

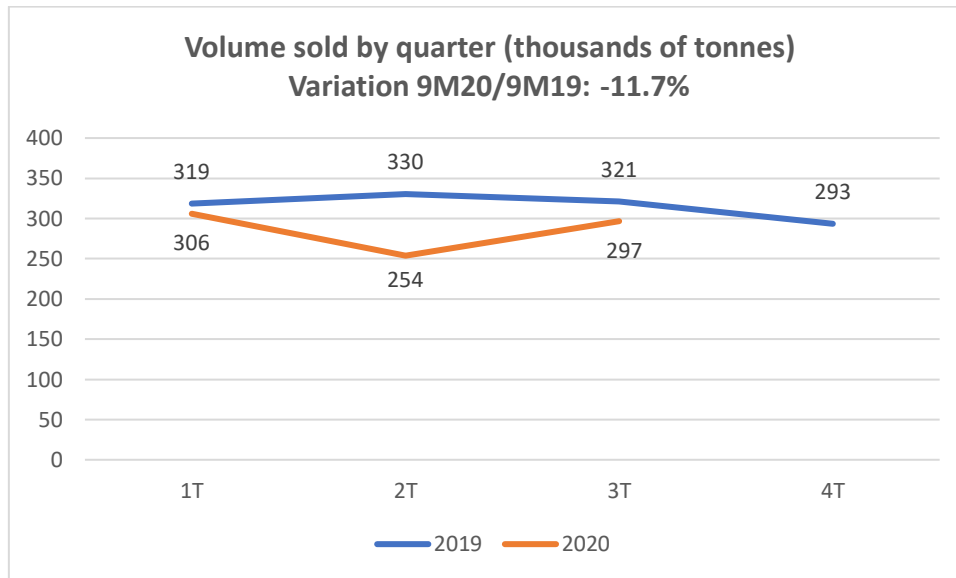
PRESS RELEASE ON ERCROS' RESULTS
THIRD QUARTER 2020

(13/11/2020)

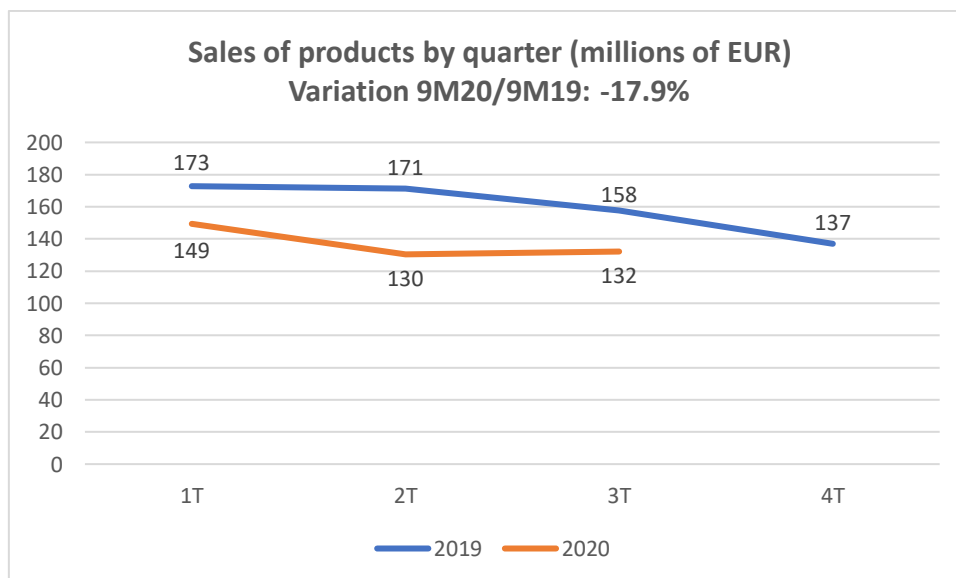
- Ercros recovers volume and sales in the third quarter of 2020.
- The deep economic crisis associated with COVID-19 has not caused an excessive fall in Ercros' Ebitda.
- The drop in sales prices and volumes has been largely offset by lower prices for supplies and procurement.
- Despite the adverse economic climate, Ercros' financial situation remains solid: it has EUR 63 million in liquidity, it has significantly increased its Free Cash Flow, and it has reduced its net financial debt.

