NOTE OF ERCROS RESULTS
FIRST HALF 2024

(30-07-2024)

Ercros obtains 21 million ebitda and EUR 1 million profit

- **In the first half of 2024, Ercros obtains a contribution of EUR 125 million, an adjusted ebitda of EUR 21 million and a profit of EUR 1 million.**

- **These results have been achieved despite European demand that continues to show signs of weakness, with very volatile markets and subject to strong competition.**

- **Ercros maintains a solid financial situation, with EUR 135 million of liquidity.**

- **The ordinary general meeting of shareholders, held on June 28, approved the payment of a dividend of EUR 9.6 cents per share charged to 2023 profits. This dividend was made effective on July 10.**

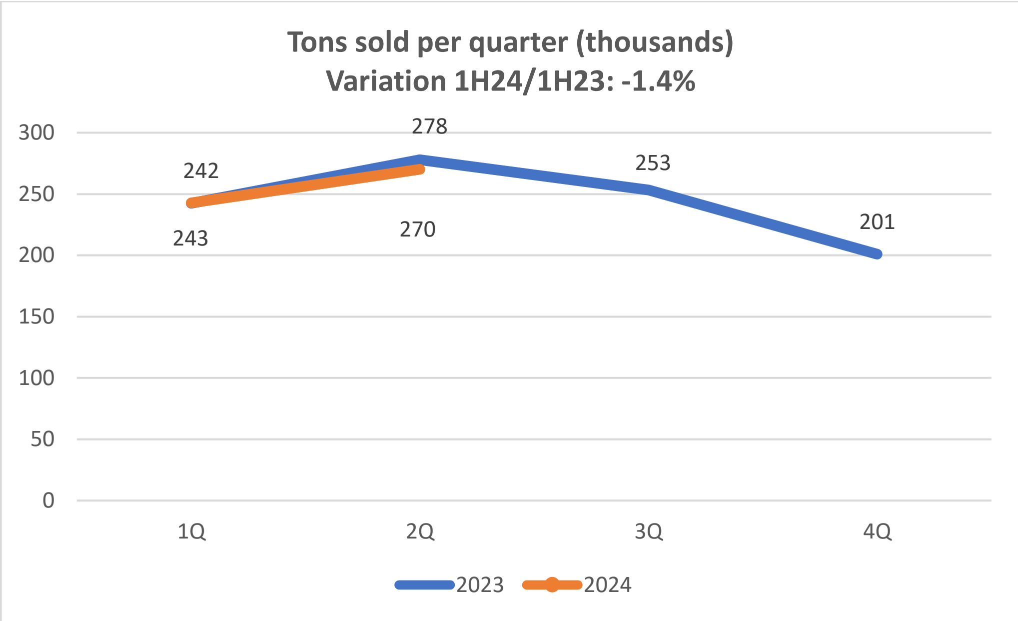
- **As a consequence of the payment of the dividend, both Bondalti Ibérica, S.L.U. as Esseco Industrial, S.P.A. have adjusted downwards the prices of the respective takeover bids for the acquisition of 100% of the shares of Ercros, S.A. going from EUR 3.60 and EUR 3.84 per share to EUR 3.505 and EUR 3.745 per share, respectively.**

- **The consensus of specialized publications delays the recovery of demand in the European chemical industry, initially planned for the first half of 2024, to 2025.**

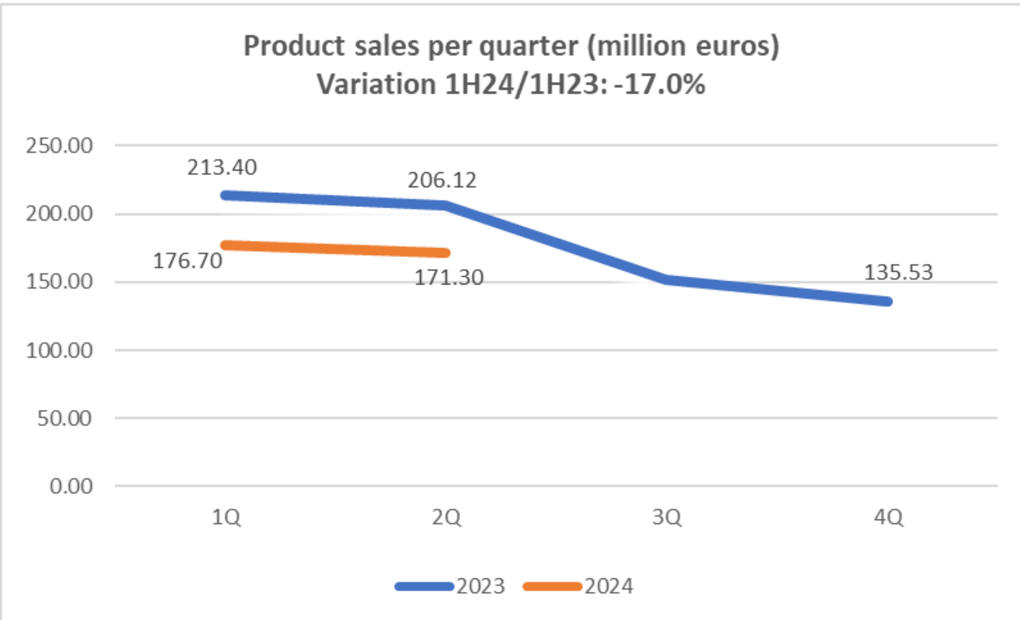
- **In any case, Ercros will continue to execute the 3D Plan in order to advance in the digitalization and decarbonization of its processes and operations, it will maintain its presence in all the markets in which it operates and will take advantage of the opportunities that arise to defend its margins.**

