# TENARIS S.A.

# CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

## June 30, 2021

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**R.C.S. Luxembourg: B 85 203**

## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

| (all amounts in thousands of U.S. dollars, unless otherwise stated) | Notes | Three-month period ended June 30, 2021 | Three-month period ended June 30, 2020 | Six-month period ended June 30, 2021 | Six-month period ended June 30, 2020 |
|---|---|---|---|---|---|
| **Continuing operations** | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Net sales | **3** | 1,528,511 | 1,241,045 | 2,710,300 | 3,003,356 |
| Cost of sales | **4** | (1,113,782) | (1,042,322) | (1,996,781) | (2,335,987) |
| **Gross profit** | | **414,729** | **198,723** | **713,519** | **667,369** |
| Selling, general and administrative expenses | **5** | (296,785) | (285,964) | (551,811) | (643,009) |
| Impairment charge (1) | | - | - | - | (622,402) |
| Other operating income (expense), net | **6** | 33,750 | (3,354) | 41,577 | (2,098) |
| **Operating income (loss)** | | **151,694** | **(90,595)** | **203,285** | **(600,140)** |
| Finance Income | **7** | 21,517 | 3,792 | 27,215 | 5,669 |
| Finance Cost | **7** | (5,831) | (7,418) | (10,506) | (15,860) |
| Other financial results | **7** | (6,074) | (9,894) | 4,680 | (25,636) |
| **Income (loss) before equity in earnings of non-consolidated companies and income tax** | | **161,306** | **(104,115)** | **224,674** | **(635,967)** |
| Equity in earnings of non-consolidated companies | | 145,829 | 4,406 | 224,970 | 6,295 |
| **Income (loss) before income tax** | | **307,135** | **(99,709)** | **449,644** | **(629,672)** |
| Income tax | | (16,953) | 49,402 | (58,697) | (86,367) |
| **Income (loss) for the period** | | **290,182** | **(50,307)** | **390,947** | **(716,039)** |
| **Attributable to:** | | | | | |
| Owners of the parent | | 293,940 | (47,961) | 400,286 | (708,029) |
| Non-controlling interests | | (3,758) | (2,346) | (9,339) | (8,010) |
| | | **290,182** | **(50,307)** | **390,947** | **(716,039)** |
| **Earnings (losses) per share attributable to the owners of the parent during the period:** | | | | | |
| Weighted average number of ordinary shares (thousands) | | 1,180,537 | 1,180,537 | 1,180,537 | 1,180,537 |
| **Continuing operations** | | | | | |
| Basic and diluted earnings (losses) per share (U.S. dollars per share) | | 0.25 | (0.04) | 0.34 | (0.60) |
| Basic and diluted earnings (losses) per ADS (U.S. dollars per ADS) (2) | | 0.50 | (0.08) | 0.68 | (1.20) |

(1) Impairment charge in the six-month period ended June 30, 2020 corresponds to a charge of $622 million impacting the carrying value of goodwill of the CGUs OCTG USA, IPSCO and Coiled Tubing for $225 million, $357 million and $4 million respectively, and the carrying value of fixed assets of the CGU Rods USA for $36 million.
(2) Each ADS equals two shares.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| (all amounts in thousands of U.S. dollars) | Three-month period ended June 30, 2021 | Three-month period ended June 30, 2020 | Six-month period ended June 30, 2021 | Six-month period ended June 30, 2020 |
|---|---|---|---|---|
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| **Income (loss) for the period** | **290,182** | **(50,307)** | **390,947** | **(716,039)** |
| **Items that may be subsequently reclassified to profit or loss:** | | | | |
| Currency translation adjustment | 42,972 | 10,191 | (17,534) | (62,004) |
| Change in value of cash flow hedges and instruments at fair value | 2,910 | 4,471 | 556 | (1,912) |
| From participation in non-consolidated companies: | | | | |
| - Currency translation adjustment | 18,649 | (7,803) | 7,803 | (36,998) |
| - Changes in the fair value of derivatives held as cash flow hedges and others | 472 | 376 | (676) | 927 |
| Income tax relating to components of other comprehensive income | 532 | 390 | (2,411) | 670 |
| | **65,535** | **7,625** | **(12,262)** | **(99,317)** |
| **Items that will not be reclassified to profit or loss:** | | | | |
| Remeasurements of post employment benefit obligations | 705 | 1,100 | 893 | 1,100 |
| Income tax on items that will not be reclassified | (1,046) | (273) | (1,728) | (273) |
| Remeasurements of post employment benefit obligations of non-consolidated companies | 3,353 | 5,070 | 2,981 | 5,064 |
| | **3,012** | **5,897** | **2,146** | **5,891** |
| **Other comprehensive income (loss) for the period, net of tax** | **68,547** | **13,522** | **(10,116)** | **(93,426)** |
| **Total comprehensive income (loss) for the period** | **358,729** | **(36,785)** | **380,831** | **(809,465)** |
| **Attributable to:** | | | | |
| Owners of the parent | 362,484 | (34,050) | 387,609 | (800,688) |
| Non-controlling interests | (3,755) | (2,735) | (6,778) | (8,777) |
| | **358,729** | **(36,785)** | **380,831** | **(809,465)** |

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2020.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

| (all amounts in thousands of U.S. dollars) | Notes | At June 30, 2021 (Unaudited) | | At December 31, 2020 | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment, net | **9** | 6,024,114 | | 6,193,181 | |
| Intangible assets, net | **10** | 1,404,265 | | 1,429,056 | |
| Right-of-use assets, net | **11** | 224,514 | | 241,953 | |
| Investments in non-consolidated companies | **15** | 1,144,191 | | 957,352 | |
| Other investments | **12** | 292,162 | | 247,082 | |
| Deferred tax assets | | 239,384 | | 205,590 | |
| Receivables, net | | 211,869 | 9,540,499 | 154,303 | 9,428,517 |
| **Current assets** | | | | | |
| Inventories, net | | 2,145,560 | | 1,636,673 | |
| Receivables and prepayments, net | | 85,989 | | 77,849 | |
| Current tax assets | | 179,942 | | 136,384 | |
| Trade receivables, net | | 1,093,496 | | 968,148 | |
| Derivative financial instruments | **13** | 7,234 | | 11,449 | |
| Other investments | **12** | 573,679 | | 872,488 | |
| Cash and cash equivalents | **12** | 587,337 | 4,673,237 | 584,681 | 4,287,672 |
| **Total assets** | | | **14,213,736** | | **13,716,189** |
| **EQUITY** | | | | | |
| Capital and reserves attributable to owners of the parent | | | 11,485,222 | | 11,262,888 |
| Non-controlling interests | | | 178,485 | | 183,585 |
| **Total equity** | | | **11,663,707** | | **11,446,473** |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | | 290,071 | | 315,739 | |
| Lease liabilities | **11** | 189,386 | | 213,848 | |
| Deferred tax liabilities | | 283,190 | | 254,801 | |
| Other liabilities | | 240,923 | | 245,635 | |
| Provisions | | 84,327 | 1,087,897 | 73,218 | 1,103,241 |
| **Current liabilities** | | | | | |
| Borrowings | | 310,344 | | 303,268 | |
| Lease liabilities | **11** | 40,994 | | 43,495 | |
| Derivative financial instruments | **13** | 3,503 | | 3,217 | |
| Current tax liabilities | | 82,814 | | 90,593 | |
| Other liabilities | | 246,040 | | 202,826 | |
| Provisions | | 10,768 | | 12,279 | |
| Customer advances | | 37,580 | | 48,692 | |
| Trade payables | | 730,089 | 1,462,132 | 462,105 | 1,166,475 |
| **Total liabilities** | | | **2,550,029** | | **2,269,716** |
| **Total equity and liabilities** | | | **14,213,736** | | **13,716,189** |

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2020.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(all amounts in thousands of U.S. dollars)

| | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Share Capital (1)** | **Legal Reserves** | **Share Premium** | **Currency Translation Adjustment** | **Other Reserves (2)** | **Retained Earnings (3)** | **Total** | **Non-controlling interests** | **Total** |
| | | | | | | | | | **(Unaudited)** |
| **Balance at December 31, 2020** | **1,180,537** | **118,054** | **609,733** | **(958,374)** | **(345,217)** | **10,658,155** | **11,262,888** | **183,585** | **11,446,473** |
| **Income (loss) for the period** | **-** | **-** | **-** | **-** | **-** | **400,286** | **400,286** | **(9,339)** | **390,947** |
| Currency translation adjustment | - | - | - | (17,418) | - | - | **(17,418)** | (116) | **(17,534)** |
| Remeasurements of post employment benefit obligations, net of taxes | - | - | - | - | (835) | - | **(835)** | - | **(835)** |
| Change in value of instruments at fair value through other comprehensive income and cash flow hedges, net of taxes | - | - | - | - | (4,532) | - | **(4,532)** | 2,677 | **(1,855)** |
| From other comprehensive income of non-consolidated companies | - | - | - | 7,803 | 2,305 | - | **10,108** | - | **10,108** |
| **Other comprehensive (loss) income for the period** | **-** | **-** | **-** | **(9,615)** | **(3,062)** | **-** | **(12,677)** | **2,561** | **(10,116)** |
| **Total comprehensive income (loss) for the period** | **-** | **-** | **-** | **(9,615)** | **(3,062)** | **400,286** | **387,609** | **(6,778)** | **380,831** |
| Changes in non-controlling interests [(4)] | - | - | - | - | - | - | - | 4,885 | **4,885** |
| Dividends paid | - | - | - | - | - | (165,275) | **(165,275)** | (3,207) | **(168,482)** |
| **Balance at June 30, 2021** | **1,180,537** | **118,054** | **609,733** | **(967,989)** | **(348,279)** | **10,893,166** | **11,485,222** | **178,485** | **11,663,707** |

| | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Share Capital (1)** | **Legal Reserves** | **Share Premium** | **Currency Translation Adjustment** | **Other Reserves (2)** | **Retained Earnings (3)** | **Total** | **Non-controlling interests** | **Total** |
| | | | | | | | | | **(Unaudited)** |
| **Balance at December 31, 2019** | **1,180,537** | **118,054** | **609,733** | **(957,246)** | **(336,902)** | **11,374,782** | **11,988,958** | **197,414** | **12,186,372** |
| **(Loss) for the period** | **-** | **-** | **-** | **-** | **-** | **(708,029)** | **(708,029)** | **(8,010)** | **(716,039)** |
| Currency translation adjustment | - | - | - | (61,964) | - | - | **(61,964)** | (40) | **(62,004)** |
| Remeasurements of post employment benefit obligations, net of taxes | - | - | - | - | 827 | - | **827** | - | **827** |
| Change in value of instruments at fair value through other comprehensive income and cash flow hedges, net of taxes | - | - | - | - | (515) | - | **(515)** | (727) | **(1,242)** |
| From other comprehensive income of non-consolidated companies | - | - | - | (36,998) | 5,991 | - | **(31,007)** | - | **(31,007)** |
| **Other comprehensive (loss) income for the period** | **-** | **-** | **-** | **(98,962)** | **6,303** | **-** | **(92,659)** | **(767)** | **(93,426)** |
| **Total comprehensive (loss) income for the period** | **-** | **-** | **-** | **(98,962)** | **6,303** | **(708,029)** | **(800,688)** | **(8,777)** | **(809,465)** |
| Changes in non-controlling interests | - | - | - | - | 2 | - | **2** | (31) | **(29)** |
| **Balance at June 30, 2020** | **1,180,537** | **118,054** | **609,733** | **(1,056,208)** | **(330,597)** | **10,666,753** | **11,188,272** | **188,606** | **11,376,878** |

(1) The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of USD1.00 per share. As of June 30, 2021 and 2020 there were 1,180,536,830 shares issued. All issued shares are fully paid.

(2) Other reserves include mainly the result of transactions with non-controlling interest that do not result in a loss of control, the remeasurement of post-employment benefit obligations and the changes in value of cash flow hedges and in financial instruments measured at fair value through other comprehensive income.

(3) The restrictions to the distribution of profits and payment of dividends according to Luxembourg Law are disclosed in note 16.

(4) Mainly related to the agreement for the construction of Tenaris Baogang Baotou Steel Pipes Ltd. See note 21.

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2020.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

| (all amounts in thousands of U.S. dollars) | Notes | Six-month period ended June 30, 2021 | Six-month period ended June 30, 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | **(Unaudited)** | |
| **Income (loss) for the period** | | **390,947** | **(716,039)** |
| Adjustments for: | | | |
| Depreciation and amortization | **9, 10 & 11** | 294,096 | 316,180 |
| Impairment charge | | - | 622,402 |
| Income tax accruals less payments | | (567) | (2,295) |
| Equity in earnings of non-consolidated companies | | (224,970) | (6,295) |
| Interest accruals less payments, net | | (12,047) | 1,371 |
| Changes in provisions | | 9,598 | (11,781) |
| Changes in working capital | | (397,090) | 763,040 |
| Currency translation adjustment and others | | (39,826) | (2,926) |
| **Net cash provided by operating activities** | | **20,141** | **963,657** |
| **Cash flows from investing activities** | | | |
| Capital expenditures | **9 & 10** | (96,565) | (113,585) |
| Changes in advance to suppliers of property, plant and equipment | | (5,728) | 117 |
| Acquisition of subsidiaries, net of cash acquired | | - | (1,063,848) |
| Proceeds from disposal of property, plant and equipment and intangible assets | | 5,339 | 1,165 |
| Dividends received from non-consolidated companies | | 49,131 | 278 |
| Changes in investments in securities | | 242,923 | (255,439) |
| **Net cash provided by (used in) investing activities** | | **195,100** | **(1,431,312)** |
| **Cash flows from financing activities** | | | |
| Dividends paid | **8** | (165,275) | - |
| Dividends paid to non-controlling interest in subsidiaries | | (3,207) | - |
| Changes in non-controlling interests | | - | 2 |
| Payments of lease liabilities | | (26,304) | (24,943) |
| Proceeds from borrowings | | 286,120 | 442,248 |
| Repayments of borrowings | | (303,888) | (571,122) |
| **Net cash (used in) financing activities** | | **(212,554)** | **(153,815)** |
| **Increase (decrease) in cash and cash equivalents** | | **2,687** | **(621,470)** |
| **Movement in cash and cash equivalents** | | | |
| At the beginning of the period | | 584,583 | 1,554,275 |
| Effect of exchange rate changes | | (2,031) | (21,907) |
| Increase (decrease) in cash and cash equivalents | | 2,687 | (621,470) |
| **At June 30,** | | **585,239** | **910,898** |

| | At June 30, 2021 | At June 30, 2020 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash and bank deposits | 587,337 | 910,957 |
| Bank overdrafts | (2,098) | (59) |
| | **585,239** | **910,898** |

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2020.

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**
(In the notes all amounts are shown in U.S. dollars, unless otherwise stated)

## 1 General information

Tenaris S.A. (the "Company") was established as a public limited liability company (*société anonyme*) under the laws of the Grand-Duchy of Luxembourg on December 17, 2001. The Company holds, either directly or indirectly, controlling interests in various subsidiaries in the steel pipe manufacturing and distribution businesses. References in these Consolidated Condensed Interim Financial Statements to "Tenaris" refer to Tenaris S.A. and its consolidated subsidiaries. A list of the principal Company's subsidiaries is included in note 31 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2020.

The Company's shares trade on the Italian Stock Exchange and the Mexican Stock Exchange; and its American Depositary Securities ("ADS") trade on the New York Stock Exchange.

These Consolidated Condensed Interim Financial Statements were approved for issuance by the Company's Board of Directors on August 4, 2021.

## 2 Accounting policies and basis of presentation

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standard Board ("IASB") and as adopted by the European Union ("EU"). The accounting policies used in the preparation of these Consolidated Condensed Interim Financial Statements are consistent with those used in the audited Consolidated Financial Statements for the year ended December 31, 2020. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and in conformity with IFRS as adopted by the EU.

The preparation of Consolidated Condensed Interim Financial Statements requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet dates, and the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates. The main areas involving significant estimates or judgements are impairment of goodwill and long-lived assets; income taxes; obsolescence of inventory; loss contingencies; allowance for trade receivables; post-employment benefits; business combinations; useful lives of property, plant and equipment and other long-lived assets and property title ownership restriction. During the period there were no material changes in the significant accounting estimates.

Material inter-company transactions, balances and unrealized gains (losses) on transactions between Tenaris's subsidiaries have been eliminated in consolidation. However, since the functional currency of some subsidiaries is their respective local currency, some financial gains (losses) arising from inter-company transactions are generated. These are included in the Consolidated Condensed Interim Income Statement under *Other financial results*.

There were no significant changes in valuation techniques during the period and there have been no changes in any risk management policies since the year ended December 31, 2020.

Management has reviewed the Company's exposure to the effects of the oil and gas crisis and the COVID-19 pandemic and their impact over its business, financial position and performance, monitoring the recognition of long lived assets, financial risk management -in particular credit and liquidity risks- and the adequacy of its provisions for contingent liabilities.

None of the accounting pronouncements applicable after December 31, 2020 and as of the date of these Consolidated Condensed Interim Financial Statements had a material effect on the Company's financial condition or result of its operations.

Whenever necessary, certain comparative amounts have been reclassified to conform to changes in presentation in the current period.

## 3 Segment information

### Reportable operating segment

(All amounts in millions of U.S. dollars)

| Six-month period ended June 30, 2021 | Tubes | Other | Total |
|---|---|---|---|
| **IFRS - Net Sales** | **2,476** | **234** | **2,710** |
| | | | |
| **Management view - operating (loss) income** | **(47)** | **25** | **(22)** |
| Difference in cost of sales | *217* | *11* | *227* |
| Differences in depreciation and amortization | *1* | *(1)* | - |
| Differences in other operating income (expenses), net | *(2)* | - | *(2)* |
| **IFRS - operating income** | **169** | **35** | **203** |
| Financial income (expense), net | | | 21 |
| **Income before equity in earnings of non-consolidated companies and income tax** | | | **225** |
| Equity in earnings of non-consolidated companies | | | 225 |
| **Income before income tax** | | | **450** |
| *Capital expenditures* | *84* | *13* | ***97*** |
| *Depreciation and amortization* | *284* | *10* | ***294*** |

| Six-month period ended June 30, 2020 | Tubes | Other | Total |
|---|---|---|---|
| **IFRS - Net Sales** | **2,848** | **155** | **3,003** |
| | | | |
| **Management view - operating (loss)** | **(291)** | **(50)** | **(341)** |
| Difference in cost of sales | *(89)* | *3* | *(86)* |
| Differences in selling, general and administrative expenses | *(1)* | - | *(1)* |
| Differences in other operating income (expenses), net | *(172)* | - | *(172)* |
| **IFRS - operating (loss)** | **(553)** | **(47)** | **(600)** |
| Financial income (expense), net | | | (36) |
| **(Loss) before equity in earnings of non-consolidated companies and income tax** | | | **(636)** |
| Equity in earnings of non-consolidated companies | | | 6 |
| **(Loss) before income tax** | | | **(630)** |
| *Capital expenditures* | *111* | *3* | ***114*** |
| *Depreciation and amortization* | *307* | *9* | ***316*** |

In the six-month period ended June 30, 2021 and 2020, transactions between segments, which were eliminated in consolidation, are mainly related to sales of scrap, energy, surplus raw materials and others from the Other segment to the Tubes segment for $10.1 million and $7.5 million respectively.

