ERCROS ANNUAL RESULTS NOTE
FY2024

(25-02-2025)

Ercros obtains EUR 29 million in ebitda and registers EUR 12 million losses

- **In the 2024 financial year, Ercros has obtained a contribution of EUR 225 million, an adjusted ebitda of EUR 29 million and recorded losses of EUR 12 million.**

- **These results stem from persistently weak European demand, high energy costs, and intense competition. Energy prices continue to undermine Europe's competitiveness compared to the US and Asia. However, there are signs that the sector may be entering the final phase of the current period of adjustments. At Ercros, this is reflected in a relative improvement in key indicators—such as sales, contribution, and ebitda—in the second half of 2024 compared to the same period in 2023.**

- **Ercros maintains a solid financial situation, with EUR 110 million of liquidity.**

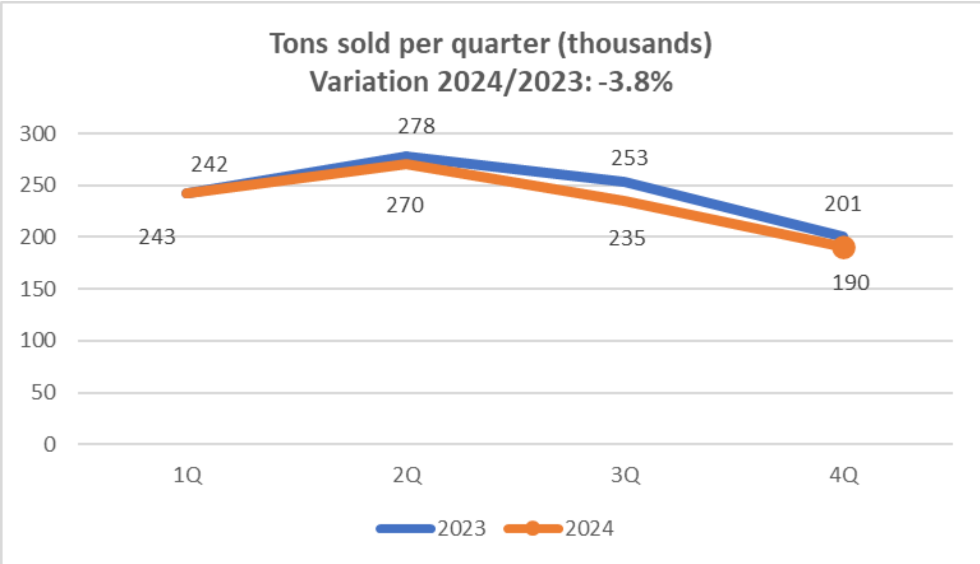
- **The takeover bids of Bondalti Ibérica, S.L.U. and Esseco Industrial, S.P.A. for Ercros are still ongoing.**

- **The widespread consensus among specialized publications forecasts a gradual recovery in demand for the European chemical industry starting in the second half of 2025.**

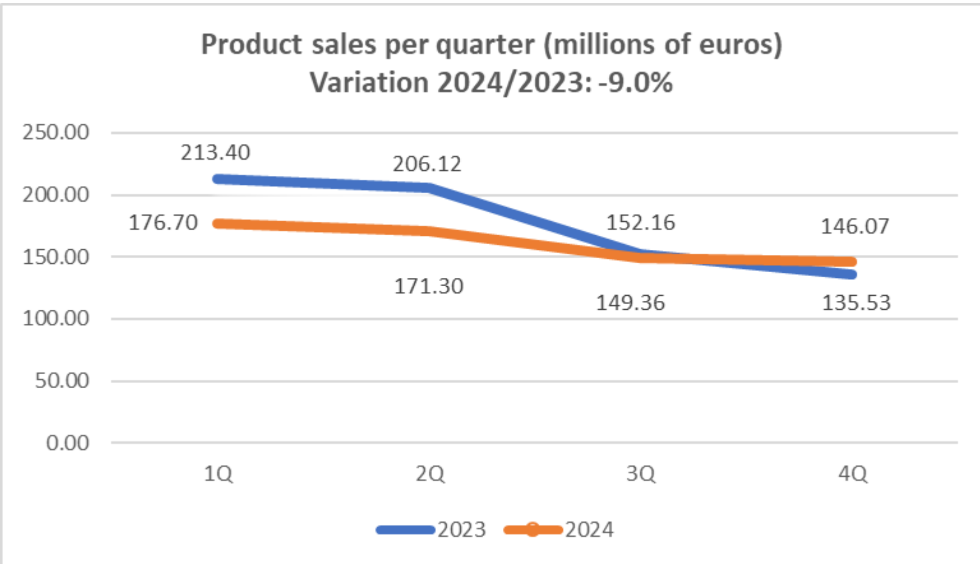
- **In any case, Ercros will continue to execute the 3D Plan in order to advance in the digitalization of its operations, decarbonization of its activities and diversification and increase of its product portfolio; while maintaining its presence in the markets in which it operates and taking advantage of the opportunities that arise to defend its margins.**