A. KEY FACTS OF THE 2024 FIRST HALF

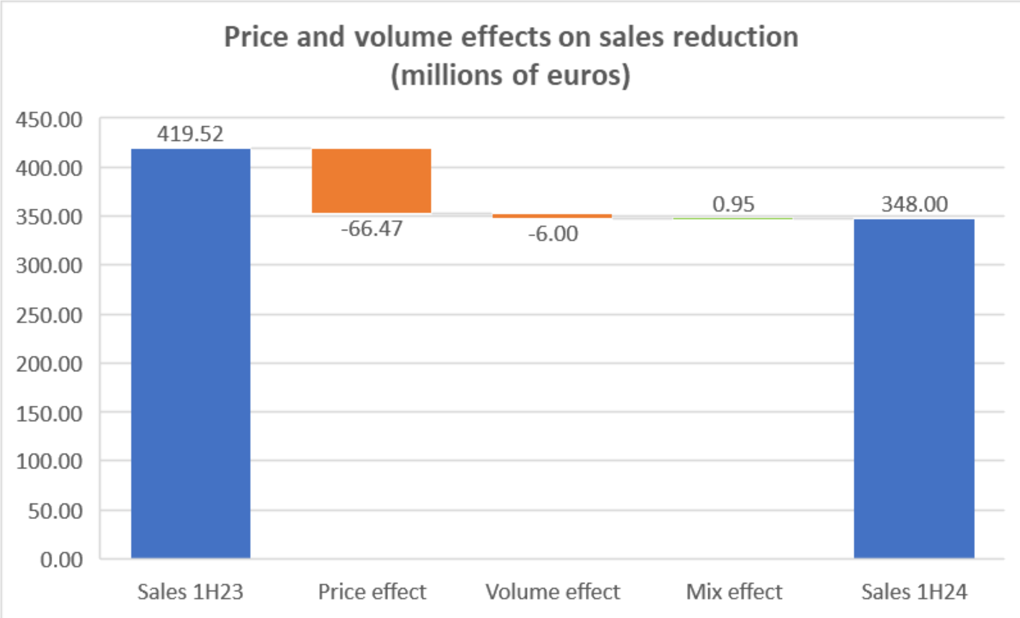
1. In the first half of 2024 (1H24) Ercros sold 513 thousand tons of products, an amount slightly lower than the 520 thousand tons sold in the same period of 2023 (1H23): a decrease of 1.4%.



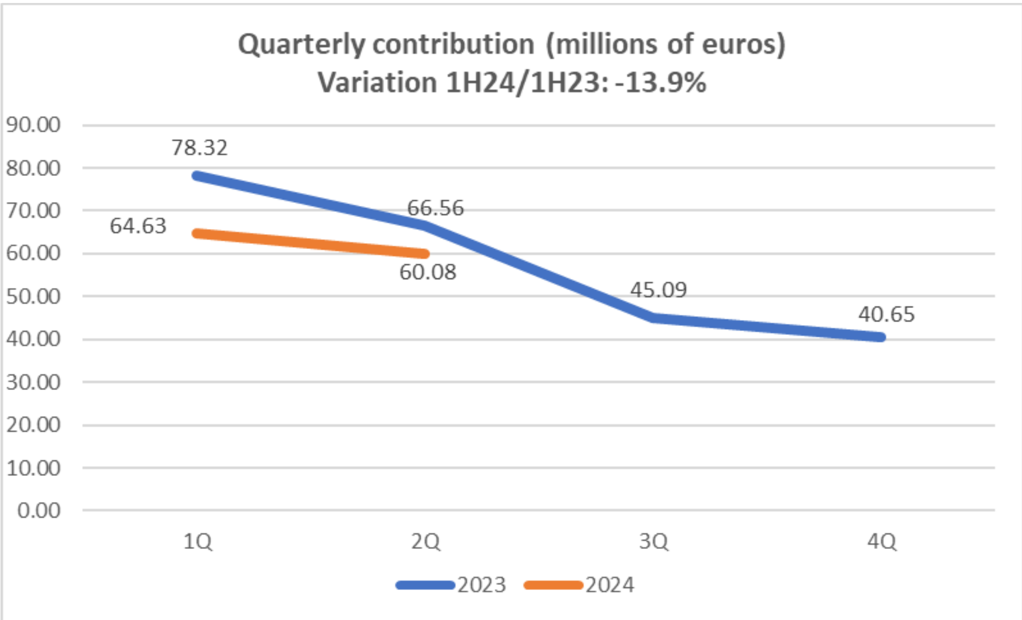
2. The total amount of product sales in 1H24 totalled EUR 348.00 million compared to the EUR 419.52 million reached in 1H23: a decrease of EUR 71.52 million, equivalent to a drop of 17.0%. Percentagewise, sales fall more than tons, which anticipates a significant negative price effect.