A. KEY FACTS IN THE FIRST NINE MONTHS OF 2020 (9M20)

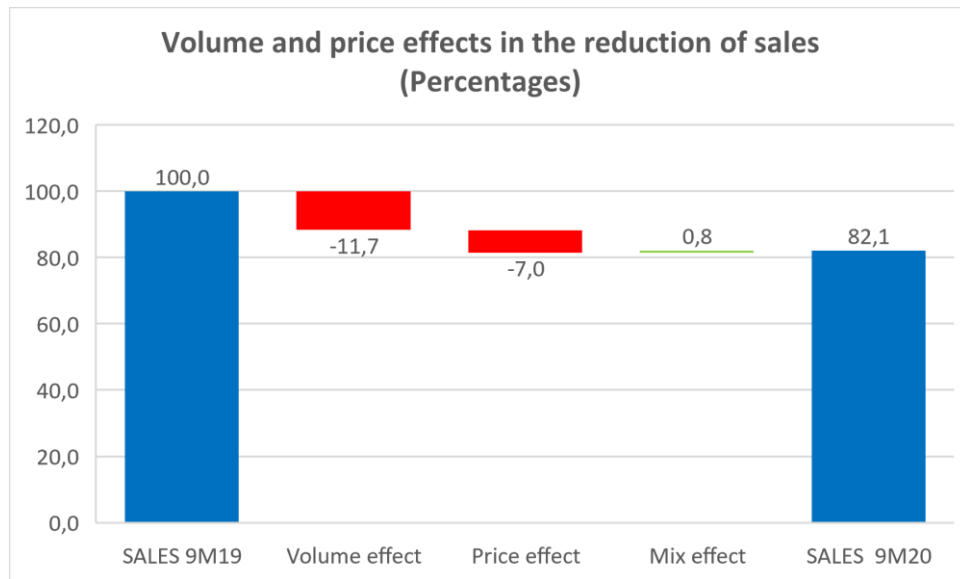
1. In the first nine months of 2020 (9M20), Ercros sold 856 thousand tonnes of manufactured products versus 970 thousand sold in the same period of 2019 (9M19): a variation of -11.7%. The gap COVID-19 caused in the second quarter was almost completely closed in the third quarter.



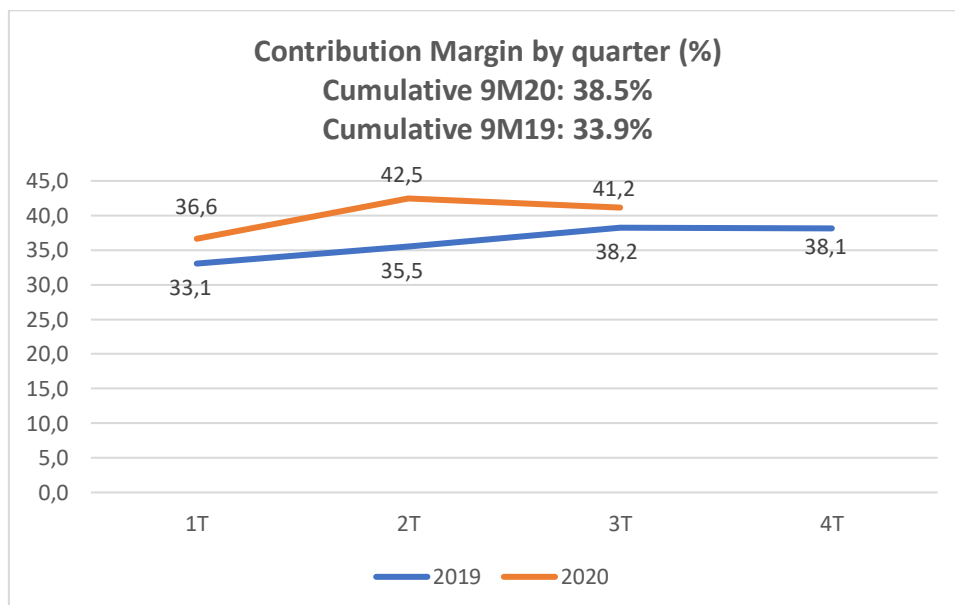
2. In the first nine months of 2020, Ercros sold EUR 412 million in manufactured products versus EUR 502 million in the same period of 2019: a variation of -17.9%. In the first quarter of 2020 (a period still mostly unaffected by COVID-19), sales were lower than in the first quarter of 2019, mainly due to lower caustic soda and chlorate derivative prices. Taking this into account, the additional gap created by the pandemic in the second quarter was nearly completely closed in the third quarter.



3. The amount obtained from the sale of products fell by more than the volume sold (-17.9% versus -11.7%) because the prices of the products sold dropped as well. The variation in the amount of sales obtained, -17.9%, is the result of the variation in volume sold, -11.7%, the variation in prices, -7.0%, and the variation in the mix of volume/prices, 0.8%. These three effects add up to -17.9%, which is the percentage variation in turnover. The largest drop in volume occurred in the second quarter, where the greatest impact of COVID-19 was felt.