A. KEY EVENTS OF 2024

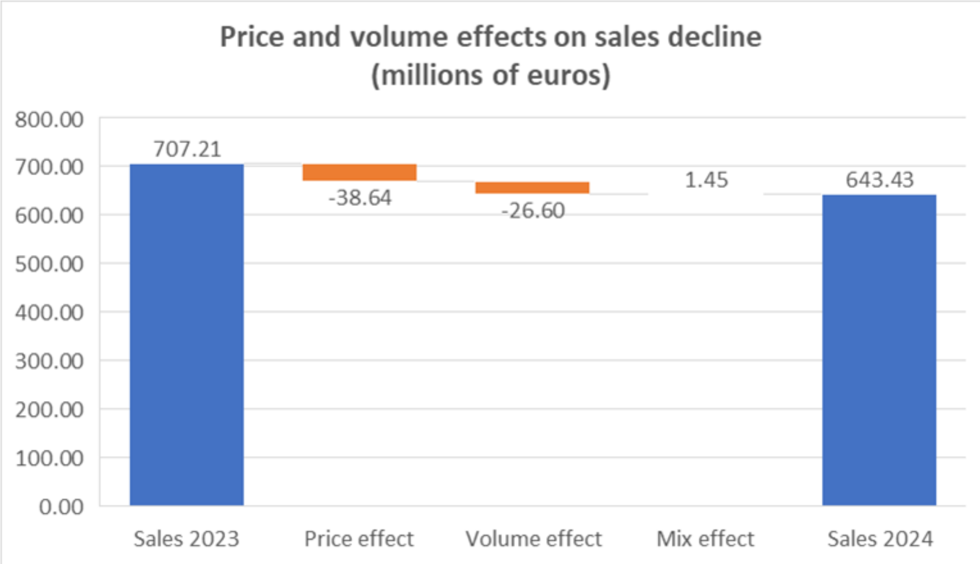
1. In 2024 Ercros sold 938 thousand tons of products, slightly lower than the 974 thousand tons sold in 2023: a decrease of 3.8%. Among the causes of this decrease are the restrictions in the provision of some raw materials, which forced Ercros to stop supplying caustic soda to its customers during the month of September.



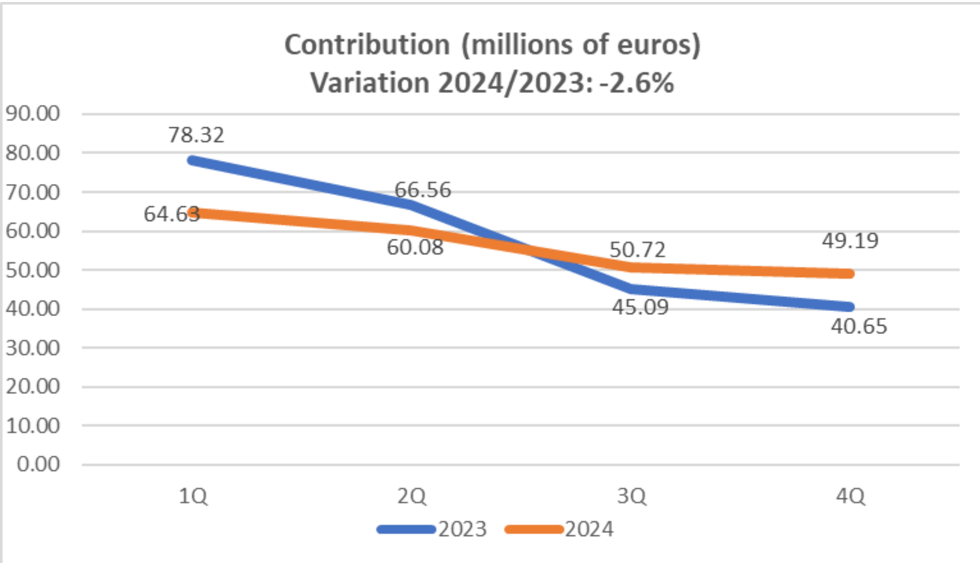
2. Product sales totalled EUR 643.43 million in 2024, down from EUR 707.21 million in 2023—a decline of EUR 63.78 million, or 9.0%. While sales dropped by 17.0% in the first half of the year compared to the same period in 2023, they rebounded with a 2.7% increase in the second half.



3. Of the EUR 63.78 million in which sales decreased, the fall in the average price per tonne explains EUR 38.64 million (60.6%) and the lower volume of tonnes sold explains EUR 26.60 million (41.7%). The mix effect explains the remaining -2.3%.