There are no material differences between IFRS and management view in total revenues and by reportable segments.

The differences between operating income under IFRS view and the management view are mainly related to the cost of goods sold, reflecting the effect of raw materials prices increases on the valuation of the replacement cost considered for management view compared to IFRS cost calculated at historical cost on a FIFO basis, and other timing differences. The main difference in *Other operating income (expenses), net* for the six-month period ended in June 30, 2020, is attributable to the impairment of the goodwill, which residual value in the management view differs from IFRS. For more information see note II.C "Segment Information" in the Company's audited Consolidated Financial Statements for the year ended December 31, 2020.

In addition to the amounts reconciled above, the main differences in net income arise from the impact of functional currencies on financial result, deferred income taxes as well as the result of investment in non-consolidated companies.

### Geographical information

| (all amounts in thousands of U.S. dollars) | North America | South America | Europe | Middle East & Africa | Asia Pacific | Total |
|---|---|---|---|---|---|---|
| **Six-month period ended June 30, 2021** | | | | | | |
| Net sales | 1,276,271 | 507,484 | 367,780 | 435,740 | 123,025 | 2,710,300 |
| Capital expenditures | 35,668 | 36,929 | 13,956 | 4,795 | 5,217 | 96,565 |
| Depreciation and amortization | 140,987 | 68,517 | 49,593 | 19,917 | 15,082 | 294,096 |
| **Six-month period ended June 30, 2020** | | | | | | |
| Net sales | 1,404,618 | 428,246 | 337,510 | 657,652 | 175,330 | 3,003,356 |
| Capital expenditures | 38,589 | 47,018 | 18,029 | 3,651 | 6,298 | 113,585 |
| Depreciation and amortization | 183,569 | 52,323 | 41,627 | 22,144 | 16,517 | 316,180 |

Allocation of net sales to geographical information is based on customer location. Allocation of depreciation and amortization is based on the geographical location of the underlying assets.

## 3 Segment information (Cont.)

### Geographical information (Cont.)

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg). The principal countries from which the Company derives its revenues are: USA, Mexico, Argentina, Canada, Italy, Brazil and Saudi Arabia.

Revenue is mainly recognized at a point in time to direct customers, when control has been transferred and there is no unfulfilled performance obligation that could affect the acceptance of the product by the customer. In the six-month period ended June 30, 2021 and 2020, revenues related to governmental institutions represented approximately 24% and 21% respectively.

Tubes segment revenues by market:

| | Six-month period ended June 30, | |
|---|---|---|
| **Revenues Tubes (in millions of U.S. dollars)** | **2021** | **2020** |
| Oil and Gas | 2,008 | 2,456 |
| Hydrocarbon Processing and Power Generation | 197 | 201 |
| Industrial and Other | 271 | 191 |
| **Total** | **2,476** | **2,848** |

## 4 Cost of sales

| | Six-month period ended June 30, | |
|---|---|---|
| (all amounts in thousands of U.S. dollars) | **2021** | **2020** |
| | **(Unaudited)** | |
| **Inventories at the beginning of the period** | **1,636,673** | **2,265,880** |
| Increase in inventories due to business combinations | - | 199,589 |
| **Plus: Charges of the period** | | |
| Raw materials, energy, consumables and other | 1,644,120 | 793,262 |
| Services and fees | 96,023 | 87,990 |
| Labor cost (*) | 375,699 | 433,474 |
| Depreciation of property, plant and equipment | 221,754 | 232,403 |
| Amortization of intangible assets | 3,746 | 3,897 |
| Depreciation of right-of-use assets | 17,645 | 17,654 |
| Maintenance expenses | 72,762 | 59,850 |
| Allowance for obsolescence | 19,920 | 31,238 |
| Taxes | 18,283 | 26,530 |
| Other | 35,716 | 41,933 |
| | **2,505,668** | **1,927,820** |
| **Less: Inventories at the end of the period** | (2,145,560) | (1,857,713) |
| | **1,996,781** | **2,335,987** |

(*) For the six-month period ended June 2021 and 2020, labor cost includes approximately $5.1 million and $41.2 million respectively of severance indemnities related to the adjustment of the workforce to market conditions.

## 5 Selling, general and administrative expenses

| | Six-month period ended June 30, | |
|---|---|---|
| (all amounts in thousands of U.S. dollars) | **2021** | **2020** |
| | **(Unaudited)** | |
| Services and fees | 54,633 | 65,257 |
| Labor cost (*) | 207,932 | 240,750 |
| Depreciation of property, plant and equipment | 11,145 | 9,752 |
| Amortization of intangible assets | 32,007 | 43,647 |
| Depreciation of right-of-use assets | 7,799 | 8,827 |
| Commissions, freight and other selling expenses | 173,341 | 196,787 |
| Provisions for contingencies | 13,004 | 12,564 |
| Allowances for doubtful accounts | (2,084) | 4,773 |
| Taxes | 33,068 | 32,236 |
| Other | 20,966 | 28,416 |
| | **551,811** | **643,009** |

(*) For the six-month period ended June 2021 and 2020, labor cost includes approximately $8.4 million and $36.1 million respectively of severance indemnities related to the adjustment of the workforce to market conditions.

## 6 Other operating income (expense), net

| (all amounts in thousands of U.S. dollars) | | Six-month period ended June 30, 2021 | 2020 |
|---|---|---|---|
| | | (Unaudited) | |
| (i) | *Other operating income* | | |
| | Net income from other sales | 2,788 | 763 |
| | Net rents | 2,663 | 2,757 |
| | Other (*) | 39,500 | 5,824 |
| | | **44,951** | **9,344** |
| (ii) | *Other operating expenses* | | |
| | Contributions to welfare projects and non-profits organizations | (3,726) | (10,341) |
| | Allowance for doubtful receivables | 352 | (1,101) |
| | | **(3,374)** | **(11,442)** |
| | **Total** | **41,577** | **(2,098)** |

(*) On 13 May 2021, the Brazilian Supreme Court issued a final judgment which confirmed that the methodology for calculating PIS and COFINS (Federal Social Contributions on Gross Revenues) tax claims to which taxpayers are entitled to, should exclude from its base the total output of ICMS, calculated on a gross basis. This decision led to a recognition of $50.8 million tax credit in Brazilian subsidiaries, out of which $34.1 million were recognized in other operating income and $16.7 million in financial results. In addition the tax charge related to this gain amounted to $17.7 million.

## 7 Financial results

| (all amounts in thousands of U.S. dollars) | Six-month period ended June 30, 2021 | 2020 |
|---|---|---|
| | (Unaudited) | |
| Interest Income | 27,215 | 8,907 |
| Impairment result on financial assets at FVTOCI | - | (3,238) |
| **Finance Income (*)** | **27,215** | **5,669** |
| **Finance Cost** | **(10,506)** | **(15,860)** |
| Net foreign exchange transactions results (**) | 13,364 | (45,225) |
| Foreign exchange derivatives contracts results (***) | (8,259) | 19,972 |
| Other | (425) | (383) |
| **Other Financial results** | **4,680** | **(25,636)** |
| **Net Financial results** | **21,389** | **(35,827)** |

(*) *Finance Income:*
The six-month period ended June 2021 and 2020 includes $1.4 and $3.2 million of interest related to instruments carried at FVPL, respectively.
The six-month period ended June 2021 also includes $17.5 million of non-financial interest related to PIS and COFINS taxes recovery in Brazilian subsidiaries. For more information, see note 6.

(**) *Net foreign exchange transactions results:*
The six-month period ended June 2021 mainly includes the result from Euro depreciation against the U.S. dollar on Euro denominated intercompany liabilities in subsidiaries with functional currency U.S. dollar, largely offset by an increase in currency translation adjustment reserve from an Italian subsidiary, together with the result from Brazilian real appreciation against the U.S. dollar on U.S. dollar denominated intercompany liabilities in subsidiaries with functional currency Brazilian real, largely offset by an increase in currency translation adjustment reserve from a Brazilian subsidiary.
The six-month period ended June 2020 mainly includes the result from Brazilian real depreciation against the U.S. dollar on U.S. dollar denominated intercompany liabilities in subsidiaries with functional currency Brazilian real, largely offset by a decrease in currency translation adjustment reserve from a Brazilian subsidiary, together with the result from the Mexican peso depreciation against the U.S. dollar on peso denominated trade and fiscal receivables at Mexican subsidiaries with functional currency U.S. dollar.

(***) *Foreign exchange derivatives contracts results:*
The six-month period ended June 2021 includes mainly losses on derivatives covering net liabilities in Japanese yen, Euro and losses on derivatives covering net receivables in Brazilian real and Mexican peso.
The six-month period ended June 2020 includes mainly gain on derivatives covering net receivables in Mexican peso, Brazilian real, Colombian peso and Canadian dollar.

## 8 Dividend distribution

On May 3, 2021, the Company’s Shareholders approved an annual dividend in the amount of $0.21 per share ($0.42 per ADS) for an aggregate amount of approximately $248 million. The amount approved included the interim dividend previously paid on November 25, 2020 in the amount of $0.07 per share ($0.14 per ADS). The balance, amounting to $0.14 per share ($0.28 per ADS), was paid on May 26, 2021.

For the year 2019, the Company paid dividends for an aggregate amount of approximately $153 million, which corresponded to the interim dividend in the amount of $0.13 per share ($0.26 per ADS) paid in November 2019. On June 2, 2020, the Company’s Shareholders approved that, as a consequence of liquidity preservation initiatives, no further dividends –beyond the interim dividend- be distributed in respect of fiscal year 2019.