3. Indeed, of the EUR 71.52 million in which sales decreased, the fall in the average price per ton explains EUR 66.47 million (92.9%) and the lower volume of tons sold explains EUR 6.00 million (8.4%). The mix effect is of the opposite sign and explains the remaining -1.3%.

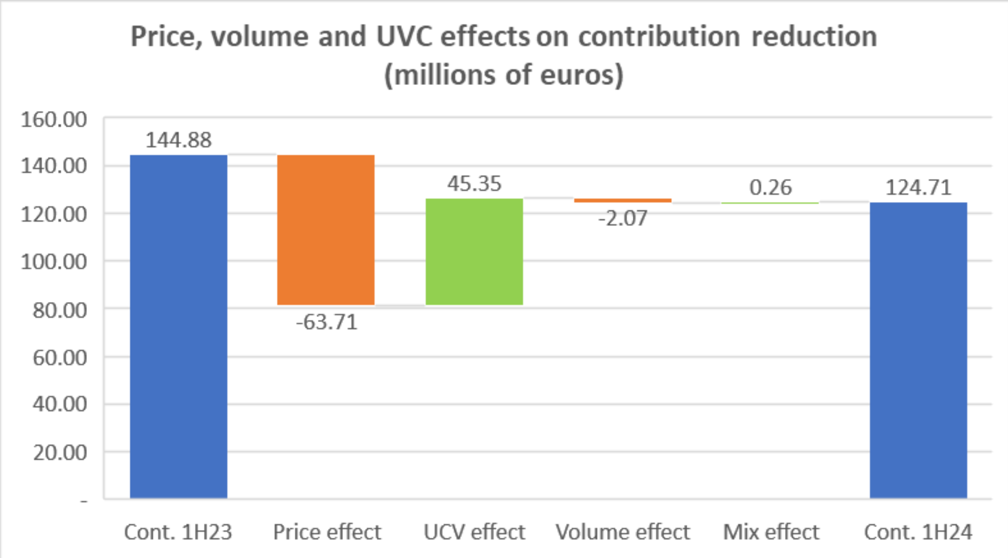


4. The contribution generated by the sales of products and the provision of services amounted to EUR 124.71 million in 1H24, compared to the EUR 144.88 million reached in 1H23; a decrease of 13.9%. This reduction is the result of a drop in sales plus the provision of services greater than the drop in variable costs (EUR 68.93 million versus EUR 48.76 million, respectively), due to the drop in the average price per ton.