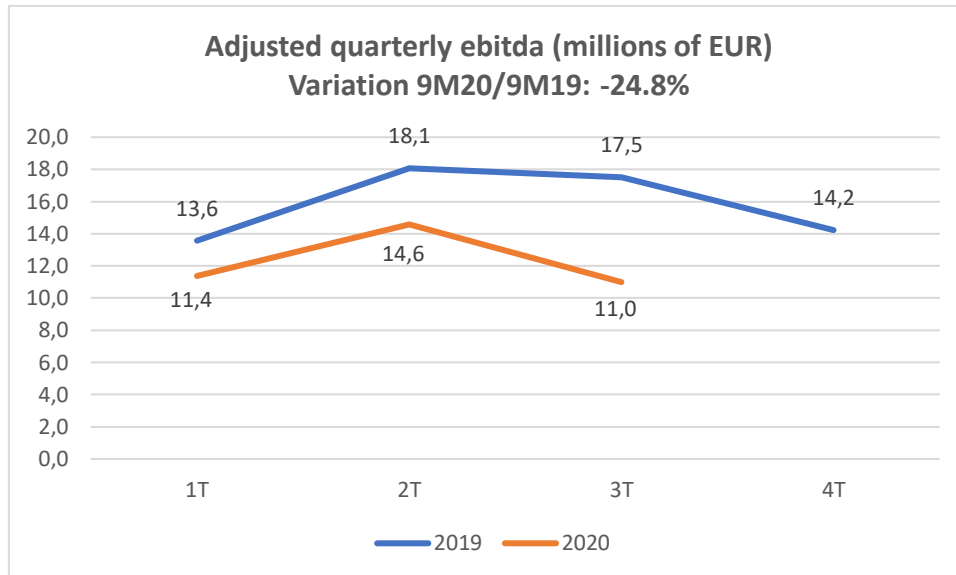


4. The contribution margin remains above the levels attained in 2019. In cumulative terms (during the first nine months of 2020), the contribution margin of 2020 exceeded the one from the same period of 2019 by 4.6 points: 38.5% versus 33.9%. Even though the difference has narrowed with regard to the figure from the second quarter, Ercros still has a high aggregate contribution margin.



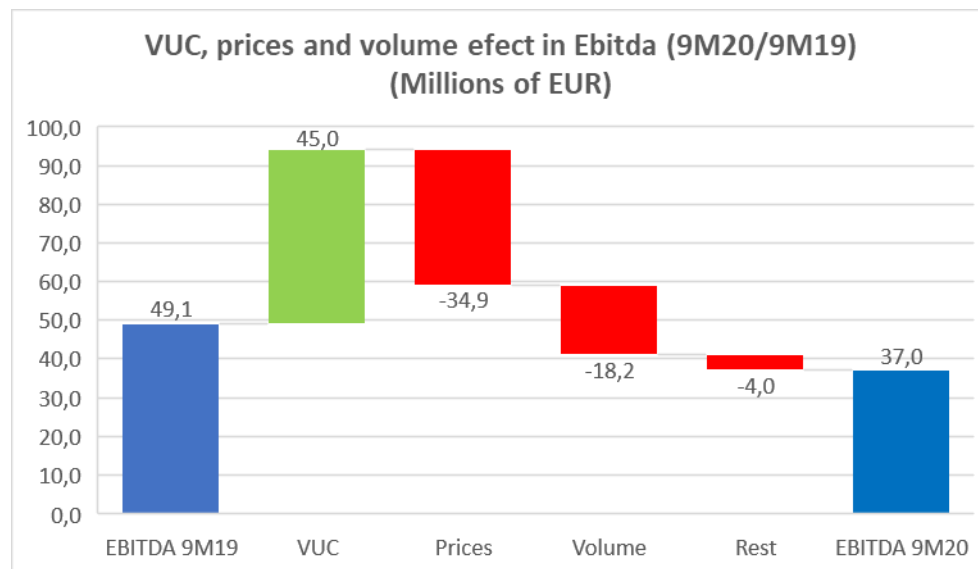
Contribution Margin: (sales of products + provision of services – procurements – supplies + variation of inventory) / (sales of products + provision of services).

5. The adjusted ebitda for the first nine months of 2020 was EUR 37.0 million versus EUR 49.1 million in the same period of 2019: a variation of -24.8%.



Adjusted Ebitda: Ebitda excluding its atypical entries. See the table “Ebitda reconciliation” of Section E of this press release.