## 9 Property, plant and equipment, net

| (all amounts in thousands of U.S. dollars) | 2021 | 2020 |
|---|---|---|
| | (Unaudited) | |
| **Six-month period ended June 30,** | | |
| Opening net book amount | 6,193,181 | 6,090,017 |
| Currency translation adjustment | (12,955) | (39,773) |
| Increase due to business combinations | - | 503,438 |
| Additions | 83,762 | 99,138 |
| Disposals / Consumptions | (7,951) | (7,504) |
| Transfers / Reclassifications | 976 | 1,184 |
| Impairment charge | - | (36,000) |
| Depreciation charge | (232,899) | (242,155) |
| **At June 30,** | **6,024,114** | **6,368,345** |

See note 17 for a description of certain restricted assets with a carrying value of $56.2 million held in Saudi Arabia by the Company's subsidiary SSPC, in which Tenaris holds a 47.79%.

## 10 Intangible assets, net

| (all amounts in thousands of U.S. dollars) | 2021 | 2020 |
|---|---|---|
| | (Unaudited) | |
| **Six-month period ended June 30,** | | |
| Opening net book amount | 1,429,056 | 1,561,559 |
| Currency translation adjustment | 399 | (6,546) |
| Increase due to business combinations | - | 526,846 |
| Additions | 12,803 | 14,447 |
| Disposals / Consumptions | (1,264) | (642) |
| Transfers / Reclassifications | (976) | (1,059) |
| Impairment charge | - | (586,402) |
| Amortization charge | (35,753) | (47,544) |
| **At June 30,** | **1,404,265** | **1,460,659** |

## 11 Right-of-use assets, net and lease liabilities

*Right-of-use assets, net evolution*

| (all amounts in thousands of U.S. dollars) | 2021 | 2020 |
|---|---|---|
| | (Unaudited) | |
| **Six-month period ended June 30,** | | |
| Opening net book amount | 241,953 | 233,126 |
| Currency translation adjustment | (298) | (810) |
| Increase due to business combinations | - | 24,747 |
| Additions | 13,837 | 45,025 |
| Disposals / Consumptions | (5,534) | (10,580) |
| Depreciation charge | (25,444) | (26,481) |
| **At June 30,** | **224,514** | **265,027** |

*Right-of-use assets, net by underlying category*

| (all amounts in thousands of U.S. dollars) | 2021 | 2020 |
|---|---|---|
| | (Unaudited) | |
| Land and Civil Buildings | 25,550 | 30,897 |
| Industrial Buildings, Plant and Production Equipment | 188,509 | 224,442 |
| Vehicles, furniture and fixtures | 10,455 | 9,688 |
| **At June 30,** | **224,514** | **265,027** |

Depreciation of right-of-use assets was mainly included in Tubes segment.

## 11 Right-of-use assets, net and lease liabilities (Cont.)

*Lease liabilities evolution*

| (all amounts in thousands of U.S. dollars) | 2021 | 2020 |
|---|---|---|
| | (Unaudited) | |
| **Six-month period ended June 30,** | | |
| Opening net book amount | 257,343 | 230,167 |
| Translation differences | (8,541) | (1,140) |
| Increase due to business combinations | - | 26,046 |
| Additions | 13,802 | 44,499 |
| Cancellations | (6,294) | (10,319) |
| Repayments of capital and interests | (27,664) | (26,595) |
| Interest accrued | 1,734 | 2,122 |
| **At June 30,** | **230,380** | **264,780** |

The amount of remaining payments with maturity less than 1 year, between 2 and 5 years and more than 5 years is approximately 17.8%, 40.9% and 41.3% of the total remaining payments, respectively.

## 12 Cash and cash equivalents and other investments

| (all amounts in thousands of U.S. dollars) | At June 30, | At December 31, |
|---|---|---|
| | 2021 | 2020 |
| **Cash and cash equivalents** | (Unaudited) | |
| Cash at banks | 151,399 | 117,807 |
| Liquidity funds | 202,570 | 98,183 |
| Short – term investments | 233,368 | 368,691 |
| | **587,337** | **584,681** |
| **Other investments - current** | | |
| Bonds and other fixed income | 143,553 | 108,791 |
| Fixed Income (time-deposit, zero coupon bonds, commercial papers) | 430,126 | 763,697 |
| | **573,679** | **872,488** |
| **Other investments - non-current** | | |
| Bonds and other fixed income | 286,264 | 239,422 |
| Others | 5,898 | 7,660 |
| | **292,162** | **247,082** |

## 13 Derivative financial instruments

| (all amounts in thousands of U.S. dollars) | At June 30, | At December 31, |
|---|---|---|
| | 2021 | 2020 |
| **Assets** | (Unaudited) | |
| Derivatives hedging borrowings and investments | 6,931 | 10,119 |
| Other derivatives | 303 | 1,330 |
| | **7,234** | **11,449** |
| **Liabilities** | | |
| Derivatives hedging borrowings and investments | 98 | 2,250 |
| Other derivatives | 3,405 | 967 |
| | **3,503** | **3,217** |

## 14 Category of financial instruments and classification within the fair value hierarchy

The following table illustrates the three hierarchical levels for valuing financial instruments at fair value and those measured at amortized cost as of June 30, 2021 and December 31, 2020.

| **June 30, 2021** | **Carrying amount** | **Measurement Categories** | | **At Fair Value** | | |
|---|---|---|---|---|---|---|
| | | **Amortized Cost** | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | | | | | | |
| ***Cash and cash equivalents*** | ***587,337*** | ***384,767*** | ***202,570*** | ***202,570*** | **-** | **-** |
| ***Other investments*** | ***573,679*** | ***430,126*** | ***143,553*** | ***143,553*** | **-** | **-** |
| *Fixed Income (time-deposit, zero coupon bonds, commercial papers)* | *430,126* | *430,126* | - | - | - | - |
| U.S. Sovereign Bills | *44,998* | 44,998 | - | - | - | - |
| Certificates of Deposits | *149,894* | 149,894 | - | - | - | - |
| Commercial Papers | *124,929* | 124,929 | - | - | - | - |
| Other notes | *110,305* | 110,305 | - | - | - | - |
| *Bonds and other fixed income* | *143,553* | - | *143,553* | *143,553* | - | - |
| Non - U.S. government securities | *15,408* | - | 15,408 | 15,408 | - | - |
| Corporates securities | *128,145* | - | 128,145 | 128,145 | - | - |
| ***Derivative financial instruments*** | ***7,234*** | **-** | ***7,234*** | **-** | ***7,234*** | **-** |
| ***Other Investments Non-current*** | ***292,162*** | **-** | ***292,162*** | ***286,264*** | **-** | ***5,898*** |
| Bonds and other fixed income | *286,264* | - | 286,264 | 286,264 | - | - |
| Other investments | *5,898* | - | 5,898 | - | - | 5,898 |
| ***Trade receivables*** | ***1,093,496*** | ***1,093,496*** | **-** | **-** | **-** | **-** |
| ***Receivables C and NC (*)*** | ***297,858*** | ***75,947*** | ***48,659*** | **-** | **-** | ***48,659*** |
| Other receivables | *124,606* | *75,947* | 48,659 | - | - | 48,659 |
| Other receivables (non-financial) | *173,252* | - | - | - | - | - |
| **Total** | | **1,984,336** | **694,178** | **632,387** | **7,234** | **54,557** |
| **Liabilities** | | | | | | |
| ***Borrowings C and NC*** | ***600,415*** | ***600,415*** | **-** | **-** | **-** | **-** |
| ***Lease Liabilities C and NC*** | ***230,380*** | ***230,380*** | **-** | **-** | **-** | **-** |
| ***Trade payables*** | ***730,089*** | ***730,089*** | **-** | **-** | **-** | **-** |
| ***Derivative financial instruments*** | ***3,503*** | **-** | ***3,503*** | **-** | ***3,503*** | **-** |
| **Total** | | **1,560,884** | **3,503** | **-** | **3,503** | **-** |

| **December 31, 2020** | **Carrying amount** | **Measurement Categories** | | **At Fair Value** | | |
|---|---|---|---|---|---|---|
| | | **Amortized Cost** | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | | | | | | |
| ***Cash and cash equivalents*** | ***584,681*** | ***486,498*** | ***98,183*** | ***98,183*** | **-** | **-** |
| ***Other investments*** | ***872,488*** | ***763,697*** | ***108,791*** | ***108,791*** | **-** | **-** |
| *Fixed income (time-deposit, zero coupon bonds, commercial papers)* | *763,697* | *763,697* | - | - | - | - |
| U.S. Sovereign Bills | *97,982* | 97,982 | - | - | - | - |
| Non - U.S. Sovereign Bills | *14,586* | 14,586 | - | - | - | - |
| Certificates of deposits | *222,132* | 222,132 | - | - | - | - |
| Commercial papers | *268,737* | 268,737 | - | - | - | - |
| Other notes | *160,260* | 160,260 | - | - | - | - |
| *Bonds and other fixed income* | *108,791* | - | *108,791* | *108,791* | - | - |
| Non - U.S. government securities | *20,219* | - | 20,219 | 20,219 | - | - |
| Corporates securities | *88,572* | - | 88,572 | 88,572 | - | - |
| ***Derivative financial instruments*** | ***11,449*** | **-** | ***11,449*** | **-** | ***11,449*** | **-** |
| ***Other Investments Non-current*** | ***247,082*** | **-** | ***247,082*** | ***239,422*** | **-** | ***7,660*** |
| Bonds and other fixed income | *239,422* | - | 239,422 | 239,422 | - | - |
| Other investments | *7,660* | - | 7,660 | - | - | 7,660 |
| ***Trade receivables*** | ***968,148*** | ***968,148*** | **-** | **-** | **-** | **-** |
| ***Receivables C and NC (*)*** | ***232,152*** | ***90,330*** | ***48,659*** | **-** | **-** | ***48,659*** |
| Other receivables | *138,989* | 90,330 | 48,659 | - | - | 48,659 |
| Other receivables (non-financial) | *93,163* | - | - | - | - | - |
| **Total** | | **2,308,673** | **514,164** | **446,396** | **11,449** | **56,319** |
| **Liabilities** | | | | | | |
| ***Borrowings C and NC*** | ***619,007*** | ***619,007*** | **-** | **-** | **-** | **-** |
| ***Trade payables*** | ***462,105*** | ***462,105*** | **-** | **-** | **-** | **-** |
| ***Finance Lease Liabilities C and NC*** | ***257,343*** | ***257,343*** | **-** | **-** | **-** | **-** |
| ***Derivative financial instruments*** | ***3,217*** | **-** | ***3,217*** | **-** | ***3,217*** | **-** |
| **Total** | | **1,338,455** | **3,217** | **-** | **3,217** | **-** |

(*) Includes balances related to interest in our Venezuelan companies, see note 20.

