

NOTE ON ERCROS'S RESULTS FIRST QUARTER 2023

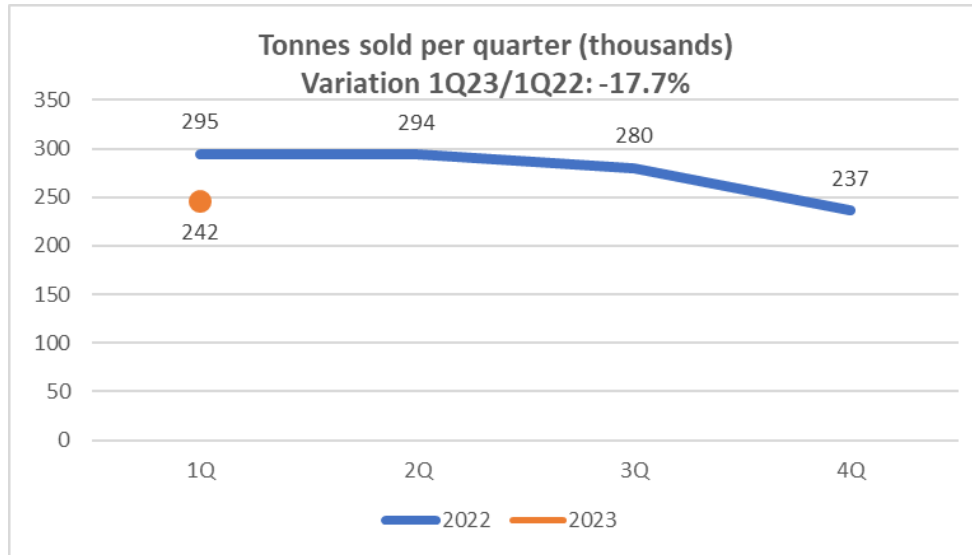
(03-05-2023)

Ercros starts 2023 with good results

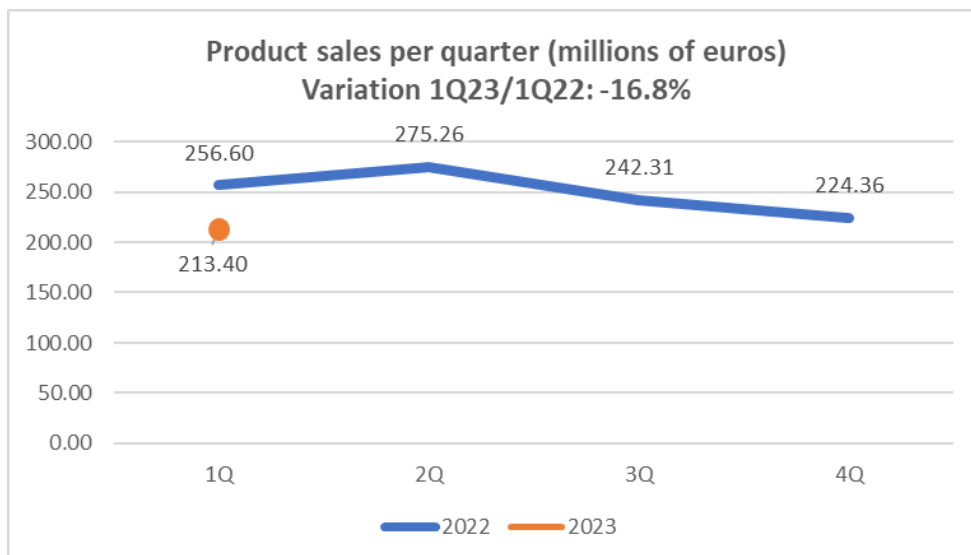
- In the first quarter of 2023, Ercros maintained its contribution at around 80 million, obtained an adjusted ebitda of 30 million and achieved a profit of 13 million.
- These results were achieved despite a European demand that continues to show signs of weakness, with highly volatile markets subject to increasing competition.
- Ercros maintains a solid financial position, with 162 million euros of liquidity.
- If the next general shareholders' meeting so decides, Ercros will pay a dividend of 15 cents of euro per share, which will mean a payout for the company of 13.72 million euros, and will redeem repurchased shares in the amount of 18.76 million euros. A total shareholder remuneration of 32.48 million euros, 50% of the 2022 profit of Ercros S. A., which was 64.97 million euros.
- The general consensus of the specialized publications is that the performance of the European chemical industry in 2023 will be weaker than that observed in 2022. This situation will gradually correct itself in 2024. We will have to await the progress of the current year to be able to give more precise forecasts.
- In any case, Ercros will continue to implement the 3D Plan, maintain its presence in all the markets in which it operates, and take advantage of the opportunities that arise to defend its margins.