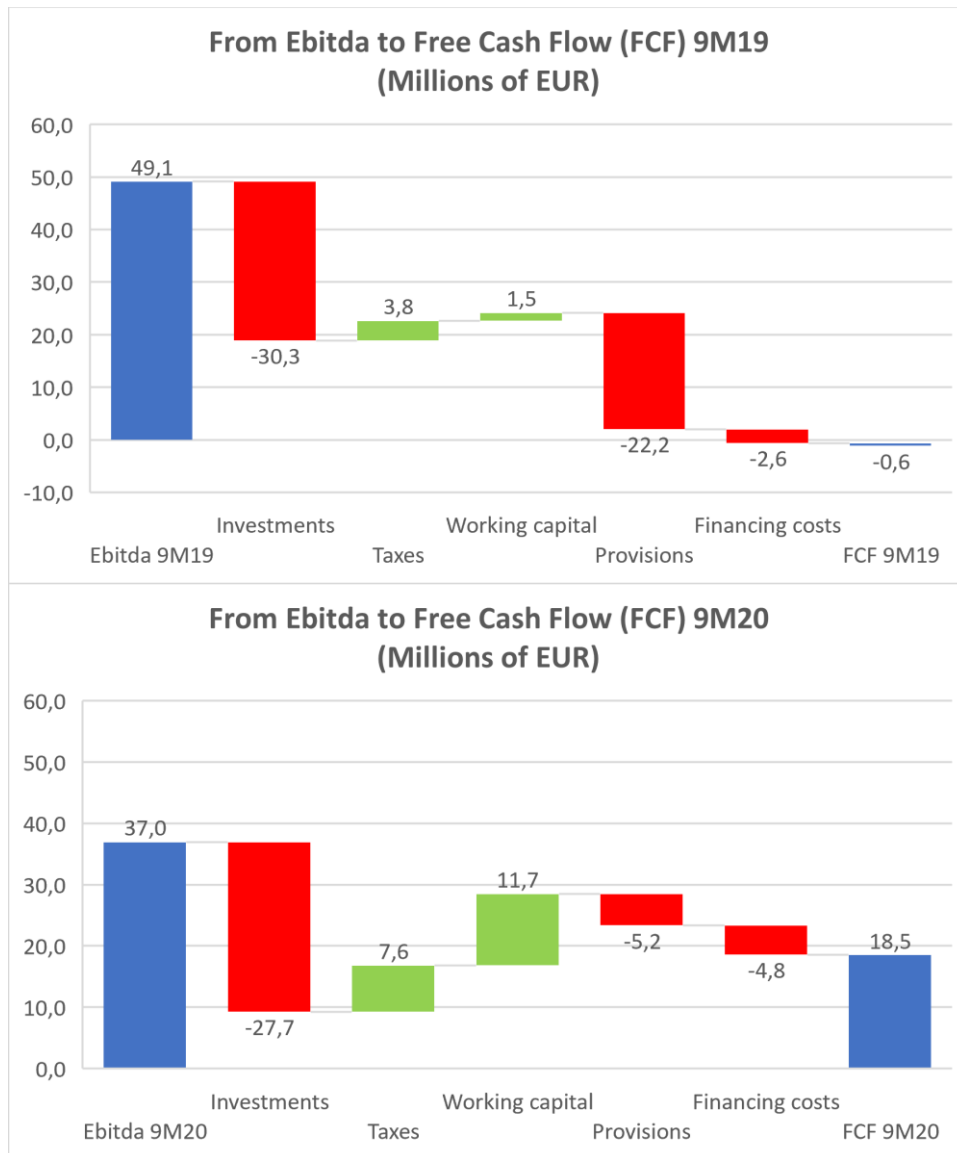
6. The drop in Ebitda from EUR 49.1 million in the first nine months of 2019 to EUR 37.0 million in the same period of 2020 was mainly due to the adverse effects of COVID-19, and to a lesser degree, to the drop in first quarter sales discussed in Point 2. The following graph measures the combined effect of these two causes. The figure “Volume” measures the net effect of fewer tonnes of products sold (EUR -18.2 million) on Ebitda. “Prices” measures the effect of the drop in prices of products sold (-34.9 million). And “VUC” measures the effect of lower variable unit costs, which is positive (45 million) and mitigates the effects of the other two. The other effects, including the variation in fixed costs, are much less relevant.