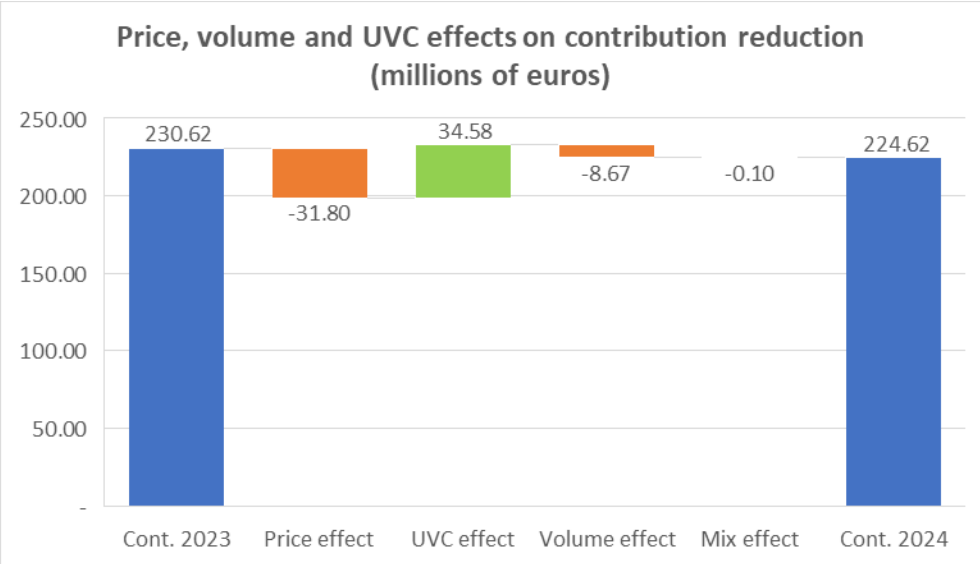


4. The contribution generated by sales of products and the provision of services amounted to EUR 224.62 million in 2024, compared to EUR 230.62 million in 2023; a decrease of EUR 6.00 million, equivalent to 2.6%. The different behaviour between the first and second half of the year, indicated in point 2, is repeated regarding the contribution. In the first half of the year, the contribution fell by 13.9% compared to the same period in 2023, while in the second half of the year it increased by 16.5%.

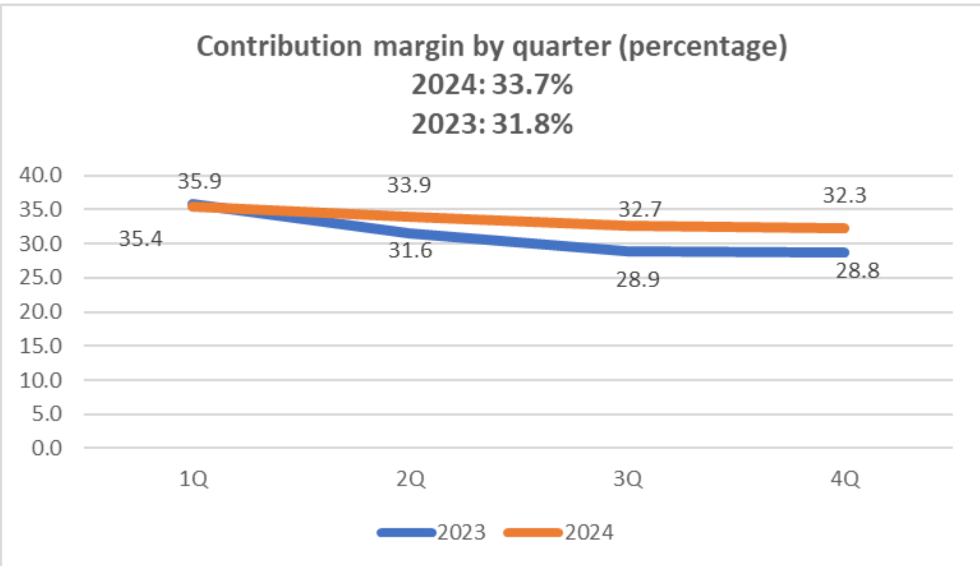


Contribution: (product sales + service provision – procurement – supplies + inventory variation).

5. As far as contribution is concerned, the best way to identify the net effect of prices and costs is by contrasting the effect of the average price of the products sold with that of the unit variable cost (UVC) incurred in the manufacture of these products. In 2024, the negative price effect of EUR -31.80 million was lower in absolute terms than the positive UVC effect of EUR 34.58 million. The net effect of price and UVC, therefore, amounts to EUR 2.78 million and explains -46.3% of the EUR -6.00 million in which the contribution varies. The remaining 146.3% is explained by the volume effect, of EUR -8.67 million (144.5%), and the mix effect, of EUR -0.10 million (1.8%).