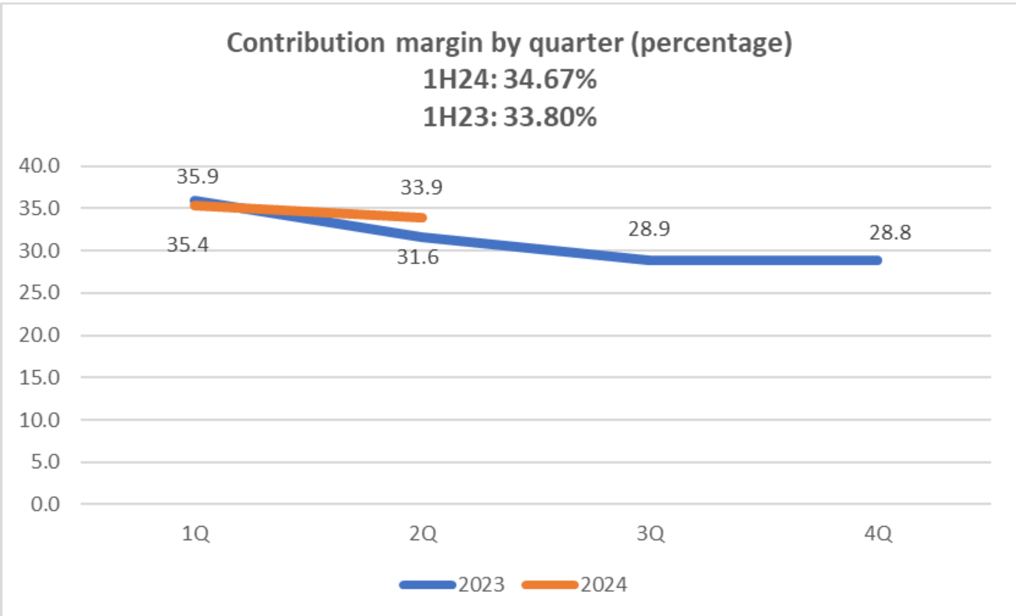


Contribution: (product sales + provision of services – procurements – supplies + stock variation).

5. Regarding the contribution, 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 the unit variable cost (UVC) incurred in the manufacture of these products. In 1H24, the negative price effect of EUR -63.71 million exceeded, in absolute terms, the positive UVC effect of EUR 45.35 million. The net effect of price and UVC amounts to EUR -18.36 million and explains 91.0% of the EUR -20.17 million in which the contribution varies. The remaining 9% is explained by the volume effect, of EUR -2.07 million (10.3%), and the mix effect, of EUR 0.26 million (-1.3%).

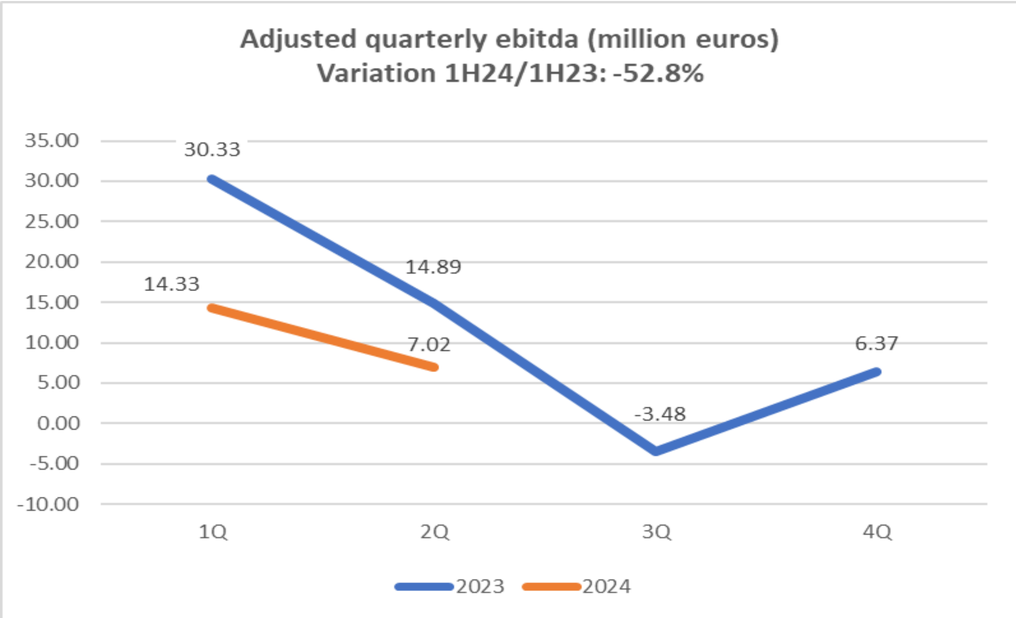


6. The contribution margin (contribution divided by the sum of product sales plus the provision of services) increased from 33.80% achieved in 1H23 to 34.67% in 1H24. A variation of 0.87 percentage points, due to the decrease in the relative weight of variable costs, which in 1H23 represented 66.20% of sales (plus the provision of services) and in 1H24 represented 65.33%.