There were no transfers between Levels during the period.

## 14 Category of financial instruments and classification within the fair value hierarchy (Cont.)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1 and comprise primarily corporate and sovereign debt securities.

The fair value of financial instruments that are not traded in an active market (such as certain debt securities, certificates of deposits with original maturity of more than three months, forward and interest rate derivative instruments) is determined by using valuation techniques which maximize the use of observable market data when available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2. The Company values its assets and liabilities included in this level using bid prices, interest rate curves, broker quotations, current exchange rates, forward rates and implied volatilities obtained from market contributors as of the valuation date.

The fair value of all outstanding derivatives is determined using specific pricing models that include inputs that are observable in the market or can be derived from or corroborated by observable data. The fair value of forward foreign exchange contracts is calculated as the net present value of the estimated future cash flows in each currency, based on observable yield curves, converted into U.S. dollars at the spot rate of the valuation date.

If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3. The Company values its assets and liabilities in this level using observable market inputs and management assumptions which reflect the Company's best estimate on how market participants would price the asset or liability at measurement date. Main balances included in this level correspond to the Company's interest in Venezuelan companies, see note 20.

Borrowings are comprised primarily of fixed rate debt and variable rate debt with a short term portion where interest has already been fixed. They are classified under other financial liabilities and measured at their amortized cost. The Company estimates that the fair value of its main financial liabilities is approximately 100.0% of its carrying amount including interests accrued as of June 30, 2021 as compare with 100.0% as of December 31, 2020. Fair values were calculated using standard valuation techniques for floating rate instruments and comparable market rates for discounting flows.

## 15 Investments in non-consolidated companies

This note supplements and should be read in conjunction with note 13 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2020.

### *a) Ternium*

Ternium is a steel producer with production facilities in Mexico, Argentina, Brazil, Colombia, United States and Guatemala and is one of Tenaris's main suppliers of round steel bars and flat steel products for its pipes business.

As of June 30, 2021, the closing price of Ternium's ADSs as quoted on the New York Stock Exchange was $38.46 per ADS, giving Tenaris's ownership stake a market value of approximately $883.5 million. As of that date, the carrying value of Tenaris's ownership stake in Ternium, based on Ternium's IFRS Financial Statements, was approximately $977.9 million. The Company reviews its participation in Ternium whenever events or circumstances indicate that the asset's carrying amount may not be recoverable. As of June 30, 2021, the Company concluded that the carrying amount did not exceed the recoverable value of the investment.

### *b) Usiminas*

Usiminas is a Brazilian producer of high quality flat steel products used in the energy, automotive and other industries.

As of June 30, 2021, the closing price of the Usiminas' ordinary and preferred shares, as quoted on the B3 - Brasil Bolsa Balcão S.A, was BRL19.75 ($3.95) and BRL19.10 ($3.82), respectively, giving Tenaris's ownership stake a market value of approximately $149.0 million. As of that date, the carrying value of Tenaris's ownership stake in Usiminas was approximately $99.6 million.

## 15 Investments in non-consolidated companies (Cont.)

### *c) Techgen*

Techgen is a Mexican company that operates a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. The company started producing energy on December 1, 2016, with a power capacity of 900 MW. As of June 30, 2021, Tenaris held 22% of Techgen's share capital, and its affiliates, Ternium and Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Tenaris and Ternium), held 48% and 30% respectively. As of June 30, 2021, the carrying value of Tenaris's ownership stake in Techgen was approximately $25.0 million.

Techgen entered into certain transportation capacity agreements, a contract for the purchase of power generation equipment and other services related to the equipment, and an agreement for the purchase of clean energy certificates. As of June 30, 2021, Tenaris's exposure under these agreements amounted to $47.2 million, $0.9 million and $17.5 million respectively.

Techgen's sponsors granted certain subordinated loans to Techgen. As of June 30, 2021, the aggregate outstanding principal amount under these subordinated loans was $264.2 million, of which $58.1 million correspond to Tenaris's contribution.

On February 13, 2019, Techgen entered into a $640 million syndicated loan agreement with several banks to refinance an existing loan, resulting in the release of certain corporate guarantees previously issued by Techgen's shareholders to secure the replaced facility.

The existing syndicated loan agreement is "non-recourse" on the sponsors. Techgen's obligations thereunder are guaranteed by a Mexican security trust (covering shares, assets, accounts and contract rights), account pledges and certain direct agreements –customary for these type of transactions–. The commercial terms and conditions governing the purchase by the Company's Mexican subsidiary, Tamsa, of 22% of the energy generated by Techgen remain substantially unchanged.

Under the loan agreement, Techgen is committed to maintain a debt service reserve account covering debt service becoming due during two consecutive quarters; such account is funded by stand-by letters of credit issued for the account of Techgen's sponsors in proportion to their respective participations in Techgen. Accordingly, the Company applied for stand-by letters of credit covering 22% of the debt service coverage ratio, which as of June 30, 2021, amounted to $10.3 million.

### *d) Global Pipe Company*

Global Pipe Company ("GPC") is a Saudi-German joint venture, established in 2010 and located in Jubail - Saudi Arabia -, which manufactures LSAW pipes. Tenaris, through its subsidiary Saudi Steel Pipe Company ("SSPC"), currently owns 35% of the share capital of GPC. As of June 30, 2021, the carrying value of Tenaris's ownership stake in GPC was approximately $22.1 million.

SSPC and the other three owners of GPC have issued corporate guarantees to secure repayment of loan agreements entered into by GPC, with the Saudi Investment Development Fund, the Saudi British Bank, the National Commercial Bank and Banque Saudi Fransi to finance GPC's capital expenditures and working capital. As of June 30, 2021, SSPC's exposure under the guarantees amounted to $115.1 million.

## 16 Contingencies, commitments and restrictions to the distribution of profits

### *(i) Contingencies*

Tenaris is from time to time subject to various claims, lawsuits and other legal proceedings, including customer, employee, tax and environmental-related claims, in which third parties are seeking payment for alleged damages, reimbursement for losses, or indemnity. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure.

Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Accordingly, with respect to a large portion of such claims, lawsuits and other legal proceedings, the Company is unable to make a reliable estimate of the expected financial effect that will result from ultimate resolution of the proceeding. In those cases, the Company has not accrued a provision for the potential outcome of these cases.

## 16 Contingencies, commitments and restrictions to the distribution of profits (Cont.)

### *(i) Contingencies*

If a potential loss from a claim, lawsuit or other proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements and take into consideration litigation and settlement strategies. In a limited number of ongoing cases, the Company was able to make a reliable estimate of the expected loss or range of probable loss and has accrued a provision for such loss but believes that publication of this information on a case-by-case basis would seriously prejudice the Tenaris's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed information with respect to the nature of the contingency but has not disclosed its estimate of the range of potential loss.

The Company believes that the aggregate provisions recorded for potential losses in these Consolidated Condensed Interim Financial Statements are adequate based upon currently available information. However, if management's estimates prove incorrect, current reserves could be inadequate and the Company could incur a charge to earnings which could have a material adverse effect on its results of operations, financial condition, net worth and cash flows.

Below is a summary description of Tenaris's material legal proceedings which are outstanding as of the date of these Consolidated Condensed Interim Financial Statements. In addition, the Company is subject to other legal proceedings, none of which is believed to be material.

- ***CSN claims relating to the January 2012 acquisition of Usinas Siderúrgicas de Minas Gerais S.A. ("Usiminas") shares***

Confab, a Brazilian subsidiary of the Company, is one of the defendants in a lawsuit filed in Brazil by Companhia Siderúrgica Nacional ("CSN") and various entities affiliated with CSN against Confab and several Ternium subsidiaries that acquired a participation in Usiminas' control group in January 2012.

The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas' ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group, and Confab would have a 17.9% share in that offer.

On September 23, 2013, the first instance court dismissed the CSN lawsuit, and on February 8, 2017, the court of appeals maintained the understanding of the first instance court. On March 6, 2017, CSN filed a motion for clarification against the decision of the Court of Appeals of São Paulo, which was rejected on July 19, 2017. On August 18, 2017, CSN filed an appeal to the Superior Court of Justice seeking the review and reversal of the decision issued by the Court of Appeals. On March 5, 2018, the court of appeals ruled that CSN's appeal did not meet the requirements for submission to the Superior Court of Justice and rejected the appeal. On May 8, 2018, CSN appealed against such ruling and on January 22, 2019, the court of appeals rejected it and ordered that the case be submitted to the Superior Court of Justice. On September 10, 2019, the Superior Court of Justice declared CSN's appeal admissible. The Superior Court of Justice will review the case and then render a decision on the merits. The Superior Court of Justice is restricted to the analysis of alleged violations to federal laws and cannot assess matters of fact.

