.2021
Salaries and wages	3,097,541	2,438,777
Employee benefits expense	856,335	670,047
Termination benefits	-	22626
Total	3,953,876	3,131,450

(d) Average number of employees

The average headcount of the Company for the six-month periods ended 30 June 2022 and 2021 is as follows:

Category	30.06.2022	30.06.2021
Senior management personnel	11	11
Technicians	17	14
Administrative staff	24	21
Manual workers	114	87
Total	166	133

Three is the average number of employees during the six-month periods ended 30 June 2022 and 2021 that have a disability rating equal to or higher than 33%, one of whom is a senior executive and two of whom are manual workers.

(e) Distribution by gender

At 30 June 2022 and 2021 the distribution by gender of the Company's members of the board of directors and employees is as follows:

Category	30.06.2022		30.06.2021	
	Male	Female	Male	Female
Senior management personnel	9	2	9	1
Technicians	10	7	9	6
Administrative staff	5	20	3	19
Manual workers	111	9	91	6
Total	135	38	112	32

The board of directors comprised eight men and one woman at 30 June 2022 and 2021.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(f) Other operating expenses - External services

Details of this item in the accompanying income statements for the six-month periods ended 30 June 2022 and 2021 are as follows:

Euros	30.06.2022	30.06.2021
Leases and royalties	159,306	57,578
Repairs and maintenance	349,595	307,280
Independent professional services	810,016	522,970
Transport	1,213,631	1,167,107
Insurance premiums	128,297	119,624
Banking and similar services	157,845	129,397
Advertising, publicity and public relations	126,199	103,022
Utilities	2,935,255	997,291
Other services	307,771	233,915
Total	6,187,915	3,638,184

(g) Other operating income

At 30 June 2022 and 2021 this line item mainly includes various services rendered to the Group company LatemAluminium, S.A.

(h) Audit Fees

KPMG Auditores, S.L., the auditor of the Company's financial statements, has invoiced the Company the following fees for professional services during the six-month periods ended 30 June 2022 and 2021:

Euros	30.06.2022	30.06.2021
Other assurance services	18,276	14,081
Total	18,276	14,081

Audit services detailed in the above table include the total fees for services rendered in the six-month periods ended 30 June 2022 and 2021, irrespective of the date of invoice.

Other assurance services include agreed-upon procedures for the review of financial ratios and the limited review of the interim financial statements at 30 June 2022 and 2021.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(19) Balances and Transactions with Group Companies, Associates and Related Parties

Details of balances with Group companies at 30 June 2022 and 31 December 2021 are as follows:

Euros	Balances receivable/(payable)					
	30.06.2022			31.12.2021		
	Parent	Other related parties	Total	Parent	Other related parties	Total
Other non-current financial assets (note 8 (b))	9,615,900	5,548,673	15,164,573	8,937,461	5,537,442	14,474,903
Laminados del Principado, S.A.	9,615,900	-	9,615,900	8,937,461	-	8,937,461
Titanzinc, S.A.	-	4,940,000	4,940,000	-	4,940,000	4,940,000
Lufeol Investment, S.L.	-	339,460	339,460	-	339,460	339,460
elZinc America Corporation	-	269,213	269,213	-	257,982	257,982
Trade receivables from Group companies (note 12)	-	2,004,563	2,004,563	-	2,533,499	2,533,499
LatemAluminium S.A.	-	744,559	744,559	-	1,112,768	1,112,768
elZinc America Corporation	-	537,809	537,809	-	537,810	537,810
Quinta Metálica Factoria de Revestimientos, S.A.	-	722,195	722,195	-	882,921	882,921
Receivables - Group companies (note 12)	-	560,201	560,201	-	492,994	492,994
Titanzinc S.A.	-	560,201	560,201	-	492,994	492,994
Other current financial assets (note 8 (b))	-	370,828	370,828	-	233,256	233,256
Lufeol Investment, S.L.	-	-	-	-	41	41
Latem Global Trading, S.A.	-	101,145	101,145	-	226,065	226,065
elZinc France	-	28,360	28,360	-	3,621	3,621
Titanzinc S.A.	-	-	-	-	3,529	3,529
Inversiones Coraín, S.L.	-	241,323	241,323	-	-	-
Total receivables	9,615,900	8,484,265	18,100,165	8,937,461	8,797,191	17,734,652
Current payables to Group companies and associates	(130,483)	-	(130,483)	(130,483)	-	(130,483)
Laminados del Principado, S.A. (note 16)	(130,483)	-	(130,483)	(130,483)	-	(130,483)
Total balances payable	(130,483)	-	(130,483)	(130,483)	-	(130,483)