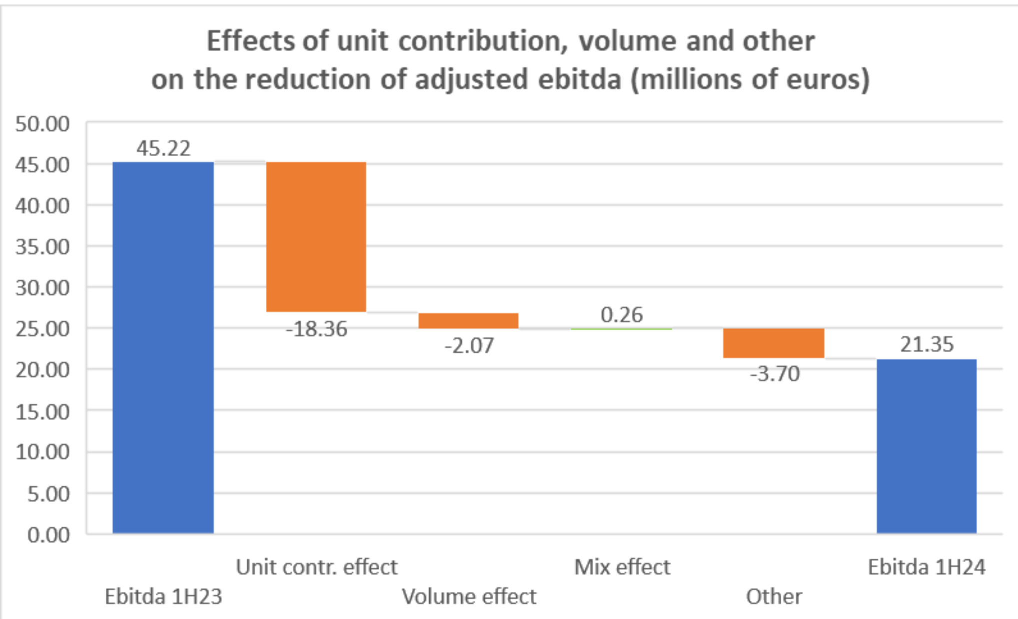
Contribution margin: contribution / (product sales + provision of services).

7. The adjusted ebitda for 1H24 was EUR 21.35 million compared to EUR 45.22 million in 1H23; a reduction of EUR 23.87 million (-52.8%), greater than the reduction of EUR 20.17 million in the contribution due to, among others, higher personnel costs and other operating expenses.



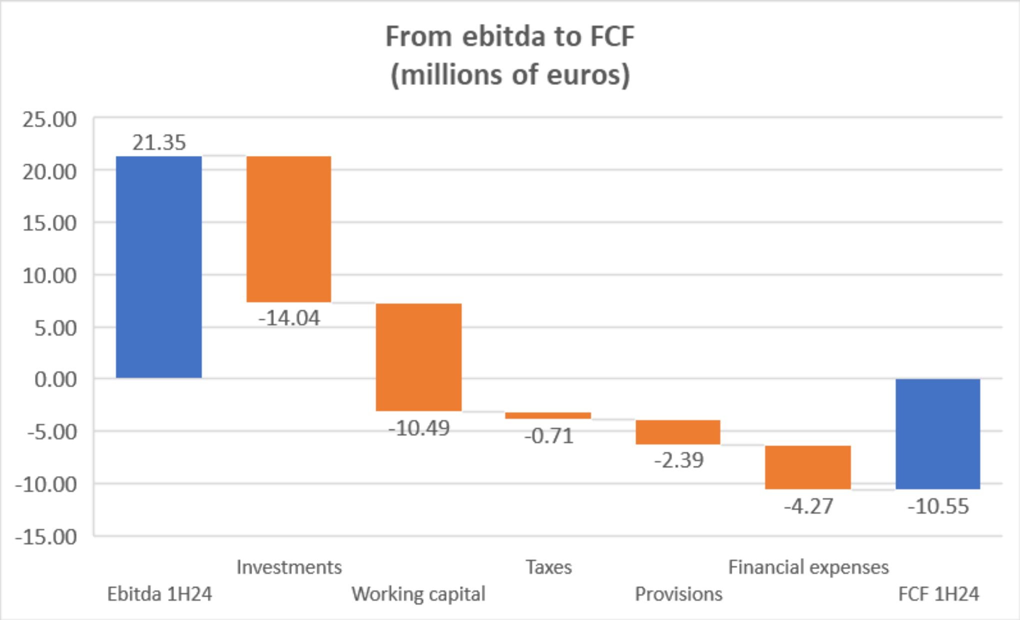
Adjusted ebitda: ebitda excluding atypical items. See the "Ebitda reconciliation" table in Section B of this results note.

8. Compared to 1H23, the reduction in 1H24 adjusted ebitda of EUR -23.87 million is due to: (i) the effect of the unit contribution of EUR -18.36 million, due to the average sales price falling more than the UVC, which explains 76.9%; (ii) the volume effect of EUR -2.07 million, which explains 8.7%; and (iii) the mix effect of EUR 0.26 million, which explains -1.1%. The rest of EUR -3.70 million, which explains 15.5% of the drop in ebitda, includes the net effect of the variation in other expenses and income, among which personnel expenses stand out, EUR -4.08 million; transportation, EUR 1.05 million; and others, for EUR -0.67 million.