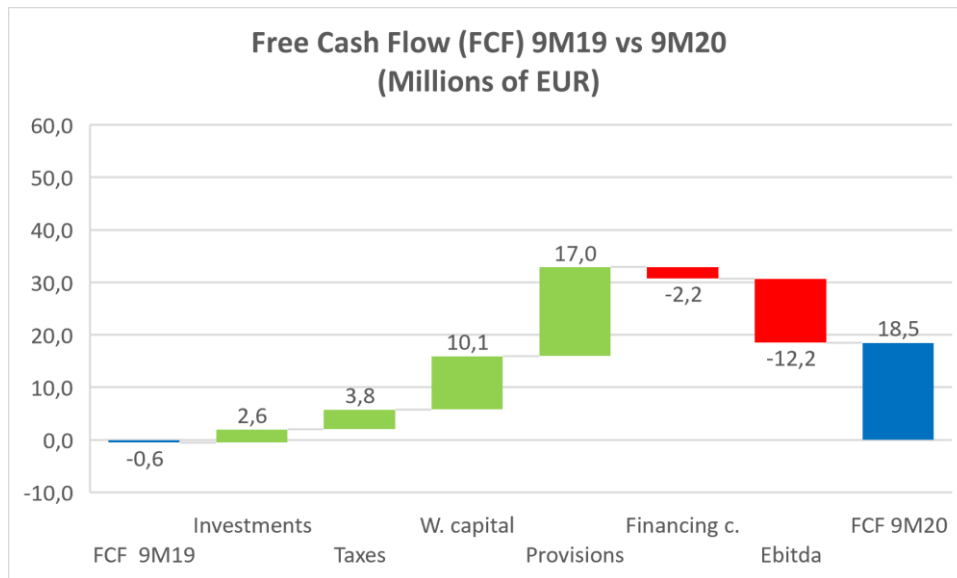
VUC: Effect of variation in Variable Unit Costs

Others: Variation in provision of services, other revenue, fixed costs and atypical costs.

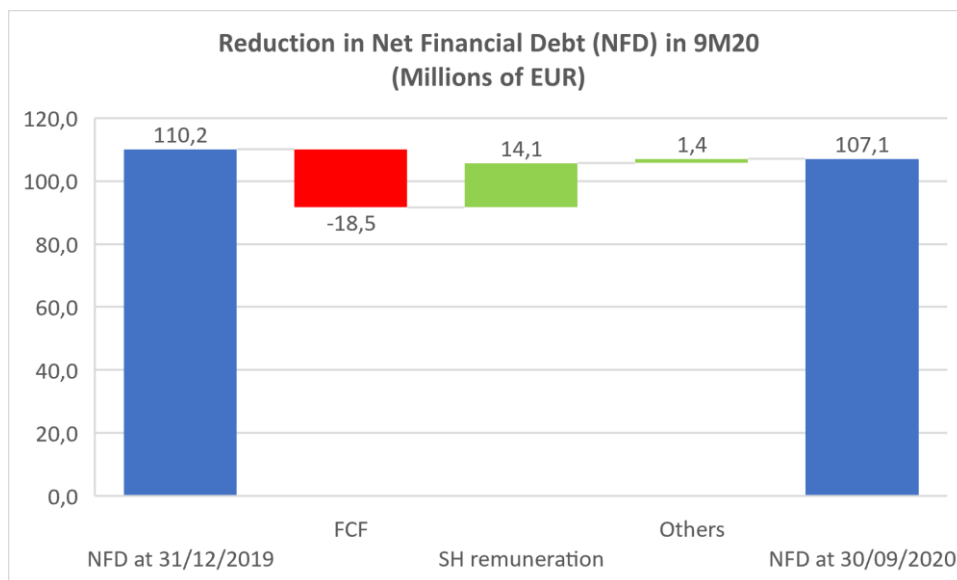
7. In the first nine months of 2020, Ercros generated a much higher Free Cash Flow (FCF) than in the same period of 2019. In 2019, starting with an Ebitda of 49.1 million, the FCF generated was negative (EUR -0.6 million). In 2020, however, starting with an Ebitda of 37 million, Ercros generated a positive and relatively significant FCF (EUR 18.5 million).



The difference in FCF in 9M20 and 9M19 is explained in the last graph of this point, which shows the FCF transition from 9M2019 to 9M2020. The causes that explain the higher FCF in 2020, starting with those that generate resources, are: (i) lower investments in 2020 than in 2019, which generated 2.6 million in FCF; (ii) lower taxes, 3.8 million; (iii) less working capital, 10.1 million; and (iv) lower provisions, 17.0 million. And following with those that detract resources are (i) higher net financing costs, -2.2 million; and (ii) lower Ebitda, -12.2 million.