A. KEY EVENTS IN THE FIRST QUARTER OF 2023

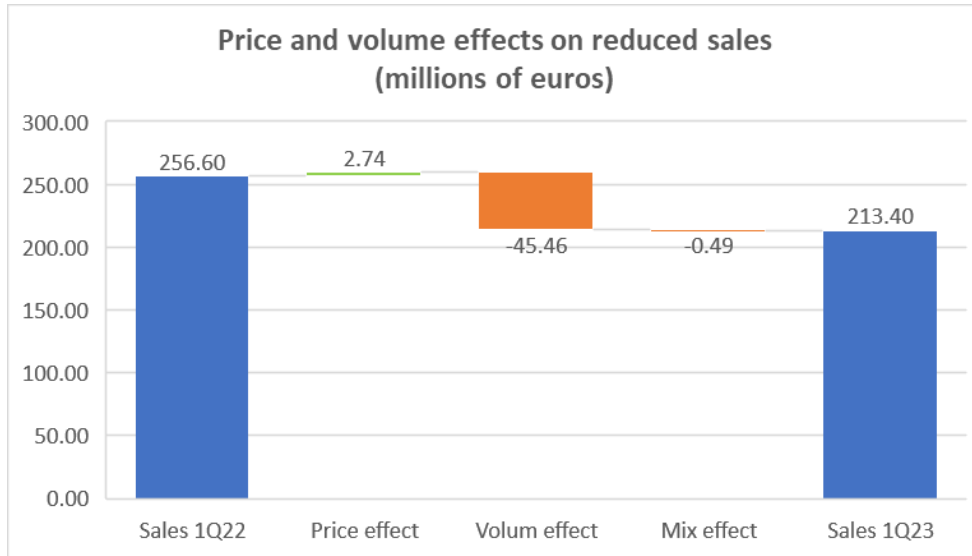
1. In the first quarter of 2023 (1Q23), Ercros sold 242,000 tonnes of products compared to 295,000 tonnes sold in the same period of 2022 (1Q22): a 17.7% decrease. This decrease follows the pattern already started in mid-2022 and highlights the volume effect normally associated with a supply shock (increased energy costs) as stark as the one experienced in the chemical sector after the outbreak of the war in Ukraine.



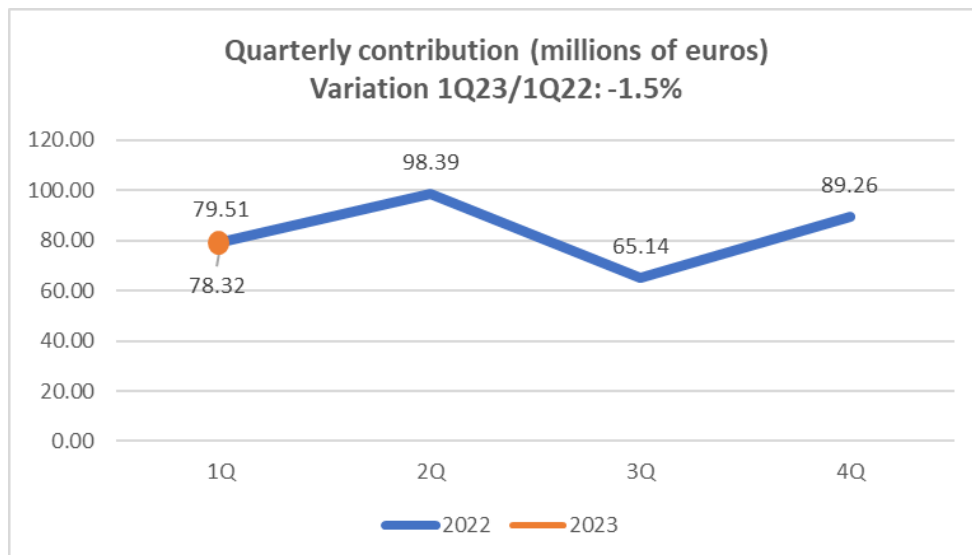
2. Total product sales in 1Q23 amounted to EUR 213.40 million versus EUR 256.60 million in 1Q22: a decrease of EUR 43.20 million, equivalent to a fall of 16.8%. The similar percentage drop in sales and tonnes suggests that the variation in sales in 1Q23 was mainly due to a volume effect and that the variation in prices was very small.