The Company continues to believe that all of CSN's claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian legal counsel, two decisions issued by the Brazilian securities regulator ("CVM") in February 2012 and December 2016, and the first and second instance court decisions referred to above.

- ***Veracel celulose accident litigation***

On September 21, 2007, an accident occurred in the premises of Veracel Celulose S.A. ("Veracel") in connection with a rupture in one of the tanks used in an evaporation system manufactured by Confab. The Veracel accident allegedly resulted in material damages to Veracel. Itaú Seguros S.A. ("Itaú"), Veracel's insurer at the time of the Veracel accident and then replaced by Chubb Seguros Brasil S/A ("Chubb"), initiated a lawsuit against Confab seeking reimbursement of damages paid to Veracel in connection with the Veracel accident. Veracel initiated a second lawsuit against Confab seeking reimbursement of the amount paid as insurance deductible with respect to the Veracel accident and other amounts not covered by insurance. Itaú and Veracel claimed that the Veracel accident was caused by failures and defects attributable to the evaporation system manufactured by Confab. Confab believes that the Veracel accident was caused by the improper handling by Veracel's personnel of the equipment supplied by Confab in violation of Confab's instructions. The two lawsuits were consolidated and are considered by the 6th Civil Court of São Caetano do Sul. However, each lawsuit will be adjudicated separately.

**16 Contingencies, commitments and restrictions to the distribution of profits (Cont.)**

***(i) Contingencies (Cont.)***

- ***Veracel celulose accident litigation (Cont.)***

On September 28, 2018 Confab and Chubb entered into a settlement agreement pursuant to which on October 9, 2018, Confab paid an amount of approximately $3.5 million to Chubb, without assuming any liability for the accident or the claim.

On October 10, 2018, Confab was notified that the court had issued rulings for both lawsuits. Both decisions were unfavorable to Confab:

- With respect to Chubb’s claim, the court subsequently homologated the above mentioned settlement and, accordingly, the claim was finalized.

- With respect to Veracel’s claim, Confab was ordered to pay the insurance deductible and other concepts not covered by insurance, currently estimated to amount to BRL75.3 million (approximately $15.1 million) including interest, fees and expenses. Both parties filed motions for clarification against the court’s decision, which were partially granted. Although the contract between Confab and Veracel expressly provided that Confab would not be liable for damages arising from lost profits, the court award would appear to include BRL64.6 million (approximately $12.9 million) of damages arising therefrom. Confab has additional defense arguments in respect of a claim for lost profits. On December 18, 2018, Confab filed an appeal against the first instance court decision, and on April 30, 2019, Veracel filed its response to the appeal. At this stage the Company cannot predict the outcome of the claim or the amount or range of loss in case of an unfavorable outcome.

- ***Ongoing investigation***

The Company is aware that Brazilian, Italian and Swiss authorities have been investigating whether certain payments were made prior to 2014 from accounts of entities presumably associated with affiliates of the Company to accounts allegedly linked to individuals related to Petróleo Brasileiro S.A. (“Petrobras”) and whether any such payments were intended to benefit the Company’s Brazilian subsidiary Confab. Any such payments could violate certain applicable laws, including the U.S. Foreign Corrupt Practices Act.

The Company had previously reviewed certain of these matters in connection with an investigation by the Brazilian authorities related to “Operation Lava Jato,” and did not uncover any information that corroborated allegations of involvement in these alleged payments by the Company or its subsidiaries. Furthermore, the Company became aware that a Petrobras internal investigation commission reviewed certain contracts with Confab and concluded that they had not found evidence that Petrobras had benefitted Confab or had misused applicable local content rules.

The Audit Committee of the Company's Board of Directors engaged external counsel in connection with the Company’s review of these matters. In addition, the Company voluntarily notified the U.S. Securities and Exchange Commission (“SEC”) and the U.S. Department of Justice (“DOJ”) in October 2016.

In July 2019, the Company learned that the public prosecutors’ office of Milan, Italy, had completed a preliminary investigation into the alleged payments and had included in the investigation, among other persons, the Company’s Chairman and Chief Executive Officer, two other board members, Gianfelice Rocca and Roberto Bonatti, and the Company’s controlling shareholder, San Faustin. The Company is not a party to the proceedings. In February 2020, the Company learned that the magistrate overseeing the investigation decided to move the case to trial. The Company’s outside counsel had previously reviewed the Italian prosecutors’ investigative file and has informed the board that neither that file nor this magistrate’s decision sets forth evidence of involvement by any of the three directors in the alleged wrongdoing. Accordingly, the board concluded that no particular action was warranted at that time, other than inviting the referred board members to continue discharging their respective responsibilities with the full support of the Board. The trial started in April 2021.

In June 2020, the Company learned that the Brazilian public prosecutors’ office requested the indictment of several individuals, including three executives or former executives of Confab and a former agent of Confab, charging them with the alleged crimes of corruption in relation to contracts executed between 2007 and 2010, and money laundering in relation to payments between 2009 and 2013. The proceedings are underway. Neither the Company nor Confab is a party to the proceedings.

**16 Contingencies, commitments and restrictions to the distribution of profits (Cont.)**

***(i) Contingencies (Cont.)***

- ***Ongoing investigation (Cont.)***

The Company continues to respond to requests from and otherwise cooperate with the appropriate authorities. The Company has engaged in discussions with the SEC and the DOJ towards a potential resolution of the investigation. There are no assurances that the discussions with the SEC or the DOJ will result in a final resolution of the investigation or, if a resolution is achieved, the timing, scope and terms of any such resolution. At this time, the Company cannot predict the outcome of these matters or estimate the range of potential loss or extent of risk, if any, to the Company's business that may result from the resolution of these matters.

- ***Putative class actions***

Following the Company’s November 27, 2018 announcement that its Chairman and CEO Paolo Rocca had been included in an Argentine court investigation known as the Notebooks Case (a decision subsequently reversed by a higher court), two putative class action complaints were filed in the U.S. District Court for the Eastern District of New York. On April 29, 2019, the court consolidated the complaints into a single case, captioned “In re Tenaris S.A. Securities Litigation”, and appointed lead plaintiffs and lead counsel. On July 19, 2019, the lead plaintiffs filed an amended complaint purportedly on behalf of purchasers of Tenaris securities during the putative class period of May 1, 2014 through December 5, 2018. The individual defendants named in the complaint are Tenaris’s Chairman and CEO and Tenaris’s former CFO. The complaint alleges that during the class period, the Company and the individual defendants inflated the Tenaris share price by failing to disclose that the nationalization proceeds received by Ternium (in which the Company held an 11.46% stake) when Sidor was expropriated by Venezuela were received or expedited as a result of allegedly improper payments made to Argentine officials. The complaint does not specify the damages that plaintiff is seeking. On October 9, 2020, the court granted in part and denied in part the defendants’ motions to dismiss. The court partially granted and partially denied the motion to dismiss the claims against the Company and its Chairman and CEO. In addition, the court granted the motions to dismiss as to all claims against San Faustin, Techint, and Tenaris’s former CFO. The case is now proceeding based on the claims that survived the motion to dismiss. Management believes the Company has meritorious defenses to these claims; however, at this stage Tenaris cannot predict the outcome of the claim or the amount or range of loss in case of an unfavorable outcome.

- ***Administrative proceeding concerning Brazilian tax credits***

Confab is a party to an administrative proceeding concerning the recognition and transfer of tax credits for an amount allegedly exceeding the amount that Confab would have been entitled to recognize and / or transfer. The proceeding resulted in the imposition of a fine against Confab representing approximately 75% of the allegedly undue credits, which was appealed by Confab. On January 21, 2019, Confab was notified of an administrative decision denying Confab’s appeal, thereby upholding the tax determination and the fine against Confab. On January 28, 2019, Confab challenged such administrative decision and is currently awaiting a resolution. In case of an unfavorable resolution, Confab may still appeal before the courts. The estimated amount of this claim is BRL57.3 million (approximately $11.5 million). At this stage, the Company cannot predict the outcome of this claim.

- ***U.S. patent infringement litigation***

Tenaris Coiled Tubes, LLC (“TCT”), a U.S. subsidiary of the Company, was sued in 2017 by its competitor Global Tubing, alleging violations to certain intellectual property regulations and seeking a declaration that certain Global Tubing products do not infringe patents held by TCT. TCT filed a counterclaim seeking declaration that certain Global Tubing products infringe patents held by TCT, and Global Tubing responded alleging that such patents should be invalidated. On December 13, 2019, Global Tubing filed an amended complaint (including the Company as defendant), alleging that TCT and the Company misled the patent office in order to monopolize the coiled tubing market for quench and tempered products. On March 26, 2021, a magistrate to the principal judge in the case found that Global Tubing had established a *prima facie* case that TCT had misled the patent office by failing to disclose a previous attempt to quench and temper coiled tubing. On April 9, 2021, TCT filed its objections to this ruling with the principal judge in the case. TCT believes that it has meritorious defenses to this claim. Trial is expected to take place before year end. At this time, it is not possible to predict the outcome of this matter or estimate the range of potential losses that may result from the resolution of this claim.