8. Ercros started 2020 with EUR 110.2 million in Net Financial Debt. In the first nine months of the year, the generated free cash flow (FCF) had the effect of reducing the debt and shareholder remuneration, another of opposite direction. In total, Ercros reduced its debt by EUR 3.0 million in the first nine months of the year, bringing it down to EUR 107.1 million on 30 September 2020.



9. At 30 September 2020, Ercros had EUR 63.14 million in liquidity, EUR 22.52 million of which was in treasury and EUR 40.62 million of which was in non-drawn down lines of credit.
10. In addition to the market effects on sales, margins and results discussed above, the direct costs from COVID-19 on the first nine months of 2020 amounted to EUR 2 million, EUR 0.6 million of which went to buy protective and safety equipment, EUR 0.8 million was spent on other operating expenses related to prevention services, and EUR 0.6 million corresponded to the impairment loss in the value of financial assets (namely, receivables).

B. THE COVID-19 PANDEMIC

With a second wave still active, the COVID-19 pandemic continues to adversely affect the global economy and jeopardise the health of citizens of many countries, including Spain. From the outset of the health emergency, Ercros launched prevention measures to minimise the risk of infection for its employees by implementing strict safety protocols and work at home protocols for activities that can be performed remotely.

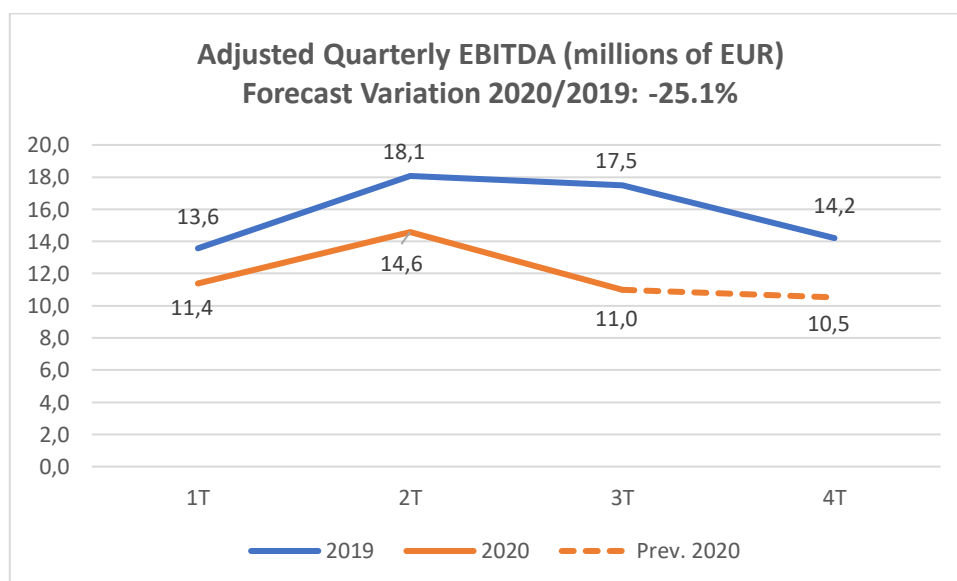
Despite the adverse impact of the pandemic, this strategy has made it possible to keep all of its facilities operational and it can still satisfy the needs of its customers.

Through its COVID-19 Tracking Committee and in close contact with its employee representatives, Ercros continuously monitors its employees' health and stays up-to-date with preventive measures in accordance with the regulations and recommendations issued by the healthcare authorities.

C. ADJUSTED EBITDA FORECAST FOR 2020

The ongoing pandemic creates uncertainties that make it difficult to provide forecasts about how Ercros will close the year. However, we believe it is important to offer the market and our shareholders an informed guide on how the adjusted Ebitda will finish, as it is the figure that is most closely related to the company's operating results.