3. Of the EUR 43.20 million decrease in sales, the lower volume of tonnes sold accounts for EUR 45.46 million (105.2%). The drop in sales in 1Q23 compared to 1Q22 was entirely due to the decrease in volume sold. The price effect was positive, EUR 2.74 million, but very small in relative terms (-6.3%), as was the mix effect, EUR 490 thousand (1.1%).

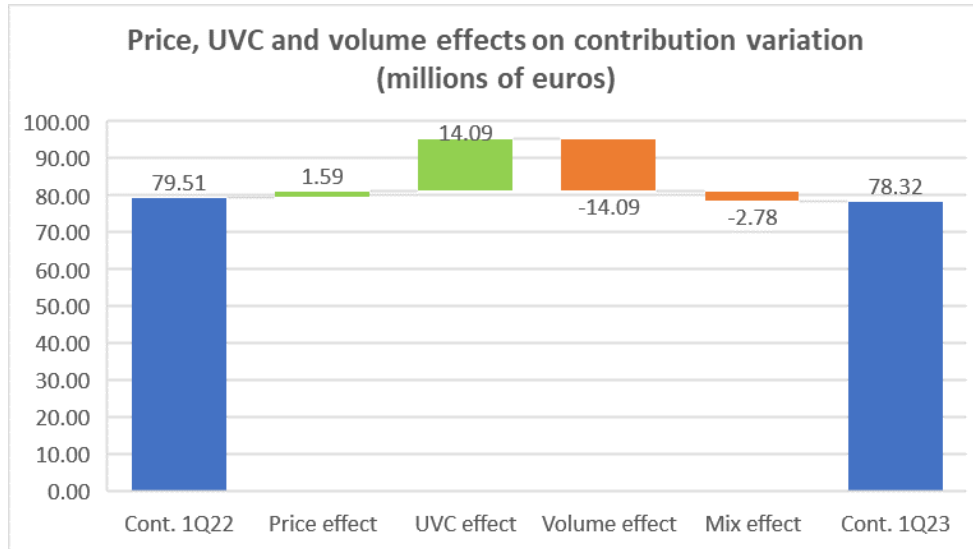


4. The contribution generated by sales of products and services amounted to EUR 78.32 million in 1Q23, compared to EUR 79.51 million in 1Q22, a 1.5% decrease. This small reduction is the result of a fall in sales plus services almost equal to the fall in variable costs (45.37 million vs. 44.18 million, respectively) due to the relatively favourable energy prices during the first quarter of the year.

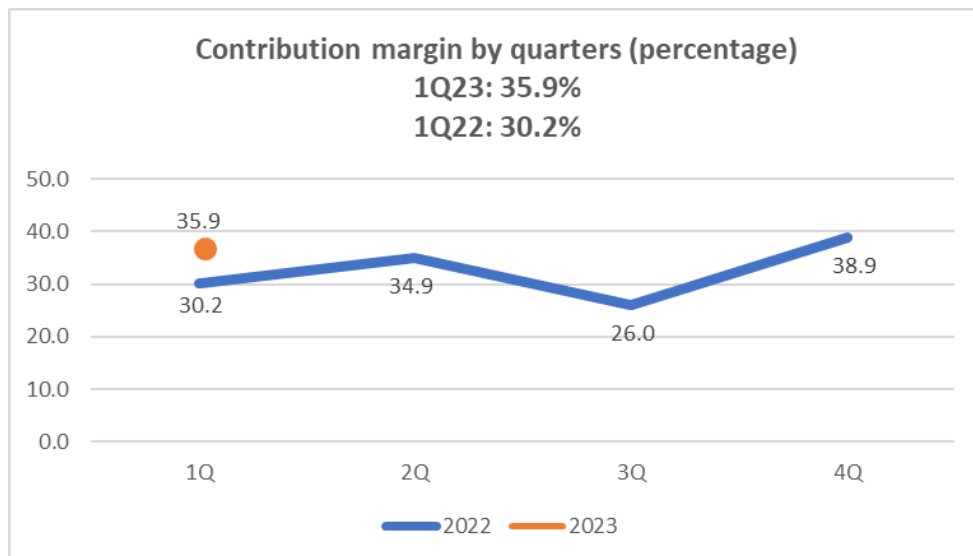


Contribution: (sales of products + provision of services - provisions - supplies + change in inventories).