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Details of transactions with Group companies and/or related parties at 30 June 2022 and 2021 are as follows:

Euros	Income/(expenses)			
	30.06.2022		30.06.2021	
	Other related parties	Total	Other related parties	Total
Sales				
LatemAluminium, S.A.	1,261,894	1,261,894	869,002	869,002
Quinta Metálica Factoría de Revestimientos S.A	476,654	476,654	53,169	53,169
Other operating income				
LatemAluminium, S.A.	219,938	219,938	228,798	228,798
Finance income				
Laminados del Principado, S.A.	134,823	134,823	-	-
LatemAluminium, S.A.	25,914	25,914	-	-
Titanzinc, S.A	76,768	76,768	73,491	73,491
Total income	2,195,991	2,195,991	1,532,262	1,532,262
External services				
LatemAluminium, S.A.	-	-	7,351	7,351
elZinc France	247,178	247,178	-	-
Total expenses	247,178	247,178	7,351	7,351
Investment				
LatemAluminium, S.A.	-	-	32,151	32,151
Total investment	-	-	32,151	32,151

All transactions with related companies in 2022 and 2021 were performed on an arm's length basis.

(20) Information on the Board of Directors and Senior Management Personnel(a) Information on the Company's directors and senior management personnel

At 30 June 2022 and 31 December 2021 the Company's directors and senior management personnel have not received loans or advances. The Company has no pension or life insurance obligations with its former or current directors or senior management personnel.

During the six-month period ended 30 June 2022, the members of the board of directors of the Company have received remuneration amounting to Euros 200,000 in their capacity as directors (Euros 200,000 in the six-month period ended 30 June 2021). Total remuneration accrued in 2022 by the Company's senior management, including certain directors amounted to Euros 544,201 (Euros 407,899 in the six-month period ended 30 June 2021), of which Euros 75,705 was for members of the board of directors. It is understood that senior management includes all personnel of equal or superior rank to a head of department. Also, public liability insurance premiums of Euros 25,902 were paid for damage or loss arising from acts or omissions in the six-month period ended 30 June 2022 (Euros 23,725 in the six-month period ended 30 June 2021).

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

(21) Other Information

(a) Environmental information

The Company has a state-of-the-art production process that enables it to be more environmentally friendly, save energy and efficiently exploit raw materials.

In 2011 the Company was awarded "comprehensive environmental certification".

No investments were made or costs incurred to prevent or remedy environmental impacts and no grants or income was received relating to the environment.

The directors consider that no environmental contingencies exist.

(b) Late payments to suppliers in commercial transactions

Final provision two of Law 31/2014 of 3 December 2014, amending the Spanish Companies Act to introduce improvements to corporate governance, amends additional provision three of Law 15/2010 of 5 July 2010, which in turn amended Law 3/2004 of 29 December 2004 establishing measures to combat late payment, to require that all commercial companies expressly disclose the average supplier payment period in the notes to their financial statements. The following table shows the average supplier payment period, transactions paid ratio, transactions payable ratio, total amount paid and total amount outstanding at 30 June 2022 and 31 December 2021:

Days	30.06.2022	31.12.2021
Average supplier payment period	30	41
Transactions paid ratio	31	42
Transactions payable ratio	22	38
Amount	30.06.2022	31.12.2021
Total payments made	76,222,277	103,033,987
Total payments outstanding	16,869,770	10,748,181

(c) International Financial Reporting Standards

In accordance with article 525 of the Spanish Companies Act, companies that have issued securities listed on a regulated market of any European Union Member State, as defined in article 1.13 of Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field, and that, pursuant to current legislation, only publish individual annual accounts, must disclose the main changes that would have arisen in capital and reserves in the notes to the annual accounts and in the income statement had International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") been applied.