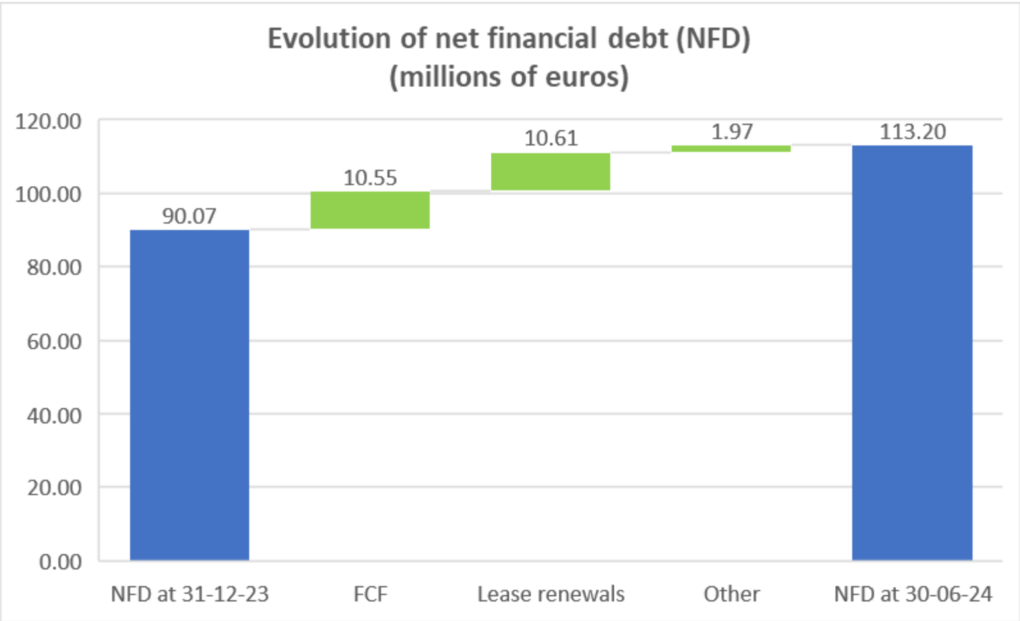


Other: variation in service provision, other income, fixed and atypical costs.

9. The free cash flow (FCF) generated in 1H24 amounted to EUR -10.55 million, the result of subtracting from the ebitda of EUR 21.35 million: EUR 14.04 million of investment; EUR 10.49 million increase in working capital; EUR 0.71 million taxes; EUR 2.39 million provision payments; and EUR 4.27 million net financial expenses.



10. Ercros began 2024 with EUR 90.07 million of net financial debt (NFD). Throughout 1H24, debt increased by EUR 10.55 million due to the negative FCF generated in said period; in EUR 10.61 million for the lease renewal; and EUR 1.97 million for other minor causes. In total, Ercros increased its net financial debt by EUR 23.13 million, placing it at EUR 113.20 million as of June 30, 2024.



11. As of June 30, 2024, Ercros had liquidity amounting to EUR 135.30 million, of which EUR 44.87 million corresponded to treasury and EUR 90.43 million to undrawn financing lines.

B. INTERIM FINANCIAL STATEMENTS

Profit and loss account for the first half of 2024

In relation to the 1H24 profit, it is worth highlighting, in addition to what is indicated in Section A of this note, the following:

The service provision heading increased 28.6% compared to 1H23 due, among others, to the impact in 1H24 of revenue from the new active response service to electricity demand. Other income decreased by 5.1%, mainly due to the reduction in the value of free CO_2 emission rights.

The combined amount of procurements plus the variation in stocks of finished products and in progress decreased by 12.8% compared to the same period of the previous year, a percentage lower than the drop in sales of finished products (17.0%) due to the sharp drop in the average sales price per ton. Supplies, for their part, decreased by 29.5% due, mainly, to the cheaper electricity and gas.

Personnel expenses increased by 8.8% compared to 1H23, mainly due to the 10.3% salary increase, applied with effect from January 1, 2024, based on the salary guarantee clause of the chemical agreement for excess of CPI from the years 2021 to 2023 compared to the increase made in said period.

The other operating expenses heading barely increased 0.2% compared to 1H23.

The provisions and other extraordinary expenses decreased by 66.7% compared to 1H23 as a result, mainly, of the lower costs incurred for soil recovery and environmental remediation.

Amortizations decreased 3.1% compared to 1H23.

The negative financial result increased by 11.6%, mainly due to the increase in financial costs derived from the increase in interest rates.

Income tax revenue is derived mainly from the activation of tax deductions that have been credited to the Public Treasury in 1H24.

Balance sheet

Non-current assets decreased by EUR 9.43 million, mainly due to: in a negative sense, (i) the short-term reclassification of the balance of EUR 19.33 million that appeared as non-current assets on December 31, 2023, to be collected from the Public Treasury for the ruling of the Constitutional Court that annulled certain precepts of Royal Decree-Law 3/2016; and in a positive sense, (ii) the increase in the balance of the rights to use leased assets, for EUR 6.46 million, and (iii) the increase in the property, plant and equipment heading, for EUR 3.07 million.