5. Compared to 1Q22, the small variation in the 1Q23 contribution (EUR -1.19 million) was due to the fact that the sum of the price effect (1.59 million) plus the unit variable cost effect (UVC) (14.09 million) was, in absolute terms, almost the same as the sum of the volume and mix effects (-14.09 and -2.78 million, respectively). In other words, in 1Q23 the negative effect of the lower volume sold was completely offset by the positive unit variable cost, so that the small variation in contribution compared to 1Q22 is explained exclusively by the sum of the price and mix effects.

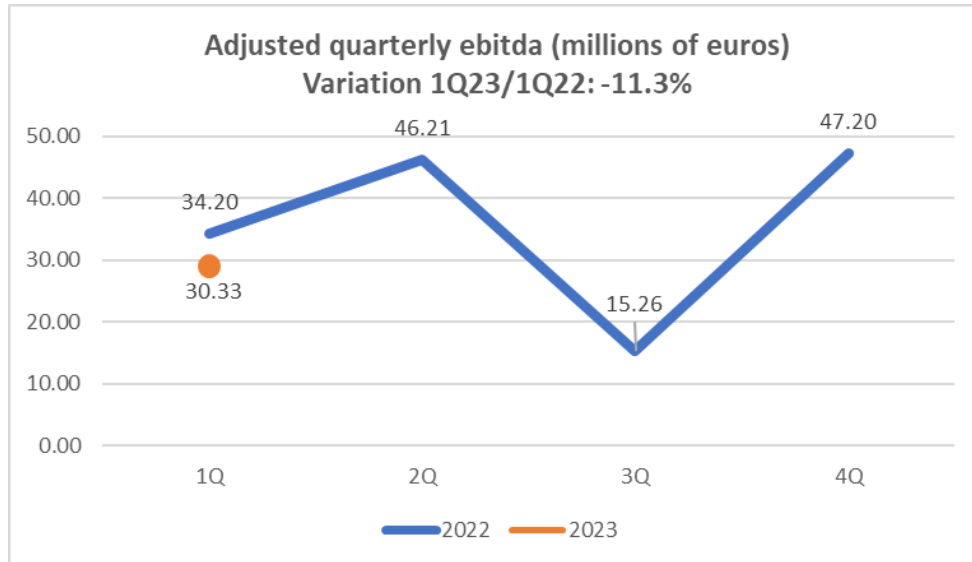


6. The contribution margin (contribution divided by the sum of product sales plus services rendered) increased from 30.2% in 1Q22 to 35.9% in 1Q23. This was a variation of 5.7 percentage points, due to the reduction in variable costs, which in 1Q22 represented 69.8% of sales (plus the provision of services) and in 1Q23 represent 64.1%, mainly due to lower energy costs.



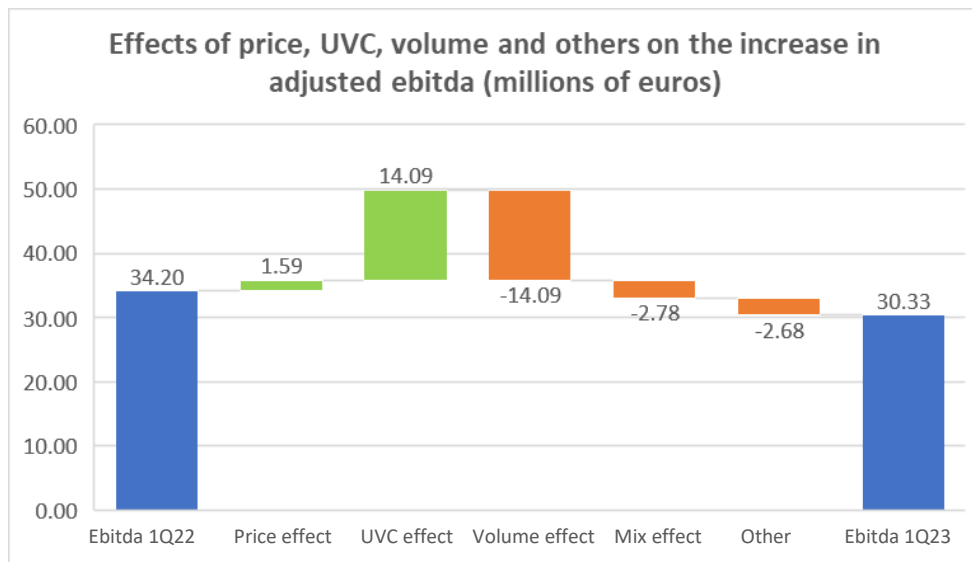
Contribution margin: contribution/ (product sales + services rendered).