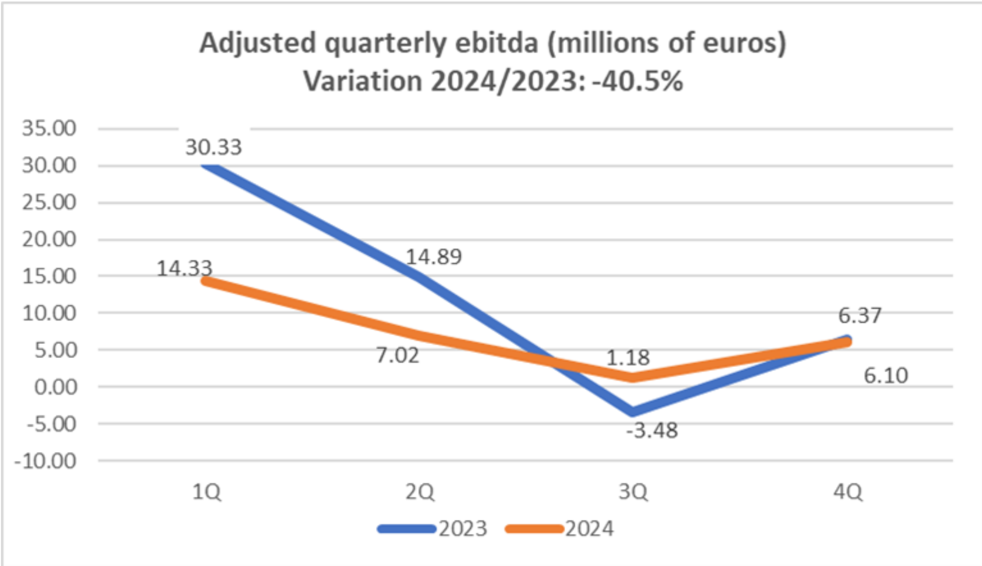


6. The contribution margin (contribution divided by the sum of sales of products plus the provision of services) increased from 31.8% in 2023 to 33.7% in 2024. A variation of 1.9 percentage points, due to the decrease in the relative weight of variable costs, which in 2023 represented 68.2% of sales (plus the provision of services) and in 2024 represented 66.3%. In the first half of the year, the margin increased by 0.9 percentage points compared to the same period in 2023, while in the second half of the year it increased by 3.6 percentage points.



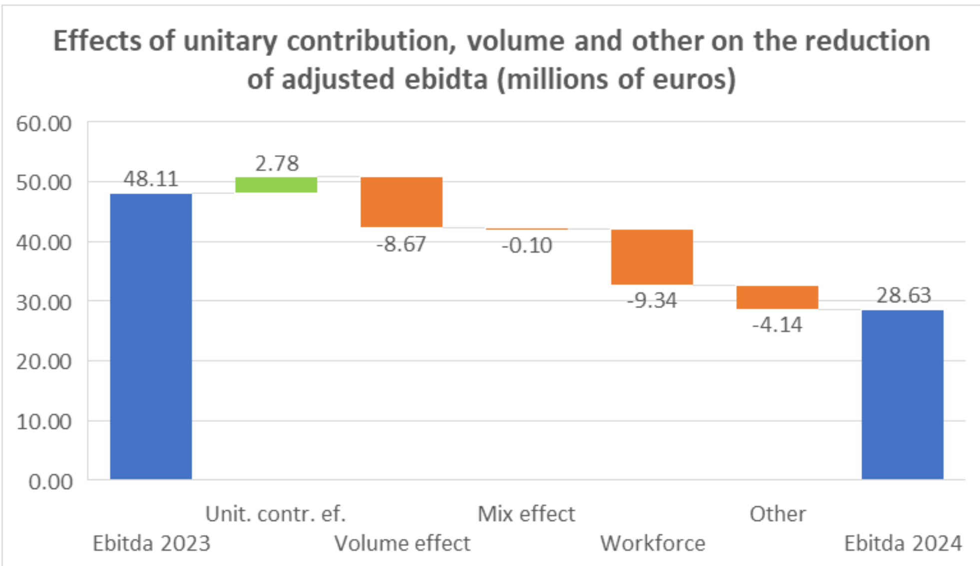
Contribution margin: contribution / (sales of products + provision of services).

7. Adjusted ebitda for 2024 was EUR 28.63 million compared to EUR 48.11 million in 2023; a reduction of EUR 19.48 million (-40.5%) that exceeds the reduction of EUR 6.00 million in the contribution due to, among others, higher personnel costs. Unlike the first half of 2024, in which ebitda fell by 52.8% compared to the same period in 2023, in the second half of 2024, although with much lower amounts, ebitda in 2024 (EUR 7.28 million) more than doubled ebitda in 2023 (EUR 2.89 million).



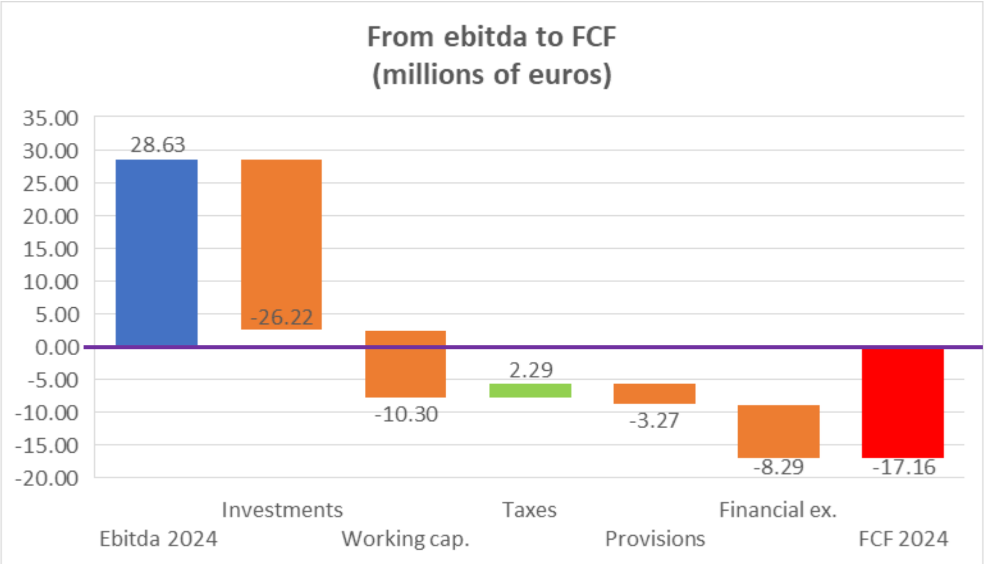
Adjusted ebitda: ebitda excluding non-recurring items. See the table "Reconciliation of ebitda" in section B of this earnings report.