Under Spanish GAAP, grants were recognised in equity as income, net of the related tax effect, when they had been officially awarded, the conditions attached to them had been met and there was reasonable assurance that the grants would be received.

Under IFRS-EU, grants are recognised as a liability when it is reasonably certain that the grant conditions will be met and the funds will be received. This entails the recognition of a liability from the date on which the grants are awarded until they qualify for recognition in the income statement.

In accordance with IFRS-EU increases in value of land and buildings are voluntarily recognised, which would offset the reduction in equity as a result of the reclassification of grants.

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

The impact on the balance sheet at 30 June 2022 and 31 December 2021 is as follows:

Equity and Liabilities	30.06.2022			31.12.2021		
	Spanish GAAP	Reclassification	IFRS-EU	Spanish GAAP	Reclassification	IFRS-EU
Capital and reserves	39,065,213		39,065,213	36,321,108		36,321,108
Grants, donations and bequests received	11,089,942	(11,089,942)	-	11,446,699	(11,446,699)	-
Total equity	50,155,155	(11,089,942)	39,065,213	47,767,807	(11,446,699)	36,321,108
Non-current payables	80,821,347		80,821,347	77,798,133		77,798,133
Government grants		14,786,589	14,786,589		15,262,265	15,262,265
Deferred tax liabilities	6,667,648	(3,696,647)	2,971,001	6,826,010	(3,815,566)	3,010,444
Total non-current liabilities	87,488,995	11,089,942	98,578,937	84,624,143	11,446,699	18,272,709

The following standards came into force on 1 January and 1 April and do not have a significant impact on equity and the income statement if IFRS were applied at the Company:

Standards and amendments to standards adopted by the European Union	Effective date
Amendments to IFRS 3, IAS 16 and IAS 37 "Annual Improvements 2018-2020".	1 January 2022
Amendment to IFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021".	1 April 2021
Annual improvements 2018-2020 cycle (various minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022

(Continued)

ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

Other standards and standard amendments will come into force on or after 1 January 2023 and subsequent years.

Standards and amendments to standards pending adoption by the European Union	Effective date
Amendment to IAS 1 "Presentation of Financial Statements" / Amendment to IAS 1 "Disclosure of Accounting Policies".	1 January 2023
Amendment to IAS 8 "Definition of Accounting Estimates".	1 January 2023
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction".	1 January 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 Comparative Information".	1 January 2023

The Company does not consider that the application of these standards and interpretations will have a significant impact on the equity and income statement when they come into force. Nevertheless, the Company is analysing the impacts with a view to potentially detailing them in the annual accounts for the coming years.

(22) Significant events in the six-month period ended 30 June 2022

The Russian government launched a military invasion of Ukraine on 24 February 2022. In response to this military action, a series of countries implemented substantial economic sanctions against Russia, and a growing number of major public and private companies are undertaking action to limit business activities with Russia.

Trading of various Russian listed entities has been suspended on certain stock exchanges and they have been excluded from market indices. The Russian central bank has temporarily suspended trading in shares and derivatives, while local authorities have also provisionally prohibited foreign investors from selling Russian assets, imposing significant limitations on payments to foreign entities.

The conflict in Ukraine and its consequences come at a time of significant global economic uncertainty and volatility, and it is likely that the impacts will interact with and even compound current market conditions. This situation also gives rise to a considerable series of knock-on effects for the economy and companies which should be assessed.