7. Adjusted ebitda for 1Q23 was EUR 30.33 million compared to EUR 34.20 million in 1Q22, a EUR 3.87 million decrease (-11.3%), which is slightly higher than the EUR 1.19 million reduction in contribution due to, among others, higher personnel costs, and lower revenues from free CO₂ allowances.



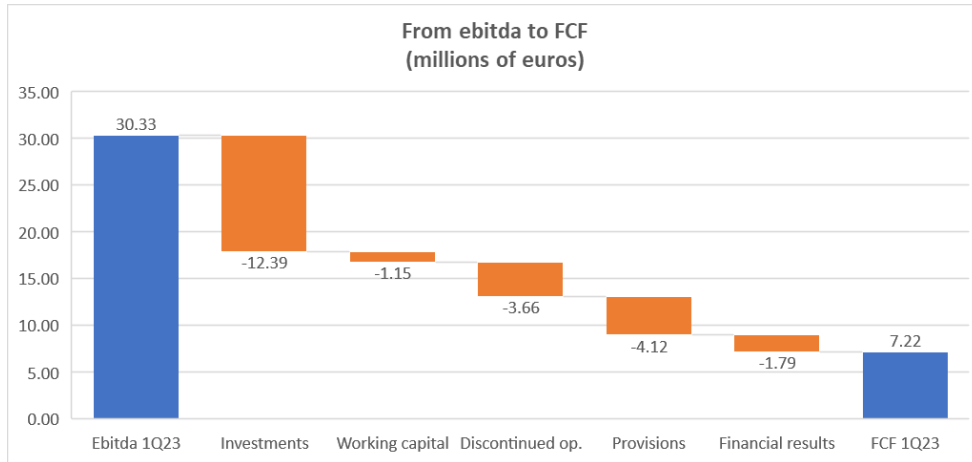
Adjusted ebitda: ebitda excluding atypical items. See 'Ebitda reconciliation' in section C of this income statement.

8. Compared to 1Q22, the variation in adjusted ebitda in 1Q23 of EUR -3.87 million was due to the reduction in contribution, which in the graph below is represented by the price, UVC, volume and mix effects, with a net effect on ebitda of EUR -1.19 million, and others of EUR -2.68 million, which is the net effect of the variation in other expenses and revenues.

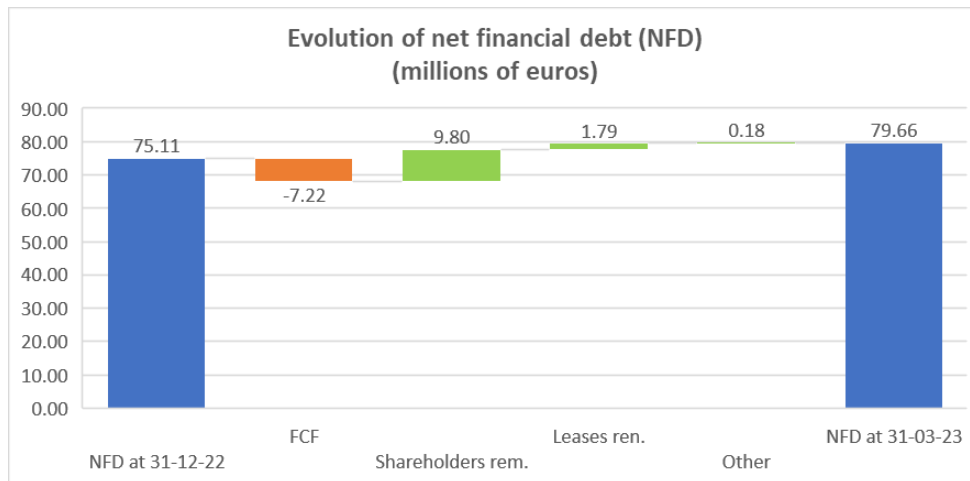


Other: variation in services rendered, other revenues, fixed costs and atypical costs.