8. The reduction in adjusted ebitda in 2024 compared to 2023 (EUR -19.48 million) is due, with a positive sign, to (i) the volume effect (EUR -8.67 million), which explains 44.5%; (ii) workforce expenditure (EUR -9.34 million), which explains 48.0%; (iii) the mix effect (EUR -0.10 million), which explains 0.5%; and (iv) a others (EUR -4.14 million), which accounts for 21.3%. And with a negative sign, the effect of the unit contribution (EUR 2.78 million), which explains -14.3%, due to the fact that the average sales price falls less than the CVU.

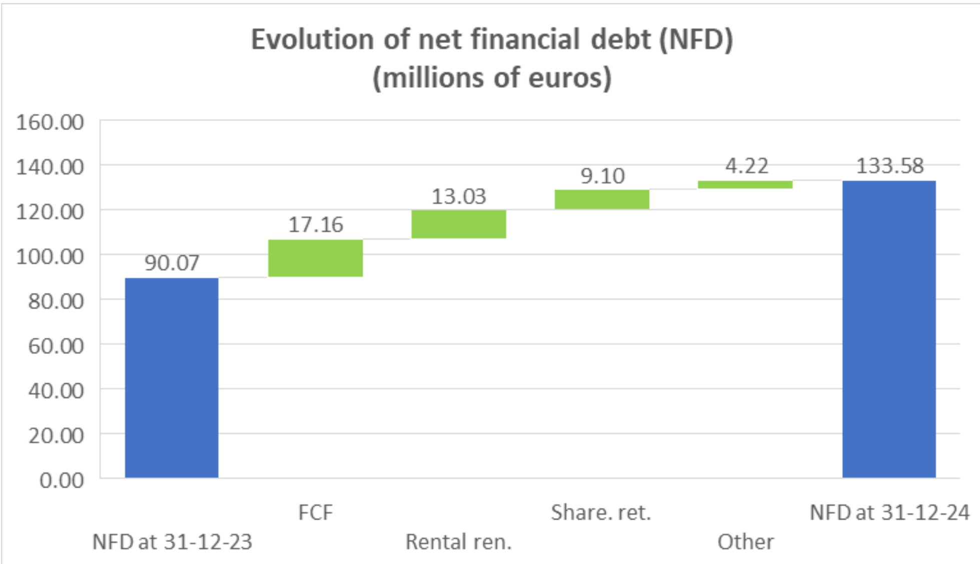


Other: variation in the provision of services, other income, fixed and atypical costs.

9. The free cash flow (FCF) generated in 2024 was negative: EUR -17.16 million. This result is obtained, on the one hand, by subtracting from ebitda of EUR 28.63 million: EUR 26.22 million of investments; EUR 10.30 million of increase in working capital; EUR 3.27 million from the payment of provisions; and EUR 8.29 million net financial expenses; and, on the other, to add EUR 2.29 million of net income tax collections.



10. Ercros started 2024 with EUR 90.07 million of net financial debt (NFD). Throughout 2024, debt increased by EUR 17.16 million due to the negative FCF generated in that period; EUR 13.03 million for the rental renewal; EUR 9.10 million for shareholder remuneration; and EUR 4.22 million for other minor causes. In total, Ercros increased its NFD by EUR 43.51 million, bringing it to EUR 133.58 million as of December 31, 2024.



11. As of December 31, 2024, Ercros had liquidity amounting to EUR 110.14 million, of which EUR 36.73 million corresponded to cash flow and EUR 73.41 million to undrawn financing lines.

B. ANNUAL ACCOUNTS

Profit and loss account

In addition to the points mentioned in Section A of this report, the following aspects of the 2024 results are noteworthy:

The service provision line increased by 32.7% compared to 2023, mainly due to revenue from the new electricity demand response service. Other income declined by 15.9%, primarily due to the lower valuation of free CO_2 emission rights.

The reversal of provisions and other non-recurring income in 2024 mainly includes an extraordinary gain from a settlement reached in a legal dispute between Ercros and a supplier.

The combined cost of procurements and change in finished goods and work-in-progress inventories decreased by 8.9% compared to the previous year. Supplies fell by 14.6%, mainly due to lower electricity and gas prices compared to 2023.

Personnel costs reflect a 10.3% inflation adjustment for the 2021-2023 period and a 3% salary increase under the new collective agreement effective January 1, 2024. Total personnel expenses rose by 10.2%, a lower increase than the contractual raises, due to the non-accrual in 2024 of certain expenses amounting to EUR 0.7 million in 2023.

Other operating expenses decreased by 1.4% compared to 2023, primarily due to the lower cost of CO_2 emission rights used during the period.

Provisions and other extraordinary expenses were reduced by 7.3% compared to 2023, mainly due to lower costs incurred in 2024 for soil recovery and environmental remediation.

Amortizations declined by 2.5% compared to 2023.

In 2024, a write-down of investment properties totalling EUR 1.1 million was recorded, based on updated property appraisals.