Working capital increased by EUR 22.76 million, which is the net balance of the increase in current assets, amounting to EUR 37.11 million, less the increase in current liabilities, amounting to EUR 14.35 million. Current assets increased mainly due to: (i) the reclassification of the account receivable from the Public Treasury mentioned in the previous paragraph, for EUR 19.33 million; (ii) the increase in accounts receivable from clients, for EUR 31.07 million; and (iii) the reduction of inventories and other current assets, for EUR 13.29 million. For their part, current liabilities increased by EUR 14.35 million due to: (i) the dividend approved by the shareholders' meeting, amounting to EUR 8.78 million (paid on July 10); (ii) the attendance bonus, amounting to EUR 0.33 million (paid on July 25); and (iii) the increase in other accounts payable, by EUR 5.24 million.

Net equity decreased by EUR 7.71 million, as the net result of, on the one hand, adding the profit for the period, amounting to EUR 1.40 million; and, on the other hand, with a negative sign, the payment of the bonus for attendance at the meeting, amounting to EUR 0.33 million, and the dividend, amounting to EUR 8.78 million.

Net financial debt increased by EUR 23.13 million. As noted above, the factors that raised it were: (i) the negative free cash flow generated, of EUR 10.55 million; (ii) the renewal of long-term rental contracts, of EUR 10.61 million; and (iii) other non-monetary variations, in the amount of EUR 1.97 million.

Provisions and other debts decreased by EUR 2.09 million, mainly due to payments associated with the dismantling of facilities and various environmental remediations.

Shareholder remuneration

The general meeting of shareholders, held on June 28, 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 payment. As noted above, the dividend was paid on July 10.

Regarding the benefit of Ercros S.A. for fiscal year 2023, of EUR 26.83 million, the dividend of EUR 8.78 million represented a payout of 32.7%.

Voluntary public takeover bids

On March 5, Ercros received a voluntary public takeover bid for 100% of the shares by Bondalti Ibérica, S.L.U. at a price of EUR 3.60 per share which has been adjusted, after the distribution of the dividend, to EUR 3.505 per share.

In turn, on June 28, the company received another takeover bid for 100% of the shares by Esseco Industrial, S.P.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 CNMV's processing of the takeover bid of Esseco Industrial, S.P.A. will not begin until the administrative procedures of the takeover bid of Bondalti Ibérica, S.L.U shall be finished.

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

If any of the aforementioned takeover bids are successful, or another that may occur, and give rise to a change of control of Ercros, certain lines of financing, as well as supply agreements with suppliers and sales with customers, could be declared expired or, where appropriate, require the provision of guarantees.

PROFIT AND LOSS ACCOUNT

Thousands of euros	**1H24**	**1H23**	**%**
Activities that continue			
Income	**371,020**	**440,511**	**-15.8**
Sale of finished products	347,996	419,524	-17.0
Service provision	11,682	9,085	28.6
Other income	11,153	11,750	-5.1
Reversal of provisions and other extraordinary income	189	152	24.3
Expenses	**-350,539**	**-398,320**	**-12.0**
Procurements	-168,469	-195,353	-13.8
Reduction of stocks of finished and in-progress products	-13,834	-13,679	1.1
Supplies	-52,668	-74,699	-29.5
Transportation	-22,799	-23,845	-4.4
Personal expenses	-50,372	-46,292	8.8
Other operating expenses	-41,336	-41,267	0.2
Provisions and other extraordinary expenses	-1,061	-3,185	-66.7
Ebitda	**20,481**	**42,191**	**-51.5**
Amortization	-15,615	-16,107	-3.1
Ebit	**4,866**	**26,084**	**-81.3**
Financial results	-4,768	-4,272	11.6
Profit before tax	**98**	**21,812**	**-99.6**
Income tax	1,297	-4,060	-131.9
Period profit from continuing activities	**1,395**	**17,752**	**-92.1**
Net loss for the period of discontinued operations	-	-1,213	-
Period profit	**1,395**	**16,539**	**-91.6**

ADJUSTED EBITDA RECONCILIATION

Thousands of euros	**1H24**	**1H23**	**%**
Ebitda	**20,481**	**42,191**	**-51.5**
Atypical income items	-189	-152	24.3
Atypical expense items	1,061	3,185	-66.7
Adjusted ebitda	**21,353**	**45,224**	**-52.8**

ECONOMIC ANALYSIS OF THE BALANCE SHEET

Thousands of euros	30-06-24	31-12-23	Variation	%
Non-current assets	**409,721**	**419,152**	**-9,431**	**-2.3**
Working capital	**86,973**	**64,218**	**22,755**	**35.4**
Current assets	206,638	169,527	37,111	21.9
Current liabilities	-119,665	-105,309	-14,356	13.6
Resources used	**496,694**	**483,370**	**13,324**	**2.8**
Net equity	**355,405**	**363,115**	**-7,710**	**-2.1**
Net financial debt	**113,195**	**90,070**	**23,125**	**25.7**
Provisions and other debts	**28,094**	**30,185**	**-2,091**	**-6.9**
Source of funds	**496,694**	**483,370**	**13,324**	**2.8**