9. Free cash flow (FCF) generated in 1Q23 amounted to EUR 7.22 million, the result of subtracting from the 1Q23 ebitda of EUR 30.33 million: 12.39 million from investment; 1.15 million from working capital; 3.66 million from discontinued operations (closure of the Flix dicalcium phosphate plant); 4.12 million from provisions; and 1.79 million from net financial profit/loss.



10. Ercros started 2023 with EUR 75.11 million euros in net financial debt (NFD). Over the course of 1Q23, the debt fell by EUR 7.22 million due to the free cash flow generated in that period, and it increased: 9.80 million due to shareholder remuneration; 1.79 million due to the renewal of leases; and 0.18 million due to other minor causes. In total, Ercros increased its net financial debt by EUR 4.55 million, bringing it to EUR 79.66 million at 31 March 2023.



11. At 31 March 2023, Ercros had EUR 161.60 million in liquidity, EUR 56.72 million of which was cash and EUR 104.88 million of which was undrawn loan facilities.

B. INTERIM FINANCIAL STATEMENTS

Income statement for the first quarter of 2023

As regards the profit for the first quarter of 2023, the following should be noted in addition to what was noted in Section A of this note:

Services rendered decreased by 31.5% due to lower customer demand for these services, and a reduction in their price resulting from lower energy costs passed on. Other revenues decreased by 14.7%, mainly due to the reduction in the value of free CO₂ emission allowances.

The combined amount of supplies plus the change in inventories of finished goods and work in progress fell by 19.5%, slightly more than the fall in sales of finished goods (16.8%) due to lower raw material prices. Supplies, on the other hand, decreased by 33.5%, mainly due to lower electricity prices.

Personnel expenses increased by 8% compared to 1Q22 due to: the growth of the average workforce by 0.5%; the salary increase of the collective agreement by 2%; the improvements to the collective agreement agreed in June 2022 for the period 2021-23; and the increase in social security contributions.

Other operating expenses remained virtually unchanged from the first quarter of 2022.

Provisions and other extraordinary expenses increased by 41.5% compared to 1Q22 mainly as a result of provisions set aside for soil remediation based on the latest available information on environmental remediation commitments and obligations.

Depreciation and amortisation increased by 6.8% compared to 1Q22 due to higher depreciation of rights of use of leased assets and tangible fixed assets derived from investments made.

The financial losses increased by 71.5% due to: (i) exchange differences, which were negative in 1Q23, compared to positive exchange differences in 1Q22; (ii) higher financial costs due to higher interest rates; and (iii) higher bank fees.

The lower income tax expense was due to the lower profits.

Other comprehensive income

There was no movement in this heading in 1Q23. In 1Q22, the amount, net of tax, of the transfer of the settlement of the cash flow hedges on the purchase of electricity contracted for 2022 to the income statement was recorded, as were the changes in value experienced by the hedge in the period.

Balance sheet

In 1Q23, the non-current assets barely increased compared to year-end 2022, as investments in the quarter amounted to a similar amount as depreciation and amortisation. Working capital increased by EUR 7.1 million, mainly due to an increase in receivables and a decrease in payables, despite a reduction in inventories.

Equity increased by EUR 2.92 million, the net result of, on the one hand, the profit for the period of EUR 12.72 million and, on the other hand, with the opposite sign, buybacks of treasury shares in the amount of EUR -9.80 million.

Net financial debt increased by EUR 4.55 million. The factors that raised it were: (i) the share buy-back of EUR 9.80 million; (ii) the renewal of long-term rental contracts of EUR 1.79 million; and (iii) other non-cash changes for EUR 0.18 million. And the decreasing factor was the free cash flow generated, amounting to 7.22 million.

Shareholder remuneration

As at 31 March 2023, Ercros, S.A. had acquired 4,866,581 treasury shares for redemption as part of the shareholder remuneration charged to the 2022 profit, with a payout of EUR 17.45 million. On 13 April, the Company completed the planned repurchase against the 2022 profit, having acquired a total of 5,162,990 shares for a total of EUR 18.76 million. The redemption of these shares is expected to be approved at the 2023 Annual General Meeting.

Therefore, the shares that will be entitled to receive the dividend of EUR 0.15 per share, which will be proposed to the ordinary general meeting, amount to 91,436,199, which will mean a disbursement for the company of EUR 13.72 million, which completes a total shareholder remuneration of EUR 32.48 million between share repurchase and dividend.

As regards Ercros S.A.'s 2022 profits, 64.97 million euros, the share buyback represents 28.9% and the dividend 21.1%. A total payout of 50%.