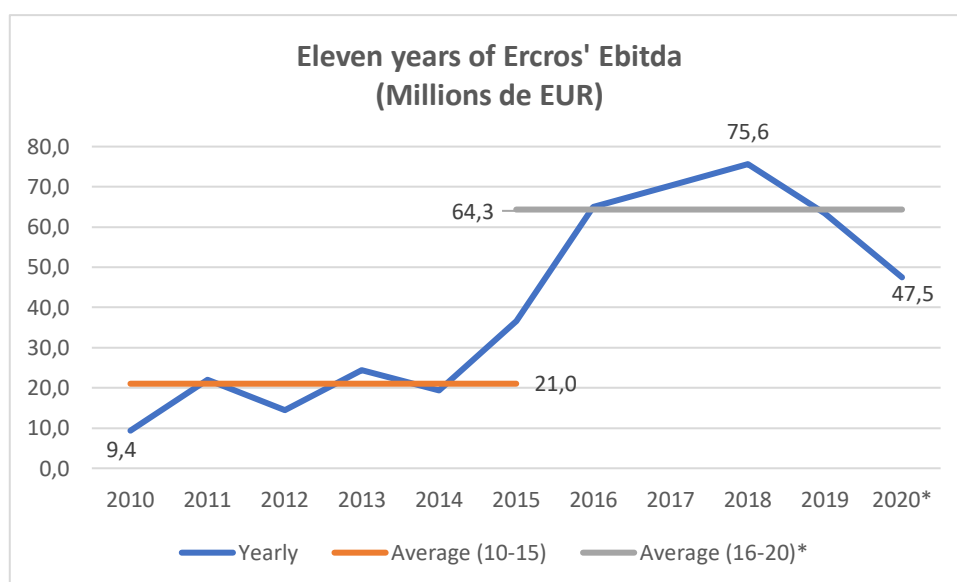
Subject to this framework of uncertainty, we expect the adjusted Ebitda for the fourth quarter of the year to be within the range of EUR [9.5 – 11.5] million, which would place the 2020 adjusted Ebitda within the range of EUR [46.5 – 48.5] million. Using the mid-point of the forecast range, the following graph shows the expected change in adjusted Ebitda for 2020.



If the severe economic context in both Spain and the world is considered, the result projected for 2020, the year of COVID-19, cannot be classified as bad. To see this, it is helpful to gain a certain temporal perspective. The following graph shows, under the assumptions of this estimate for 2020, the changes in Ercros' adjusted Ebitda over the last 11 years.

Starting in 2014, Ercros began to see significant improvement in its operating results, thanks to the work it did on modernising its productive apparatus and the subsequent gains in productivity. From an Ebitda of under EUR 20 million in 2014, Ercros reached a high of over EUR 75 million in 2018. The Group's gross results has decreased after that high, but it is important to bear in mind that Ercros had to face two significant obstacles in that period: (i) the continuous drop in prices of caustic soda and chlorine derivatives; and (ii) the outbreak of the COVID-19 pandemic.

It is important to stress that, even in the adverse circumstances of 2020, perhaps the worst that the advanced economies have had to face, its operating result is significant and well above those obtained in past times of crisis. The qualitative leap shown by the averages from 2010-15 and 2016-20 was not the result of exogenous factors occurred but rather of the restructuring effort and the improved productivity attained by the company over recent years; it is not a circumstantial effect but rather a structural change.



*Forecast

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

A structural change in which a key role was played by the **Adaptation to Technological Change Plan: Plan ACT**, which was launched in 2016 and will be completed in late December this year. And a structural change that needs to be bolstered with a new guide on how to face the challenges of the near future.

Ercros is finishing up work on a new plan that we are calling the **Diversification, Digitalisation and Decarbonisation Plan: Plan 3D**, which will be the successor to **Plan ACT**, will last five years (2021-25), and will be unveiled early next year.

The plan has three objectives: first to promote **diversification** in Ercros; second to accelerate the company's **digitalisation** process; and third to intensify the **decarbonisation** work that the company expects will pitch in to the collective global effort to halt climate change. The steps to attain the first objective will take the form of investment projects in water purification, pharmaceuticals and intermediate chemical lines of products that are expected to be launched during the plan's timeframe; the actions under the second objective will be part of the process of streamlining the company's value-added chain, which will be finalised after the plan's

timeframe; and those referring to the third objective will likewise take the form of specific investment projects implemented during the period of the plan and others that will be undertaken in the years that follow.

E. FINANCIAL STATEMENTS

The following tables present the financial statements from the first nine months of 2020, which form the basis for the ten key facts described in Section A of this press release: Consolidated income statement; Reconciliation of adjusted Ebitda; and Economic analysis of the balance sheet.