DETAILS OF NET FINANCIAL DEBT

Thousands of euros	30-06-24	31-12-23	Variation	%
Loans	100,152	108,831	-8,679	-8.0
Financial lease creditors	15,784	9,260	6,524	70.5
Financing of working capital	44,164	13,158	31,006	235.6
Gross financial debt	**160,100**	**131,249**	**28,851**	**22.0**
Treasury	-44,871	-39,145	-5,726	14.6
Deposits	-2,034	-2,034	-	-
Net financial debt	**113,195**	**90,070**	**23,125**	**25.7**

C. BUSINESS RESULTS

Globally, the weakness in demand from the chemical sector that began in mid-2022 has continued in 1H24. In the case of Ercros, this situation has resulted in lower sales prices, which have not been compensated for by the lower prices of energy and raw materials compared to 1H23.

In this context, the efforts of Ercros' businesses have continued to be aimed at adapting the production rate to demand, while defending, as far as possible, margins in a situation of highly volatile markets subject to strong competition.

In 1H24, the volume of products marketed by the **chlorine derivatives division** experienced a reduction of 2.9% compared to 1H23. The division's sales fell by 23.2%, due to the fall in the average selling price (21.2%) that affected the main products. This reduction in average selling prices could not be offset by the reduction in the costs of raw materials and energy. As a result, the division's ebitda fell by 75.7% and placed the ebitda/sales ratio at 4.4%, 9.5 points below the 13.9% obtained in 1H23.

In the **intermediate chemicals division,** compared to 1H23, sales fell by 4.8%, and the average price of the division's products also fell by 7.3%, effects that, in this case, were offset by the decrease in raw material and energy costs. As a result, the division's ebitda increased by EUR 4.01 million and the ebitda /sales ratio stood at 10.5%, compared to 6.3% in 1H23.

The **pharmaceuticals division** also reduced its sales compared to 1H23 by 7.9%, because the sales prices only increased by 2.6%, while the volume of products sold decreased by 10.2%. The improvement in selling prices was joined by a slight reduction in the price of raw materials, which resulted in an ebitda increase in 1H24 by EUR 1.26 million, compared to EUR 0.34 million in 1H23.

During 2023, the pharmaceuticals division obtained authorization for the manufacture of new sterile products (micronized fusidic acid and sodium fusidate) as well as the approval of registrations for the sale of famotidine in China and erythromycin dihydrate base in Australia and the USA. In addition, this division launched a new presentation of compacted fosfomycin trometamol on the market and concluded the validation of the new plant for erythromycin salts extraction: ethylsuccinate, stolate and stearate. In 1H24, it obtained authorization from the Spanish Medicines Agency for the new extraction plant and the GMP certificate for the manufacture and sale of gentamycin and erythromycin salts. Throughout the second half of this year, it expects to obtain certification for the manufacture and sale of vancomycin (the other antibiotic produced in the new extraction plant).

RESULTS BY BUSINESS

Thousands of euros	1H24	1H23	%
Chlorine derivatives division			
Product sales	210,768	274,260	-23.2
Adjusted ebitda	9,229	38,021	-75.7
Adjusted ebitda/product sales (%)	4.4	13.9	-68.4
Intermediate chemicals division			
Product sales	103,961	109,157	-4.8
Adjusted ebitda	10,869	6,861	58.4
Adjusted ebitda/product sales (%)	10.5	6.3	66.3
Pharmaceuticals division			
Product sales	33,267	36,107	-7.9
Adjusted ebitda	1,255	342	267.0
Adjusted ebitda/product sales (%)	3.8	0.9	298.3

D. COMPLIANCE WITH THE 1H24 FORECAST

Except for the profit forecast, which has been exceeded by the actual result, in all other concepts the forecasts for 1H24, issued on June 26, have been met. Closer to the lower bound for adjusted ebitda and product sales, and closer to the upper bound for contribution.

COMPARISON OF FORECAST VERSUS REAL RESULT

Millions of euros	Forecast	Real
Sales of finished products	345-355	348.0
Contribution	120-125	124.7
Adjusted ebitda	20-25	21.4
Benefit	(-2)-0	1.4

E. FORECAST FOR THE REST OF THE YEAR

For the European chemical sector, the consensus of specialized publications delays the start of the demand recovery, initially planned for 1H24, and places it throughout 2025.

In this environment of high uncertainty, weak demand and strong international competition, the company's margins and volumes have continued to be negatively affected in 1H24.

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

Barcelona, July 30, 2024