INCOME STATEMENT

| Thousands of euros | 1Q 23 | 1Q 22 | % |
|--|-----------------|-----------------|--------------|
| Ongoing activities | | | |
| Income | 223,957 | 270,691 | -17.3 |
| Sale of finished goods | 213,397 | 256,599 | -16.8 |
| Services rendered | 4,713 | 6,876 | -31.5 |
| Other income | 5,815 | 6,815 | -14.7 |
| Reversal of provisions and other extraordinary income | 32 | 24 | 33.3 |
| Increased inventories of finished goods and work in progress | - | 377 | - |
| Expenses | -196,090 | -238,227 | -17.7 |
| Procurements | -95,996 | -124,755 | -23.1 |
| Decreased inventories of finished goods and work in progress | -4,182 | - | - |
| Supplies | -39,613 | -59,583 | -33.5 |
| Staff costs | -22,853 | -21,162 | 8.0 |
| Other operating expenses | -30,951 | -30,964 | 0.0 |
| Allocation of provisions and other extraordinary expenses | -2,495 | -1,763 | 41.5 |
| Ebitda | 27,867 | 32,464 | -14.2 |
| Depreciation and amortisation | -7,890 | -7,385 | 6.8 |
| Ebit | 19,977 | 25,079 | -20.3 |
| Financial Income | -2,667 | -1,555 | 71.5 |
| Profit/(Loss) before tax | 17,310 | 23,524 | -26.4 |
| Income taxes | -3,371 | -4,466 | -24.5 |
| Profit for the period from ongoing operations | 13,939 | 19,058 | -26.9 |
| Net loss from discontinued operations | -1,213 | -1,873 | -35.2 |
| Profit for the period | 12,726 | 17,185 | -25.9 |

RECONCILIATION OF ADJUSTED EBITDA

| Thousands of euros | 1Q 23 | 1Q 22 | % |
|------------------------|---------------|---------------|--------------|
| Ebitda | 27,867 | 32,464 | -14.2 |
| Atypical income items | -32 | -24 | 33.3 |
| Atypical expense items | 2,495 | 1,763 | 41.5 |
| Adjusted ebitda | 30,330 | 34,203 | -11.3 |

TOTAL COMPREHENSIVE PROFIT/LOSS

| Thousands of euros | 1Q 23 | 1Q 22 | % |
|---|---------------|---------------|--------------|
| Profit for the period | 12,726 | 17,185 | -25.9 |
| Other comprehensive income- Items that will subsequently be reclassified as profit or loss for the year | - | -2,066 | - |
| Total comprehensive profit/loss | 12,726 | 15,119 | -15.8 |

ECONOMIC ANALYSIS OF THE BALANCE SHEET

| Thousands of euros | 31/03/2023 | 31/12/2022 | Variation | % |
|--------------------------------------|----------------|----------------|---------------|-------------|
| Non-current assets | 393,459 | 393,040 | 419 | 0.1 |
| Working capital | 82,843 | 77,349 | 5,494 | 7.1 |
| Current assets | 240,239 | 241,119 | -880 | -0.4 |
| Current liabilities | -157,396 | -163,770 | 6,374 | -3.9 |
| Resources used | 476,302 | 470,389 | 5,913 | 1.3 |
| Net equity | 363,634 | 360,710 | 2,924 | 0.8 |
| Net financial debt | 79,659 | 75,110 | 4,549 | 6.1 |
| Provisions and other payables | 33,009 | 34,569 | -1,560 | -4.5 |
| Origin of funds | 476,302 | 470,389 | 5,913 | 1.3 |

DETAIL OF NET FINANCIAL DEBT

| Thousands of euros | 31/03/2023 | 31/12/2022 | Variation | % |
|----------------------------------|----------------|----------------|--------------|------------|
| Loans | 103,939 | 85,007 | 18,932 | 22.3 |
| Obligations under finance leases | 12,178 | 12,324 | -146 | -1.2 |
| Working capital financing | 22,300 | 38,096 | -15,796 | -41.5 |
| Gross financial debt | 138,417 | 135,427 | 2,990 | 2.2 |
| Cash and Banks | -56,724 | -58,283 | 1,559 | -2.7 |
| Deposits | -2,034 | -2,034 | - | - |
| Net financial debt | 79,659 | 75,110 | 4,549 | 6.1 |

C. BUSINESS PERFORMANCE

European economic activity continues to grow in aggregate terms, mainly due to the good performance of the services sector. However, the sharp rise in the price of energy in 2022 and its effect on industrial prices has weakened the demand for products in this sector, a weakening that has been evident since mid-2022 and which has not been helped by the rise in interest rates by central banks.