Net financial expenses increased by 13.9%, mainly due to higher financing costs driven by rising interest rates and increased financial debt.

The income tax gain primarily results from the recognition of tax credits validated by the tax authorities in 2024. However, it is significantly lower than in 2023, as the previous year's tax income included the expected benefits from the Constitutional Court ruling on the limit for offsetting tax losses.

PROFIT AND LOSS ACCOUNT

Thousands of euros	2024	2023	%
Activities that continue			
Revenue	**700,358**	**757,626**	**-7.6**
Sale of finished products	643,426	707,214	-9.0
Service provision	23,989	18,080	32.7
Other income	26,177	31,143	-15.9
Reversal of provisions and other non-recurring income	5,378	1,189	×4.5*
Increase in finished goods and work-in-progress inventories	1,388	-	-
Expense	**-670,982**	**-713,320**	**-5.9**
Procurements	-326,838	-348,324	-6.2
Reduction in finished goods and work-in-progress inventories	-	-8,880	-
Supplies	-117,341	-137,469	-14.6
Transport	-43,274	-42,965	0.7
Personnel costs	-100,966	-91,627	10.2
Other operating expenses	-77,935	-79,065	-1.4
Provision and other extraordinary expenses	-4,628	-4,990	-7.3
Ebitda	**29,376**	**44,306**	**-33.7**
Amortizations	-31,460	-32,273	-2.5
Impairment/reversal of impairment of assets	-1,055	1,006	-
Ebit	**-3,139**	**13,039**	**-**
Financial result	-9,115	-8,005	13.9
Pre-tax profit/loss	**-12,254**	**5,034**	**-**
Income tax	597	23,764	-97.5
Profit/loss from continuing activities	**-11,657**	**28,798**	**-**
Net loss of discontinued business	-	-1,213	-
Profit/loss for the year	**-11,657**	**27,585**	**-**

*Times in which the figure for 2024 exceeds that of 2023 (in absolute terms).

ADJUSTED EBITDA RECONCILIATION

Thousands of euros	2024	2023	%
Ebitda	**29,376**	**44,306**	**-33.7**
Atypical income items	-5,378	-1,189	×4.5*
Atypical items of expenditure	4,628	4,990	-7.3
Adjusted ebitda	**28,626**	**48,107**	**-40.5**

*Times in which the figure for 2024 exceeds that of 2023 (in absolute terms).

Balance

In 2024, non-current assets decreased by EUR 15.35 million, mainly due to: negatively, (i) the reclassification to short-term of the EUR 19.33 million balance that was classified as non-current asset as of December 31, 2023, to be collected from the tax authorities due to the aforementioned Constitutional Court ruling; (ii) the impairment of investment properties amounting to EUR 1.06 million; and positively; and (iii) the increase in the balance of right-of-use assets for leased properties, amounting to EUR 4.63 million. The additions to property, plant, and equipment for the year are similar to the depreciation.

Working capital increased by EUR 33.77 million, as a result of the increase in current assets, amounting to EUR 38.47 million, minus the increase in current liabilities, amounting to EUR 4.70 million. Current assets increased mainly due to: (i) the reclassification of the account receivable from the Public Treasury mentioned in the previous paragraph, by EUR 19.33 million; (ii) the increase in inventories, by EUR 11.08 million; (iii) the increase in accounts receivable from customers, by EUR 2.86 million; (iv) the increase in the amount to be charged for VAT, by EUR 4.42 million; and (v) the reduction of other current assets, by EUR 0.79 million.

Equity decreased by EUR 21.96 million, as a result of the sum of losses for the period, amounting to EUR 11.66 million; the payment of the bonus for attendance at the meeting, amounting to EUR 0.32 million; the payment of the dividend, amounting to EUR 8.78 million; and other variations, amounting to EUR 1.20 million.

Provisions and other debts decreased by EUR 3.13 million, mainly due to payments associated with the dismantling of facilities and various environmental remediations.

ECONOMIC ANALYSIS OF THE BALANCE SHEET

Thousands of euros	**31-12-24**	**31-12-23**	**Variation**	**%**
Non-current assets	**403,800**	**419,152**	**-15,352**	**-3.7**
Working capital	**97,988**	**64,218**	**33,770**	**52.6**
Current assets	207,994	169,527	38,467	22.7
Current liabilities	-110,006	-105,309	-4,697	4.5
Resources used	**501,788**	**483,370**	**18,418**	**3.8**
Equity	**341,157**	**363,115**	**-21,958**	**-6.0**
Net financial debt	**133,578**	**90,070**	**43,508**	**48.3**
Provisions and other debts	**27,053**	**30,185**	**-3,132**	**-10.4**
Source of funds	**501,788**	**483,370**	**18,418**	**3.8**

Shareholder remuneration

The general shareholders' meeting, held on 28 June 2024, agreed, within the framework of the shareholder remuneration policy, to pay a dividend of EUR 9.6 cents per share to the 91,436,199 shares entitled to be paid against 2023 earnings. The dividend was paid on July 10.

Regarding Ercros S.A.'s profit for the 2023 financial year, of EUR 26.83 million, the dividend of EUR 8.78 million represented a *payout* of 32.7%.