Consolidated income statement

Thousands of EUR	9M 2020	9M 2019	Variation (%)
Revenues	437,685	534,160	-18.1
Sales of finished goods	411,987	501,755	-17.9
Provision of services	15,869	23,496	-32.5
Other revenues	8,913	6,985	27.6
Reversals of provisions and other extraordinary revenues	916	1,924	-52.4
Expenses	-402,660	-487,703	-17.4
Procurements	-196,335	-263,016	-25.4
Reduction in inventories of finished goods and work in progress	-14,390	-8,974	60.4
Utilities and supplies	-52,599	-75,017	-29.9
Staff costs	-63,217	-62,391	1.3
Other operating expenses	-73,276	-73,698	-0.6
Allocations of provisions and other extraordinary expenditures	-2,843	-4,607	-
Ebitda	35,025	46,457	-24.6
Depreciation	-22,428	-19,678	14.0
Ebit	12,597	26,779	-53.0
Financial Income	-6,940	-4,943	40.4
Earnings before tax	5,657	21,836	-74.1
Income tax	-1,080	-4,531	-76.2
Profit/loss for the period	4,577	17,305	-73.6

Reconciliation of adjusted Ebitda

Thousands of EUR	9M 2020	9M 2019	Variation (%)
Ebitda	35,025	46,457	-24.6
Atypical revenue items	-916	-1,924	-52.4
Atypical expenses items	2,843	4,607	-38.3
Adjusted EBITDA	36,952	49,140	-24.8

Economic analysis of the balance sheet

Thousands of EUR	30/09/2020	31/12/2019	Variation %
Non-current assets	364,793	359,713	1.4
Working capital	43,636	64,870	-32.7
Current assets	160,184	184,470	-13.2
Current liabilities	-116,548	-119,600	-2.6
Resources used	408,429	424,583	-3.8
Net equity	282,530	292,083	-3.3
Net financial debt	107,130	110,171	-2.8
Provisions and other payables	18,769	22,329	-15.9
Origin of funds	408,429	424,583	-3.8

F. PROFIT/(LOSS) BY BUSINESS SEGMENT

By business segment, the chlorine derivatives division experienced the biggest drop in Ebitda in 9M20 compared to 9M19 (-37.5%), as both the volume of its products sold and the sales price of the most relevant products in this division fell, with the case of caustic soda (-24%) and hypochlorite (-32%) being particularly relevant. In the case of caustic soda, its price already began to trend downwards by mid-2018, once the problems of lack of availability of the product were resolved following the closure of mercury plants in Europe. With the outbreak of the pandemic, caustic soda prices increased for a short period of time coinciding with the restrictions on movement and closure of non-essential activities, which immediately resulted in decreased demand for consumer chlorine products (a co-product of caustic soda), and therefore a decrease in caustic soda supply. However, once non-essential activities were allowed again, and to the degree that the adverse effects of COVID-19 on the activities of major sectors that use caustic soda have been consolidating, two negative effects on caustic soda have arisen: on one hand, greater caustic soda supply due to the increased production of certain products such as PVC that use chlorine, and on the other hand, lower demand for caustic soda resulting from the general decline in economic activity. These two effects have pushed caustic soda prices back on a downward path: a situation that, according to specialised sectoral publications, looks like it will start to reverse in the second/third quarter of 2021.

Thus far in 2020, hypochlorite has experienced a significant drop in price because, particularly in the Iberian Peninsula, there has been an increase in supply due to an increase in installed capacity in a situation of weak demand.

The intermediate chemicals division was the area that experienced the least drop in Ebitda in the first nine months of 2020 versus the same period of 2019 (-1.4%), improving its Ebitda/sales ratio, which increased from 7.1% in 9M19 to 8.9% in 9M20. The fall in revenues from sales of products (-21.9%), the greatest in the three divisions, was almost completely offset by the drop in variable costs. On the other hand, because of the diversification of its sales, this division was able to benefit from the recovery in Asian markets after the first wave of COVID-19.

With regard to the pharmaceuticals division, even though it was the only division that increased its sales in 9M20 versus 9M19 (2.9%), its Ebitda fell by 6.9% in this period, affected in the third

quarter by the devaluation of the dollar against the euro, and due to the temporary drop in sales of one of its main products, fusidic acid, resulting from patients' decreased access to non-hospital treatments caused by the pandemic. The division's other products saw increased sales, although in some cases at lower prices and with higher raw material costs.

Profit/(Loss) of the business areas

Thousands of EUR	9M 2020	9M 2019	Variation (%)
Chlorine derivatives division			
Sales of product	251,383	309,855	-18.9
Adjusted Ebitda	19,147	30,641	-37.5
Adjusted Ebitda/sales of products (%)	7.6	9.9	-23.0
Intermediate chemicals division			
Sales of product	115,903	148,453	-21.9
Adjusted Ebitda	10,339	10,481	-1.4
Adjusted Ebitda/sales of products (%)	8.9	7.1	26.3
Pharmaceuticals division			
Sales of product	44,701	43,447	2.9
Adjusted Ebitda	7,466	8,018	-6.9
Adjusted Ebitda/sales of products (%)	16.7	18.5	-9.5

Barcelona, 13 November 2020