In view of the incessant rise in the cost of energy, raw materials and transport, coupled with the uncertainty sparked by the armed conflict in Ukraine, it is important to underline that the Company is still satisfying all market demand, securing new sales opportunities, and meeting the forecasts projected for the first period of the year. In this respect, the Company has built its strategy around the following points:

- Planning at factories in order to shift production to the hours of the day when energy is cheapest.

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ASTURIANA DE LAMINADOS, S.A.

Explanatory Notes to the Interim Financial Statements for the six-month period ended 30 June 2022

- Strengthening its focus on securing energy from renewable sources. On 12 November 2021 the Company entered into an agreement with EDP Clientes, S.A. to install photovoltaic panels at its manufacturing plant at Pola de Lena. The first phase of this project, which was rolled out in 2022, will see the installation of over 6,500 solar panels on roofs spanning 13,000 square metres at Asturiana de Laminados, S.A.'s facilities. Providing a 2.8-megawatt peak, the panels will replace with renewables 17% of the traditional energy used to power the plant and prevent the emission of almost 900 tonnes of CO₂ into the atmosphere, a positive impact on air quality that is equivalent to planting 65,000 new trees. The implementation of this solar project is part of the low environmental impact policy that the Company has been applying through other initiatives, such as securing ISO 50001 -Energy Efficiency- or the utilisation of technologies that better harness raw materials and energy.
- The use of annual contracts for the supply of raw materials ensures the supply chains of these same consumables.
- The countries directly involved in the conflict are not markets of the Company.

The backdrop of rising raw material prices has not triggered a decline in demand. The Company continues to operate in line with the forecasts in place at the beginning of the year.

(23) Events after the Reporting Period

On 29 July 2022, in view of the forecast order book and the Company's desire to continue its policy of maintaining employment, a furlough scheme (ERTE) covering the period from August 2022 to March 2023 was filed with the labour authorities so that production capacity can be varied in line with incoming orders. This avoids having idle workers, while ensuring that they can remain as part of the Company's workforce for as long as the lull in orders persists.

Apart from the above, no additional significant events have occurred that would require disclosure.

DIRECTORS' REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

THE COMPANY

Asturiana de Laminados, S.A. was incorporated on the basis of the experience and sector know-how of its founding shareholders, who detected the need for a new competitive manufacturer of the highest level in terms of technological development in the rolled zinc for the construction sector, which was very concentrated, with only two players with a wide presence and product offer.

With the knowledge acquired in the European zinc sector, and taking advantage of the difficulties, and at the same time, the opportunities brought about by the concentration of its producers, and the presence of the biggest raw material manufacturer in Asturias, Spain (Asturiana de Zinc, S.A.), it was the perfect setting to embark on a highly ambitious project that is Asturiana de Laminados, S.A., a company founded in 2006.

Asturiana de Laminados, S.A. is constantly innovating, permanently researching in its laboratories to improve the processes and searching for new products. The Company also benefits from the collaboration of various universities and qualified metal institutes in Spain, France or Germany for the purpose of product certification, such as Ceit-IK4-Universidad de Navarra, Itma-Centro Tecnológico del Principado de Asturias, Universidad de Oviedo-Escuela de Ingenieros de Minas, ZID Zinkberatung Ingenieurdienste GmbH, Institut Bauen und Umwelt and Q-Lab.



ASTURIANA DE LAMINADOS, S.A.

DIRECTORS' REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

BUSINESS PERFORMANCE

Asturiana de Laminados, S.A. is tackling this difficult economic period marked by COVID-19 and the war in Ukraine, relying on the weight of its exports to different continents, the robustness of its supply chain and its low dependence on the domestic market.

The Company has increased by 3% the tonnes placed on the market with respect to the previous period, in a period in which raw materials have seen a 49% increase in their average price on international markets (LME) with respect to the first half of 2021 while facing increases in energy costs and other raw materials that are making all production processes more expensive.