DETAIL OF NET FINANCIAL DEBT

Thousands of euros	31-12-24	31-12-23	Variation	%
Loans	91,013	108,831	-17,818	-16.4
Lease creditors	13,982	9,260	4,722	51.0
Working capital financing	67,340	13,158	54,182	×5.1*
Gross financial debt	**172,335**	**131,249**	**41,086**	**31.3**
Treasury	-36,729	-39,145	2,416	-6.2
Deposits	-2,028	-2,034	6	-0.3
Net financial debt	**133,578**	**90,070**	**43,508**	**48.3**

*Times in which the figure for 2024 exceeds that of 2023 (in absolute terms).

Voluntary public offers for the acquisition of shares

On March 5, 2024, Bondalti Ibérica, S.L.U. (Bondalti) launched a voluntary takeover bid for 100% of the shares of Ercros, S.A., at a price of EUR 3.60 per share that has been adjusted, after the distribution of the dividend mentioned in the previous section, to EUR 3.505 per share.

In turn, on 28 June, Esseco Industrial, S.P.A. (Esseco) submitted a competitive voluntary takeover bid, also for 100% of the shares of Ercros, S.A., at a price of EUR 3.84 per share, which has also been adjusted after the distribution of the dividend to EUR 3.745 per share.

In accordance with the takeover bid regulations, the processing of Esseco's takeover bid at the National Securities Commission (CNMV) will not begin until the administrative procedures for the takeover bid of Bondalti Ibérica, S.L.U. are completed.

Both offers are subject to the approvals of the competent authorities and the acceptance of 75% of the share capital plus one share.

On 18 December, the National Commission on Markets and Competition (CNMC) agreed to start the second phase of the analysis of the merger between Bondalti and Ercros. According to the CNMC, "The economic sector affected by the operation is the manufacture of basic organic and inorganic chemical products, especially the markets for chlorine and its derivatives, in which the activity of the parties overlaps. The potential acquisition may pose risks to competition in the caustic soda and sodium hypochlorite markets and, therefore, the CNMC has agreed to analyse the operation in the second phase. This step does not prejudge the definitive conclusions that the CNMC may reach on the concentration."

Likewise, on 10 February 2025, Esseco informed the market that it received, on 7 February, a resolution from the CNMC in which it agrees to initiate the second phase of the analysis of the economic concentration resulting from the takeover bid that it formulated on 28 June 2024.

These decisions will mean an extension of the deadline for resolution of both files.

If any of the aforementioned bids, or any other that may be presented, are successful and lead to a change of control of Ercros, certain lines of financing, as well as supply agreements with suppliers and sales with customers may be declared expired or, where appropriate, require the provision of guarantees or the explicit approval of the continuity of the agreements by them.

C. RESULTS BY BUSINESS

The weakness in global demand for the chemical sector, which began in mid-2022, has continued in 2024, a year in which, after a first half in which demand seemed to show some recovery, a second half followed in which it again showed signs of weakness, although, as noted above, the relative performance of Ercros in the second half of the year was better than that shown in the same period of 2023.

In the overall result for the year, the weakness in demand has led to lower sales prices and volumes, which could not be fully offset by the decrease in energy and raw material costs compared to 2023.

On the other hand, personnel costs have seen a sharp increase in 2024 compared to 2023 due to salary increases associated with the restoration of purchasing power for the workforce in line with the sectoral agreement. This increase in fixed costs could not be passed on to sales prices in the current demand-weak environment, which negatively impacted the company's margin.

In this context, the focus of the business has remained on adjusting production rates to demand, containing fixed costs, and defending, as much as possible, the margin in a situation of highly volatile markets and intense competition.

RESULTS BY BUSINESS

Thousands of euros	2024	2023	%
Chlorine derivatives division			
Product sales	386,224	442,729	-12.8
Adjusted ebitda	12,452	33,873	-63.2
Adjusted ebitda /product sales (%)	3.2	7.7	-57.9
Intermediate chemicals division			
Product sales	194,558	197,392	-1.4
Adjusted ebitda	14,972	13,423	11.5
Adjusted ebitda /product sales (%)	7.7	6.8	13.2
Pharmaceuticals division			
Product sales	62,644	67,093	-6.6
Adjusted ebitda	1,202	811	48.2
Adjusted ebitda /product sales (%)	1.9	1.2	58.7

In 2024, the volume of products marketed by the chlorine derivatives division experienced a reduction of 4.1% compared to 2023. The division's sales fell by 12.8%, due to the fall in the average selling price (9.3%), which affected practically all products. This reduction could not be offset by the reduction in the cost of raw materials and energy. As a result, the division's ebitda fell by 63.2% and placed the ebitda/sales ratio at 3.2%, 4.5 points below the 7.7% obtained in 2023.

In the intermediate chemicals division, compared to 2023, sales fell by 1.4% due to the reduction in the volume traded by 2.8% and despite the fact that the average price of the division's products increased by 1.5%. However, the decrease in the cost of raw materials and energy has allowed ebitda to increase by EUR 1.55 million and the ebitda/sales ratio to stand at 7.7%, compared to the 6.8% reached in 2023.