**16 Contingencies, commitments and restrictions to the distribution of profits (Cont.)**

***(i) Contingencies (Cont.)***

- ***Tax assessment from Italian tax authorities***

The Company's Italian subsidiary, Dalmine, received on December 27, 2019, a tax assessment from the Italian tax authorities related to fiscal year 2014. As of June 30, 2021, the claim amounted to approximately EUR26.1 million (approximately $31.0 million), comprising EUR20.7 million (approximately $24.6 million) in principal and EUR5.4 million (approximately $6.4 million) in interest and penalties. On June 14, 2021, Dalmine received the tax assessment related to fiscal year 2015 with respect to the same matters. The tax assessment confirms the preliminary determination included in the tax report issued by the tax authority in 2019. As of June 30, 2021, these additional claims amount to approximately EUR10.2 million (approximately $12.1 million), comprising EUR8.0 million (approximately $9.5 million) in principal and EUR2.2 million (approximately $2.6 million) in interest and penalties. Accordingly, the aggregate amount claimed for fiscal years 2014 and 2015 is approximately EUR36.3 (approximately $43.1 million) comprising EUR28.7 million (approximately $34.1 million) in principal and EUR7.6 million (approximately $9 million) in interest and penalties. The claims mainly refer to the compensation for certain intercompany transactions involving Dalmine in connection with sales of products and R&D activities. On July 27, 2020, Dalmine filed a first-instance appeal before the Milan tax court against the 2014 tax assessment. The hearing on this appeal, originally scheduled on June 21, 2021, has been postponed to November 22, 2021. Based on the advice of counsel, the Company believes that it is unlikely that the ultimate resolution of these matters will result in a material obligation.

- ***Product liability litigation***

The Company's U.S. subsidiary, IPSCO, or its subsidiaries, are parties to several product liability claims, which may result in damages for an aggregate amount estimated at approximately $17.4 million. This includes a lawsuit alleging product liability and negligent misrepresentation in which the plaintiff alleges that defects in certain casing provided by IPSCO resulted in three well failures causing damages for an amount of approximately $15 million. Although at this time the Company cannot predict the outcome of any of these matters, the Company believes that provisions have been recorded in an amount sufficient to cover potential exposure under these claims.

***(ii) Commitments and guarantees***

Set forth is a description of the Tenaris's main outstanding commitments:

- Several of the Company's subsidiaries entered into a contract with Praxair S.A. for the service of oxygen and nitrogen supply. As of June 30, 2021, the aggregate commitment to take or pay the committed volumes for an original 14-year term totalled approximately $31.3 million.

- A subsidiary of the Company entered into a 25-year contract (effective as of December 1, 2016, through December 1, 2041) with Techgen for the supply of 197 MW (which represents 22% of Techgen's capacity). Monthly payments are determined on the basis of capacity charges, operation costs, back-up power charges, and transmission charges. As of the seventh contract year (as long as Techgen's existing or replacing bank facility has been repaid in full), the Company's subsidiary has the right to suspend or early terminate the contract if the rate payable under the agreement is higher than the rate charged by the *Comisión Federal de Electricidad* ("CFE") or its successors. The Company's subsidiary may instruct Techgen to sell to any affiliate, to CFE, or to any other third party all or any part of unused contracted energy under the agreement and the Company's subsidiary will benefit from the proceeds of such sale.

- Tenaris Bay City, a U.S. subsidiary of the Company, is a party to a contract with Nucor Steel Memphis Inc. under which it is committed to purchase on a monthly basis a specified minimum volume of steel bars, at prices subject to quarterly adjustments. The contract became effective upon delivery of the first purchase order, which has occurred in April 2021, and will remain in force for a 3-year term. As of June 30, 2021, the estimated aggregate contract amount calculated at current prices, is approximately $164.5 million. The contract gives Tenaris Bay City the right to temporarily reduce the quantities to be purchased thereunder to 75% of the agreed-upon minimum volume in cases of material adverse changes in prevailing economic or market conditions.

## 16 Contingencies, commitments and restrictions to the distribution of profits (Cont.)

### *(ii) Commitments and guarantees (Cont.)*

- In connection with the closing of the acquisition of IPSCO, a U.S. subsidiary of the Company entered into a 6-year master distribution agreement (the "MDA") with PAO TMK ("TMK") whereby, since January 2, 2020, Tenaris is the exclusive distributor of TMK's OCTG and line pipe products in United States and Canada. At the end of the MDA's 6-year term, TMK will have the option to extend the duration of its term for an additional 12-month period. Under the MDA, the Company is required to purchase specified minimum volumes of TMK-manufactured OCTG and line pipe products, based on the aggregate market demand for the relevant product category in the United States in the relevant year. As of June 30, 2021, the Company's commitment under the MDA for the remainder of its 6-year term totalled approximately $571.9 million.

- A subsidiary of the Company entered into a one year contract, renewable for one additional year, with Ternium México S.A. de C.V., under which it is committed to purchase on a monthly basis a specified minimum volumes of steel bars. The contract became effective on March 2021. As of June 30, 2021, the aggregate commitment totalled approximately $55.0 million.

In addition, Tenaris (i) applied for stand-by letters of credit as well as corporate guarantees covering certain obligations of Techgen as described in note 15 (c), (ii) issued corporate guarantees securing certain obligations of GPC, as described in note 15 (d); and (iii) issued performance guarantees mainly related to long term commercial contracts with several customers and parent companies for approximately $2.7 billion as of June 30, 2021.

### *(iii) Restrictions to the distribution of profits and payment of dividends*

In accordance with Luxembourg Law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve until such reserve equals 10% of the issued share capital.

As of June 30, 2021, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.

The Company may pay dividends to the extent, among other conditions, that it has distributable retained earnings calculated in accordance with Luxembourg law and regulations.

## 17 Cancellation of title deed in Saudi Steel Pipe Company

The Company has recently learned through the Ministry of Justice's online portal that the electronic title deeds to certain land plots of its Saudi Arabian subsidiary SSPC had become inactive due to cancellation by court order.

The affected land plots, with a total surface of 811,284 square meters, are located in Dammam and were purchased from a private entity on February 2010, pursuant to a written purchase agreement duly executed by SSPC in full compliance with the laws of the Kingdom of Saudi Arabia. The purchase of the land occurred before Tenaris's acquisition of a 47.79% interest in SSPC in 2019. The affected plots are not part of the production facility of SSPC, have been partially used as a warehouse, and have a carrying value on Tenaris's financial statements of $56.2 million.

As of the date hereof, neither the cancellation nor the court order have been notified to SSPC or otherwise been made public by the authorities, and the legal basis for the court order is unknown. On May 4, 2021, SSPC filed a petition with an ad-hoc newly-created special committee at the Saudi Ministry of Justice, seeking to have its title deeds reinstated. At this time, it is not possible to predict the outcome of this matter.

## 18 Foreign exchange control measures in Argentina

Beginning in September 2019, the Argentine government has imposed and continues to impose significant restrictions on foreign exchange transactions. Restrictions have tightened over time. The main currently applicable measures are described below:

- Foreign currency proceeds derived from exports of goods must be sold into the Argentine foreign exchange market and converted into Argentine pesos within 60 days (if made to related parties) or 180 days (if made to unrelated parties) from shipment date, or, if collected earlier, within five days of collection.

- Foreign currency proceeds from exports of services must be sold into the Argentine foreign exchange market and converted into Argentine pesos within five business days of collection.

- Access to the Argentine foreign exchange market to pay for imports of services rendered by related parties (including royalties) is subject to Argentine Central Bank approval.

- Access to the Argentine foreign exchange market to pay for imports of goods and services provided by third parties is subject to several restrictions. In particular, the importer may not have more than $100,000 deposited in any foreign account, and will have to certify that it has not accessed the market to sell bonds for foreign currency and has not transferred bonds abroad or made cross-border securities swaps for a period of 90 days prior to the required payment of imports, that it will not do so for a period of 90 days after the Argentine Central Bank provides the foreign currency, and that it will not circumvent such restrictions through transfers of funds to any shareholders holding more than a 25% voting interest in the importer or to other entities having common directors with the importer or its more-than-25% shareholders.

- Access to the Argentine foreign exchange market to pay debt service (principal and interest) for financial debts with related parties requires prior Argentine Central Bank approval, unless such debts are obtained and sold into the Argentine foreign exchange market and converted into Argentine pesos after October 2, 2020 and carry an average life of no less than 2 years.

- Debts with foreign creditors larger than $2 million maturing on or before December 31, 2021 need to be refinanced in at least 60% of outstanding principal and for a minimum period of 2 years.

- Access to the Argentine foreign exchange market to make dividend payments generally requires prior Argentine Central Bank approval.

- Further restrictions have been imposed by the Argentine Securities Commission since June 30, 2021, consisting of weekly limitations on the amount of bonds that Argentine companies could sell against foreign currency.

Where required, Argentine Central Bank approvals are rarely, if ever, granted.

Tenaris's Argentine subsidiaries continue to have access to the official foreign currency market for all imports of goods and for acquisition of services from unrelated parties. Therefore, assets and liabilities denominated in foreign currency as of June 30, 2021, have been valued at the prevailing official exchange rates.

Tenaris's financial position in Argentine peso as of June 30, 2021, amounted to a net short exposure of approximately $82.8 million. As of June 30, 2021, the total net equity of Argentine subsidiaries represented approximately 8.7% of Tenaris's total equity and the sales performed by Argentine subsidiaries during the six-month period ended on June 30, 2021 amounted approximately to 16% of Tenaris's total sales.

Management continues to monitor closely the evolution of the main variables affecting its business, identifying the potential impact thereof on its financial and economic situation and determining the appropriate course of action in each case. The Company's Consolidated Condensed Interim Financial Statements should be read taking into account these circumstances.

As the context of volatility and uncertainty remains in place as of the issue date of these Consolidated Condensed Interim Financial Statements, additional Argentine Central Bank regulations that could be imposed in the future could further restrict our Argentine subsidiaries' ability to access the official foreign exchange market.

## 19 Related party transactions

As of June 30, 2021:

- San Faustin S.A., a Luxembourg société anonyme ("San Faustin"), owned 713,605,187 shares in the Company, representing 60.45% of the Company's capital and voting rights.
- San Faustin owned all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à.r.l., a Luxembourg société à responsabilité limitée ("Techint"), who is the holder of record of the above-mentioned Tenaris shares.
- Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a private foundation located in the Netherlands (Stichting) ("RP STAK") held voting shares in San Faustin sufficient in number to control San Faustin.
- No person or group of persons controls RP STAK.