Since 2010, Asturiana de Laminados, S.A. has been consistently increasing its range of products and finishes, which is reflected in the growth in sales over the years, enabling the Company to become the world's third biggest player in terms of laminated zinc products. With the launch of the special-width line, the Company has become the sole manufacturer in the world offering rolled products with a width of 1,400 mm.

The Company has designed an ambitious plan focused on special-width production that will enable it to supply products with a width of over 1,100 mm and up to 1,400 mm, which is unique in the sector, which it expects to commercialise on the US market.

Investing in R&D&i and in the development of new products is an essential characteristic of Asturiana de Laminados, S.A.'s strategy, as it enables the Company to keep a highly-competitive profile. Thus, the Company is in the initial stage of commercialising new solutions and adapting its current product portfolio to open new markets.

The strategy of Asturiana de Laminados, S.A. is aimed at the markets in central Europe and emerging markets (China, South Korea, Japan, the US, the UK, North Africa and the Middle East) that require new products, finishes and formats which allow an architectural design capable of combining the old and the new, and ensuring quality and durability over time. The new pre-weathered products developed by the Company have led the way to the rapid penetration into these emerging markets.

The elZinc brand is expected to consolidate in the coming years and become a reference brand worldwide, for both traditional sector products (natural and pre-weathered zinc), the launch of new highly-innovative products with added value (elZinc Rainbow and elZinc Advance product range), new developments (Cossmo, composite and honeycomb panels), and products already in the market such as zinc for ornamentation. The following new products are also expected to consolidate their position in the market in the coming years: elZinc Rainbow, elZinc Lava, elZinc Oliva, elZinc Crystal, elZinc Rosa, elZinc Advance finishes and also the special-width line of products.

Despite the global situation and its effects on the real economy, the Company's volume of activity during the first half of 2022 will be higher than in the previous period, with sales in tonnes increasing by 3% in the first half of 2022, and gross margin rising by 35% and net margin by 20%, compared to the same period of the previous year. In addition, this performance is reflected in a 12% increase in EBITDA and a 11% rise in operating income.

Another priority for the current year has been to develop the demand for widths exceeding 1,000 mm, and to continue adding to the range of product profiles and accessories. To do so, the Company has worked hard to increase its presence in Europe and in the other countries where there is a closer technical collaboration with our distributors-collaborators.

The elZinc brand is present and recognised worldwide, and the reputation of elZinc is becoming consolidated together with its values: Quality, Range, Flexibility and Innovation. The efforts as regards

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made-to-order work are reflected in the numerous projects that have either already been performed or are in the execution stage using elZinc material.

The German subsidiary ElZinc Deutschland GmbH was incorporated during the first quarter of 2022.

OUTLOOK FOR 2022

Following the end of the restrictions on movement resulting from the COVID-19 crisis, in the final quarter of 2020 and in 2021 there was a rapid upturn in the entire construction market, leading to an exceptional increase in demand for all materials.



The steady rise in energy prices from May 2021 onwards triggered a market price increase across the board, which is unprecedented in recent history and was compounded by other factors, such as i) large producers of raw materials for real estate require reactivation time to reach total supply capacity ii) the change in the global market for raw material supplies, resulting from the new tariff policy in the major supply areas and iii) the total closure of the Chinese market, which led to an imbalance in the supply chains, thereby raising prices and logistics delivery times, especially in transoceanic transport.

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However, this general price increase was being absorbed by the market due to the confidence derived from the stimulus provided by governments to economies, together with the need for a rapid recovery of activity.

Therefore, given the high demand and the supply problems, warehouses stockpiled to maximum capacity and made purchases until the end of the first quarter of 2022 in anticipation of continued high demand.

In February 2022, however, a major event of great significance for the energy, processing and certain raw materials markets occurred: the war in Ukraine.

This unfortunate conflict will have a major impact on five factors:

1. Reduction of gas imports from Russia with the consequent sustained increase in the general price of energy in Europe, which has not yet come to an end.
2. Very significant rise in inflation.
3. Higher interest rates to curb price rises.
4. Rising fuel costs affecting all individuals and businesses on a daily basis.
5. The market cannot absorb any more price rises.