The pharmaceuticals division reduced its sales by 6.6% compared to 2023, mainly due to the 11.7% drop in the volume of products sold and despite the fact that the average selling price increased by 5.7%. The improvement in the selling price was joined by a slight reduction in the price of raw materials, which resulted in an increase in ebitda in 2024 to EUR 1.20 million, compared to EUR 0.81 million in 2023; and an increase in the ebitda/sales ratio to 1.9% compared to 1.2% in 2023.

D. DIVERSIFICATION, DIGITALISATION AND DECARBONISATION PLAN: 3D PLAN

The 3D Plan contains 20 projects that over the period 2021-2029 will involve a cumulative investment of EUR 92 million and an additional ebitda, also accumulated, of EUR 194 million. The Plan's investments are being carried out according to schedule.

In the diversification dimension, during the period 2021-2023, the expansion of the polyol manufacturing capacity at the Tortosa factory; moulding compounds at the Cerdanyola factory; chlorite and TCCA at the Sabiñánigo factory; and fosfomycin trometamol as well as the production of sterile micronized fusidic acid at the Aranjuez factory came into operation. In 2024, the expansion of the production capacity of ErcrosTech resins at the Almussafes factory and the extraction of two new antibiotics (gentamycin and vancomycin), as well as erythromycin base, dihydrate base and erythromycin salts (ethylsucinate, stolate and stearate) at the Aranjuez factory came into operation.

In 2024, Ercros obtained the international sustainability and carbon certification, ISCC plus, for the marketing of chlorine, caustic soda (liquid and pearls), hydrogen, hydrochloric acid and sodium hypochlorite produced at the Vila-seca I factory, as they are manufactured with renewable energy sources. Previously, this certificate was already available for polyols from the Tortosa factory. The manufacture of these products will allow the company to have a more sustainable portfolio in line with the needs of its customers.

Also in 2024, the Aranjuez factory obtained authorization from the Spanish Medicines Agency for the start-up of the new extraction plant and the Good Manufacturing Process (GMP) certificate for the manufacture and sale of gentamycin and erythromycin salts, as well as the approval of the registration for the marketing in China of sterile fosfomycin sodium.

In terms of digitalisation, in 2024, Ercros obtained ISO 27001:2022 certification, the international standard for information security management. Likewise, the Business Intelligence projects for the areas of purchasing, logistics, production and maintenance tracking of shipments by land and sea; and solutions for the use of mobile devices and digitalization in loading and unloading processes, and work permits, are in the process of continuous improvement. Big Data and IoT (Internet of Things) projects; the introduction of improvements in the control of production plants using artificial intelligence (AI); the use of mobile devices in maintenance and logistics; the improvement of infrastructures; cybersecurity; the optimization of the work environment and the automation of plants; as well as the sensorisation and updating of control systems in the production area, are at an advanced stage.

In the decarbonisation dimension, in the period 2021-2023 the following projects were completed: (i) improvement of energy efficiency at the Tortosa factory and optimisation of energy consumption at the Cerdanyola factory; (ii) replacement of luminaires with LEDs in the factories of the intermediate chemicals division, the industrial complex of Tarragona, and the Flix and Sabiñánigo factories; (iii) optimization of the consumption of chemical products and raw materials at the Aranjuez factory; and (iv) improvement of the use of hydrogen at the Sabiñánigo, Vila-seca I and Vila-seca II factories. In 2024, came into operation the following projects: the salt crystallization plant in Sabiñánigo; the photovoltaic power generation park at the Monzon factory; the production plant of moulding compounds with recycled material (Recycled Carbaicar) at the Cerdanyola factory; and various projects to improve energy efficiency at the Almussafes factory.

E. COMPLIANCE WITH FORECASTS

The following table, together with the forecast issued by the company in the third quarter earnings note, details the actual data obtained in the sale of finished products, contribution, adjusted ebitda and profit or loss in 2024.

As can be seen, Ercros has met the forecast for the sale of finished products, but not for the contribution, adjusted ebitda and profit, which are somewhat below the lower limit of the expected range.

The sale of finished products, EUR 643.43 million, is within the expected range, [640 – 650]. The contribution, EUR 224.62 million, is slightly below the lower limit of the planned range, [225 – 230]. Adjusted ebitda, EUR 28.63 million, is below the expected range, [30 – 35]. And finally, the result for the year, EUR -11.66 million, is also below the expected range [(-10) – (-8)].

2024 FORECAST AND ACTUAL DATA

Millions of euros	Foresight	Real data
Sale of finished products	640 – 650	643.43
Contribution	225 – 230	224.62
Adjusted ebitda	30 – 35	28.63
Result	(-10) – (-8)	-11.66

F. FORECAST FOR 2025

The consensus of the specialised publications delays the start of the recovery in demand from the European chemical sector to the second half of 2025.

In this environment of high uncertainty, weak demand, high energy costs and strong international competition, it cannot be ruled out that Ercros' margin and sales volume will continue to be negatively affected throughout the year.

The level of uncertainty could increase significantly due to the foreseeable US tariff policy, but it could decrease significantly, at least in energy prices, if the war in Ukraine came to an end.

In any case, Ercros will continue to execute the 3D Plan, maintain its presence in the markets in which it operates and take advantage of the opportunities that arise to defend its margins.

Barcelona, February 25, 2025