The weakness of the industrial sector, coupled with a warm winter in Europe, led to an easing of gas and electricity prices. But this improvement was not enough to fully offset the impact of the drop in demand.

Against this backdrop, the efforts of Ercros' businesses continued to focus on adapting production rates to demand, while defending margins in a situation of highly volatile markets and growing competition. In 1Q23, Ercros was able to take advantage of, on the one hand, the easing of energy costs (due to the sharp reduction in industrial consumption, the mild winter weather, increased production of renewable energy and improved gas supplies to Europe); and, on the other hand, reduced supply from its European competitors, to maintain its sales volume and margins as much as possible. This strategy enabled it to achieve a contribution of EUR 78.32 million, only EUR 1.19 million less than in 1Q22.

In 1Q23, the volumes sold by the **chlorine derivatives** division fell by 14.8% versus 1Q22. It should be recalled that the contract to supply chlorine to an external customer ended in 2022, which reduced the 1Q23 sales volumes as this chlorine is now being used to produce the company's own dichloroethane (EDC).

The division's sales fell by 14.3%, a similar percentage to the drop in volumes, as the average selling price remained in line with 1Q22, although with different behaviour between products. While the price of caustic soda remained above the 1Q22 price, the price of PVC was below the 1Q22 price.

The division's ebitda thus increased by 6.4% and its ebitda/sales ratio reached 19.8%, 3.8 points higher than the 16.0% obtained in 1Q22.

The **intermediate chemicals division**, after an exceptional year in 2021 and the first part of 2022, has been affected by lower consumption of durable goods, which was already evident in 2022, and by a toughening of competition. Compared to 1Q22, sales fell by 27.1%, and the average price of the division's products also fell by 3%. As a result of all this, the EBITDA/sales ratio stood at 4.1%, compared to the 8.3% reached in 1Q22, very far from the average values for this division in recent years.

The **pharmaceuticals** division is the only one that increased its sales compared to 1Q22, although its volume of products sold decreased by 4.9%, while its selling prices increased by 7.5%. Continued pressure from raw material costs has resulted in the division reporting a negative ebitda of EUR 0.34 million in 1Q23. The division's margins are expected to start to recover in 2Q23, as the reduction in raw material prices that is starting to be observed materialises.

In 3Q22, the division started selling three new products: erythromycin dihydrate, micronised famotidine and sterile fosfomicin with citrus. In 4Q22, commercial channels were opened in new markets. On the other hand, is expected in 2023, as already mentioned in previous notes, progress on the required approval for the manufacture and marketing of other new products, including vancomycin, gentamycin and sterile fusidic acid, which should contribute to the recovery of results.

BUSINESS PERFORMANCE

| Thousands of euros | 1Q 23 | 1Q 22 | % |
|--|---------|---------|--------|
| Chlorine derivatives division | | | |
| Product sales | 142,094 | 165,732 | -14.3 |
| Adjusted ebitda | 28,171 | 26,468 | 6.4 |
| Adjusted ebitda/product sales (%) | 19.8 | 16.0 | 24.1 |
| Intermediate chemicals division | | | |
| Product sales | 53,739 | 73,698 | -27.1 |
| Adjusted ebitda | 2,193 | 6,097 | -64.0 |
| Adjusted ebitda/product sales (%) | 4.1 | 8.3 | -50.7 |
| Pharmaceuticals division | | | |
| Product sales | 17,564 | 17,169 | 2.3 |
| Adjusted ebitda | -34 | 1,638 | -102.1 |
| Adjusted ebitda/product sales (%) | -0.2 | 9.5 | -102.0 |

D. FORECAST FOR THE REST OF 2023

Since the last forecast (2022 earnings release of 22 February 2023), the consensus of the specialised publications has shifted towards greater caution regarding the recovery of the European chemicals sector. From a recovery from the beginning of the second half of 2023, it is now expected that the current weakness will continue until the end of the year and then gradually improve over the course of 2024.

The high level of uncertainty that still persists and the limited perspective offered by the course of a single quarter make it advisable to wait for the progress of the current year to be able to offer more precise forecasts.

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

Barcelona, 03 May 2023