

REPORT OF THE BOARD OF DIRECTORS ON THE NEW PROPOSAL FOR THE APPLICATION OF THE 2023 PROFIT (Item 2 of the agenda of the meeting)

1. Purpose of the report

The board of directors of Ercros, S.A. ("Ercros" or "the Company"), meeting on 25 April 2024, has approved this explanatory report accompanying the new proposal for the application of the 2023 result to be submitted, under item two of the agenda, to vote at the ordinary general meeting of shareholders, convened for 27 June 2024, at Avenida Diagonal, 514, 6th floor, 08006 Barcelona, at 12:00 noon, on first call, and, if the necessary quorum is not present, for June 28, 2024, at the same place and time, on second call.

2. Rationale for the new proposal

The board of directors, at its meeting on 23 February 2024, proposed to allocate the profit for the 2023 financial year, in part to the distribution of a dividend (23.9% of the result), and in the other part to the purchase of treasury shares (8.6%; a total payout of 32.5%), which would begin after the holding of the general meeting, with the remainder of the 2023 profit allocated to voluntary reserves; all of this is in accordance with the provisions of the shareholder remuneration policy approved by the general meeting:

Thousands of euros	Fiscal year 2023
Distribution basis:	
Profit for the year	26,825,633.79
Application:	
Dividend payments (EUR 0.07 per share)	6,400,533.93
To voluntary reserves	20,425,099.86

However, the advent of the public voluntary takeover offer of the Company by Bondalti Ibérica, S.L.U., advises modifying the proposal for the application of the result for the year 2023, so that there is only a proposal for the distribution of dividends, which would include the amount planned for the purchase of treasury shares, and the rest of the profit for the year being allocated to voluntary reserves.

In this regard, the board of directors considers it appropriate to revoke the resolution proposing the application of the 2023 profit, agreed at its meeting on 23 February 2024 and, instead, to propose to the Company's general meeting the following application of the result for the year ended 31 December 2023:

Thousands of euros	Fiscal year 2023
Distribution basis:	
Profit for the year	26,825,633.79
Application:	
Dividend payments (EUR 0.096 per share)	8,777,875.10
To voluntary reserves	18,047,758.69

The amount earmarked for the payment of the dividend would be an estimated amount at the date of this proposal. At the time of the call of the general meeting of shareholders, the final amount of 0.096 euros would be established for each of the shares entitled to receive a dividend.

In accordance with the shareholder remuneration policy, the board of directors considers it appropriate to allocate 32.7% of the profit for the year to dividends, proposing the payment of 0.096 euros per share with the right to dividend. At the end of the year, the number of shares that have the right to receive a dividend is 91,436,199 shares, which are those currently in circulation.

3. Proposal submitted to the general meeting for approval under the corresponding agenda item

The literal content of the proposed resolution submitted for approval by the ordinary general meeting of shareholders under item two of the agenda is as follows:

"Second

Examination and approval, if applicable, of the proposed distribution of individual profit obtained by Ercros, S.A., which includes the distribution of a dividend in the amount of EUR 0.096 gross per share, payable on 10 July 2024, all for the year ended 31 December 2023.

To approve the application of the individual result obtained by Ercros, S.A. for the year ended December 31, 2023, which is a profit of 26,825,633.79 euros, in accordance with the following:

Euros	Fiscal year 2023
Distribution basis:	
Earnings for the year	26,825,633.79
Application:	
Dividend payments	8,777,875.10
Subject to capitalization	-
Voluntary reserves	18,047,758.69

The proposed dividend payment is EUR 0.096 gross for each Ercros share held and represents a payout of 32.7% of the profit obtained by the Company in the 2023 financial year.

The dividend will be paid on 10 July 2024, through the entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("Iberclear"), and for this purpose the board of directors, with express power of substitution,

will be empowered to designate the entity that must act as payment agent and carry out the other actions necessary or convenient for the successful completion of the distribution.”

Daniel Ripley Soria
Secretary of the board of directors of Ercros

Barcelona, 25 April 2024