The situation of confidence is turning into a general lack of confidence, which is evident in the media.

At the same time, demand is beginning to fall and the prices set by the London Metal Exchange, the basis for the prices of all processors and the market, are beginning to fall sharply.

In essence, we are faced with a short and medium-term lack of confidence in the market, full customer inventories and falling metal prices, which explains why the market has seen drastically reduced demand in a very short time span.

There are factors that indicate that we are in a time of transition and a corrective rebound. Real estate investment is still taking place, installers have work contracted for months and projects are still being approved at a high rate.

But there are also substantial risks; rising interest rates, a cooling economy, a general tightening of financing conditions and very high energy prices.

The Company is constantly looking for ways to mitigate the adversities affecting the economy in general and our industry in particular, so in view of the slowdown in the market and the fact that the Company wishes to continue its policy of maintaining employment, it has filed a furlough scheme (ERTE) covering the period from August 2022 to March 2023 with the labour authorities so that it can modulate production capacity depending on the entry of orders. This avoids having idle workers, while ensuring that they can remain as part of the Company's workforce for as long as the decline in orders persists.

In view of these circumstances, for the last period of 2022 the Company is preparing to respond to the uncertainties in the global economy in order to be able to react quickly to either an upturn or a downturn in economic activity.

In 2022 we continue to build upon the foundations laid in 2021 within the Company's strategic plan, such as:

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- Incorporation of a subsidiary in the German market in order to offer our products much more locally in what is one of the leading traditional markets for rolled zinc for construction purposes.
- The five-year contract signed at the end of 2019 with a major German distributor.
- Agreements with French and Italian distributors.
- Cooperation with a new distributor for England and Ireland that will enable our sales in those markets to grow considerably.
- Hiring of new sales personnel.
- Promotion of premium products in markets where elZinc is positioned.



The Company's objective is to grow and we are aware that the ever-present price pressure that exists in all markets is greatly alleviated when the proposed industrial solutions are exclusive and, in addition, the consistency of the message for these first 12 years of activity, of flexibility and guaranteed quality, project an image of unwavering commitment to our customers.

Since the beginning of 2021, the Company has been undertaking two parallel strategic projects to consolidate growth without the need for equivalent growth in the structure, while also providing much more immediate information for proper decision-making:

- The functionality of the ERP used (SAP) is being expanded into the production and process control area, together with a direct plant data collection system that provides better control of operations and quality.
- The implementation of SALESFORCE, the most reputed CRM, offers much more up-to-the-minute information on commercial flows for distribution, as well as in the made-to-order work for projects, thereby giving us a better commercial overview in the short- and medium-term. In addition, after an initial stabilisation period, it makes it possible to integrate our customers at the Company, a key consideration in B2B or B2C relationships and with those who are key decision-makers and who do not need to have a direct commercial relationship.

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Adding these systems will allow us to work in a more dynamic and optimised way from a centralised technical sales department that supports customers and commercial personnel in a widely dispersed field in terms of geography. This will lower sales costs by providing added value and flexibility, while also allowing for a swifter adaptation to changes that occur in different markets.

We will continue to expand our commercial initiatives worldwide to cement growth and elZinc's hallmarks (Quality – Flexibility - Innovation) and to take another step towards excellence.

PAYMENTS TO SUPPLIERS

Pursuant to Law 15/2010 of 5 July 2010, amending Law 3/2004 of 29 December 2004, which introduces measures to combat late payments in commercial transactions, the information on late payments to suppliers is indicated in note 21 to the annual accounts. Practically all the payments to suppliers are made within the payment periods indicated in the law and/or agreed with these suppliers.