Based on the information most recently available to the Company, Tenaris's directors and senior management as a group owned 0.08% of the Company's outstanding shares.

Transactions and balances disclosed as with "non-consolidated parties" are those with companies over which Tenaris exerts significant influence or joint control in accordance with IFRS, but does not have control. All other transactions and balances with related parties which are not non-consolidated parties and which are not consolidated are disclosed as "Other".

The following transactions were carried out with related parties:

| | (all amounts in thousands of U.S. dollars) | Six-month period ended June 30, | |
|---|---|---|---|
| | | 2021 | 2020 |
| **(i)** | **Transactions** | **(Unaudited)** | |
| | **(a) Sales of goods and services** | | |
| | Sales of goods to non-consolidated parties | 36,052 | 8,243 |
| | Sales of goods to other related parties | 20,617 | 13,864 |
| | Sales of services to non-consolidated parties | 2,078 | 2,524 |
| | Sales of services to other related parties | 13,036 | 2,350 |
| | | **71,783** | **26,981** |
| | **(b) Purchases of goods and services** | | |
| | Purchases of goods to non-consolidated parties | 137,233 | 46,909 |
| | Purchases of goods to other related parties | 13,466 | 7,767 |
| | Purchases of services to non-consolidated parties | 3,668 | 3,058 |
| | Purchases of services to other related parties | 6,207 | 13,768 |
| | | **160,574** | **71,502** |

| | (all amounts in thousands of U.S. dollars) | At June 30, | At December 31, |
|---|---|---|---|
| | | 2021 | 2020 |
| **(ii)** | **Period-end balances** | **(Unaudited)** | |
| | **(a) Arising from sales / purchases of goods / services / others** | | |
| | Receivables from non-consolidated parties | 70,546 | 78,721 |
| | Receivables from other related parties | 16,683 | 4,447 |
| | Payables to non-consolidated parties | (49,230) | (24,914) |
| | Payables to other related parties | (4,024) | (2,310) |
| | | **33,975** | **55,944** |
| | **(b) Financial debt** | | |
| | Finance lease liabilities from non-consolidated parties | (2,177) | (2,042) |
| | Finance lease liabilities from other related parties | (720) | (810) |
| | | **(2,897)** | **(2,852)** |

In addition to the tables above, the Company issued various guarantees in favor of Techgen and GPC; for further details, please see note 15 (c and d) and note 16 (ii). No other material guarantees were issued in favor of other related parties.

## 20 Nationalization of Venezuelan Subsidiaries

Following the nationalization by the Venezuelan government of the Company's interests in its majority-owned subsidiaries TAVSA - Tubos de Acero de Venezuela S.A. ("Tavsa") and Matesi Materiales Siderúrgicos S.A ("Matesi") and in Complejo Siderúrgico de Guayana, C.A ("Comsigua"), the Company and its wholly-owned subsidiary Talta - Trading e Marketing Sociedad Unipessoal Lda ("Talta") initiated arbitration proceedings against Venezuela before the ICSID in Washington D.C. in connection with these nationalizations and obtained favorable awards, which are final and not subject to further appeals.

On June 8, 2018, Tenaris and Talta filed two actions in federal court in the District of Columbia to recognize and enforce their awards. On July 17, 2020, the court entered judgment recognizing the Matesi award. The judgment orders Venezuela to pay to Tenaris and Talta an amount of $256.4 million, including principal and post-award interest through the judgment date, and provides for post-judgment interest to accrue on this sum at the U.S. federal statutory rate.

On March 29, 2021, the court granted Tenaris's and Talta's request to recognize the Tavsa award. The court's decision is consistent with the Matesi decision, as it upholds the application of the federal statutory post-judgment interest rate and rejects Venezuela's request to suspend enforcement of the judgment. The court is now expected to enter judgment ordering Venezuela to pay the award amount plus interest.

Both the Matesi and Tavsa judgments, however, may not be enforced in the U.S. to the extent prohibited by the Venezuelan sanctions regulations issued by the U.S. Treasury Department's Office of Foreign Assets Control currently in effect.

For further information on these cases, see note 38 in the Company's audited Consolidated Financial Statements for the year ended December 31, 2020.

## 21 Other relevant information

***Agreement to build a welded pipe plant in West Siberia***

In 2019, Tenaris entered into an agreement with PAO Severstal to build and operate a welded pipe plant to manufacture OCTG products in Surgut, West Siberia, Russian Federation. Tenaris holds a 49% interest in the company, while PAO Severstal owns the remaining 51%. The plant, which is estimated to require a total investment of $280 million, is planned to have an annual production capacity of 300,000 tons.

In 2019, Tenaris contributed with $19.6 million to the project. No additional contributions were subsequently made. Construction activities had been put on hold in 2020 due to market conditions and the pandemic.

The joint venture partners, after analyzing the current state of world markets and the pace of the economic recovery, have decided to revise and update the project milestones and resources necessary to resume all activities relative to the construction of the before mentioned welded pipe plant.

***Agreement to build a steel pipe premium connection threading plant in Baotou***

In 2020, Tenaris entered into a joint venture with Inner Mongolia Baotou Steel Union Co. Ltd. ("Baotou Steel"), to build a premium connection threading facility to finish steel pipes produced by our joint venture partner in Baotou, China, for sale to the domestic market. Under the agreement, Tenaris holds 60% of shares in the new joint-venture company, while Baotou Steel owns the remaining 40%.

The plant, which is estimated to require a total investment of $32.6 million, is planned to have a total annual production capacity of 70,000 tons. An initial investment of $29.8 million, which will enable the facility to produce 45,000 tons annually, is estimated to be completed during 2021 and to start operations at the end of the year. During 2020 and 2021, Tenaris contributed respectively $2.3 million and $7.3 million in the project.

***Closure of facilities at JFE's Keihin steel complex***

Tenaris' seamless pipe manufacturing facility in Asia, operated by NKKTubes, is located in Kawasaki, Japan, in the Keihin steel complex owned by JFE Holdings Inc. ("JFE"). Steel bars and other essential inputs and services for NKKTubes are supplied under a long-term agreement by JFE, which retains a 49% interest in NKKTubes. On March 27, 2020, JFE informed Tenaris of its decision to permanently cease as from JFE's fiscal year ending March 2024 the operations of certain of its steel manufacturing facilities and other facilities located at the Keihin complex. The closure of JFE's Keihin facilities may result in the unavailability of steel bars and other essential inputs or services used in NKKTubes' manufacturing process, thereby affecting its operations. Tenaris and JFE are engaged in discussions to seek mutually acceptable solutions.

## 22 The COVID-19 pandemic and the oil & gas crisis and their impact on Tenaris's operations and financial condition

The rapid expansion of the COVID-19 pandemic around the world, the surfacing of new strains of the SARS-CoV-2 virus in several countries and the containment measures adopted by governmental authorities triggered a severe fall in global economic activity and precipitated a serious crisis in the energy sector. Global oil and gas demand decreased significantly in the first half of 2020 causing a collapse in prices, an acute oversupply, a rapid build-up of excess inventories, and the consequent drop of investments in drilling activity by Tenaris's oil and gas customers. The Company took prompt action to mitigate the impact of the crisis and to adapt Tenaris's operations on a country-by-country basis to comply with applicable rules and requirements and contain the effects of the global crisis. In response to the COVID-19 outbreak, several countries, including countries where Tenaris has operations (such as Argentina, China, Colombia, Italy, Mexico, Saudi Arabia and the United States) took mitigation and containment measures, including bans on business activities and closure of industrial facilities. The Company implemented a worldwide restructuring program and cost-containment plan aimed at preserving the financial resources and overall liquidity position and maintaining the continuity of its operations; adjusted production levels at its facilities including through the temporary closure of certain facilities or production lines and layoffs in several jurisdictions, and reduced capital expenditures and working capital expenses. In addition, the Company introduced remote work and other work arrangements and implemented special operations protocols in order to safeguard the health, safety and wellbeing of Tenaris's employees, customers and suppliers. Although such measures have so far proved to be successful to mitigate the impact of the crisis on Tenaris, if the virus continues to spread, or if new variants prove to be resistant to available vaccines and new preventive measures are imposed in the future, Tenaris's operations could be further affected and adversely impact its results. In addition, although oil prices and demand for oil products are recovering, there remains considerable uncertainty about the future duration and extent of the pandemic with new and more contagious variants of the virus appearing and vaccination programs still far from completion in many countries.

As of the date of these Consolidated Condensed Interim Financial Statements, Tenaris's capital and financial resources, and overall liquidity position, have not been materially affected by this scenario. Tenaris has in place non-committed credit facilities and management believes it has adequate access to credit markets. In addition, Tenaris has a net cash position of approximately $854 [1] million as of the end of June 2021 and a manageable debt amortization schedule.

Considering Tenaris's financial position and the funds provided by operating activities, management believes that the Company has sufficient resources to satisfy its current working capital needs, service its debt and address short-term changes in business conditions.

The Company has renegotiated existing contractual obligations with its counterparties to adapt the commitments to the decrease in activity experienced in the previous year.

Management does not expect to disclose or incur in any material COVID-19-related contingency, and it considers its allowance for doubtful accounts sufficient to cover risks that could arise from credits with customers in accordance with IFRS 9.

For more information on the impact of the COVID-19 pandemic and measures adopted in connection therewith, see note 39 in the Company's audited Consolidated Financial Statements for the year ended December 31, 2020.

Alicia Móndolo
Chief Financial Officer

[1] Net cash / debt is calculated in the following manner:
Net cash= Cash and cash equivalents + Other investments (Current and Non-Current) + / - Derivatives hedging borrowings and investments– Borrowings (Current and Non-Current).