SIGNIFICANT EVENTS IN THE SIX-MONTH PERIOD ENDED 30 June 2022

Besides the matters discussed in note 22, we should point out that, during this period, progress was made in rolling out and assembling the initiatives foreseen in the investment plan to increase the production capacity and develop new products and finishes (see note 23).

R&D ACTIVITIES

The Company's intense research and development work has continued on new products and on production improvements, which will enable the Company to cater to the demands of a market that is increasingly global, albeit highly disparate based on the geographical region in which the market is located. In addition, new finishes are being sought to provide greater product stability and a lengthening of life, and to offer even better qualities.

OWN SHARES

Asturiana de Laminados, S.A. shares are listed on BME Growth (formerly called "Mercado Alternativo Bursátil"), forming part of the Ibex Growth Market@ 15 index.

At 30 June 2022 the Company holds 688,213 own shares valued at Euros 210,395, which represent 0.5% of the Company's share capital. In the six-month period ended 30 June 2022 the Company carried out the following transactions with own shares:

	Number of shares
Balance at 01.01.2022	692,191
Acquisitions	505,520
Disposals	(509,498)
Balance at 30.06.2022	688,213

All the sales of own shares made by the Company during the six-month period ended 30 June 2022 relate to transactions performed exclusively by the liquidity supplier pursuant to the operational guidelines established by the market regulator.

During the six-month period ended 30 June 2022, a total of 17 million shares were traded on the market for a total amount of almost Euros 5 million. Capitalisation totalled Euros 34.8 million at 30 June 2022.

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RISK MANAGEMENT POLICY

Financial risk is centrally managed at the Company by the directors. The main financial risks affecting the Company are as follows:

(i) Credit risk:

The Company takes out insurance policies to mitigate the credit risk derived from sales to third parties.

In 2022, the Company intensified its activity in the collections and risks department in order to meet the collection targets set before the crisis caused by the COVID-19 pandemic and the war in Ukraine. However, it has not been necessary to change the policies developed in previous years, since they have been considered sufficient in order to face the new socio-economic reality.

The average collection period has not changed with respect to the average period prior to the events described and, likewise, the percentage of debt covered by insurance has not changed.

(ii) Liquidity risk:

The cash presented in the balance sheet, the financing facilities disclosed in the notes to the annual accounts, the new financial transactions performed and the expected increase in cash flows from ordinary activities as a result of the current growth in sales are all factors that ensure the Company's liquidity and capacity to meet all payment commitments derived from its substantial and ongoing expansion.

At 30 June 2022 the Company's working capital is positive in an amount of Euros 6,258 thousand (working capital of Euros 5,932 thousand at 31 December 2021).

Additionally, the Company has undrawn financing lines at 30 June 2022 amounting to Euros 6.2 million and bill discounting and reverse factoring lines for financing working capital, which mature in the long term and are recognised in the short term at an amount of Euros 10.6 million.

Moreover, the Company has also issued bonds during 2021 in order to optimise its financial structure and adjust the repayment schedule of certain debts to the reality of the Company's business plan, once the investment in the finishing line has been completed and taking into account the administrative and technical delays that have occurred.

In addition, the Company generated positive operating cash flows in 2022 that are sufficient to meet its obligations in the short term as a result of the increase in sales it is witnessing.

Consequently, these facilities, together with the cash flows generated by the business and the financing transactions performed, provide the Company with sufficient liquidity in the course of its forecast transactions.

(iii) Market risk:

Both the cash balances and the financial debt of the Company are exposed to interest rate risk, which could have an adverse impact on its financial results and cash flows.

As regards currency risk, the Company did not perform any significant transactions in foreign currency in 2022 or 2021.

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(iv) Hedges

Given the unique possibility of fixing metal purchases in advance, it has not been and is not expected to be necessary to arrange derivatives to hedge exposure to zinc price fluctuations.

SIGNIFICANT EVENTS AFTER THE SIX-MONTH REPORTING PERIOD ENDED 30 JUNE 2022

Except as indicated in explanatory note 23, there have been no other significant events after the reporting period that should be mentioned.

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