

NOTE TO THE ERCROS PROFIT/(LOSS)
FIRST NINE MONTHS OF 2022 (9M22)

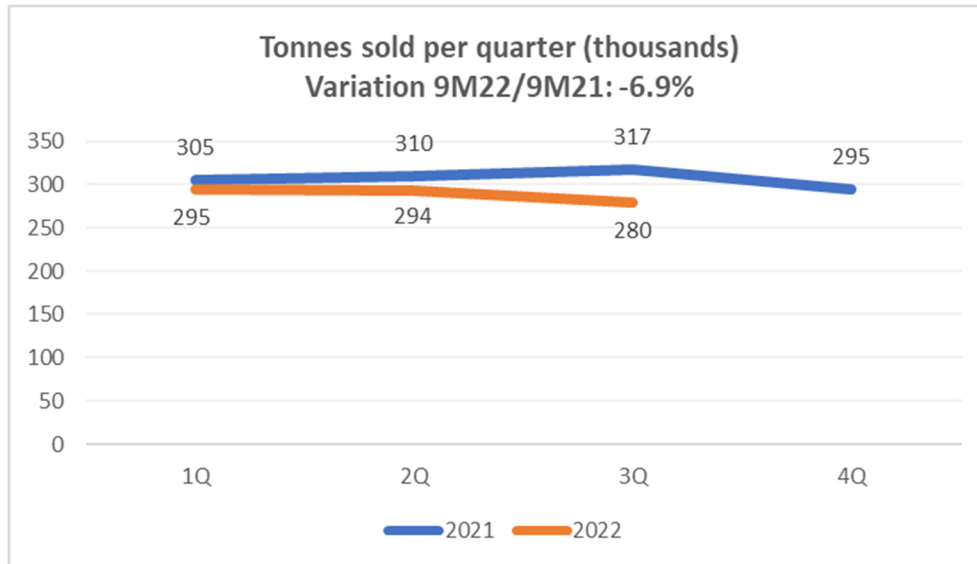
(09-11-2022)

Ercros: 44% higher ebitda and 93% higher profit

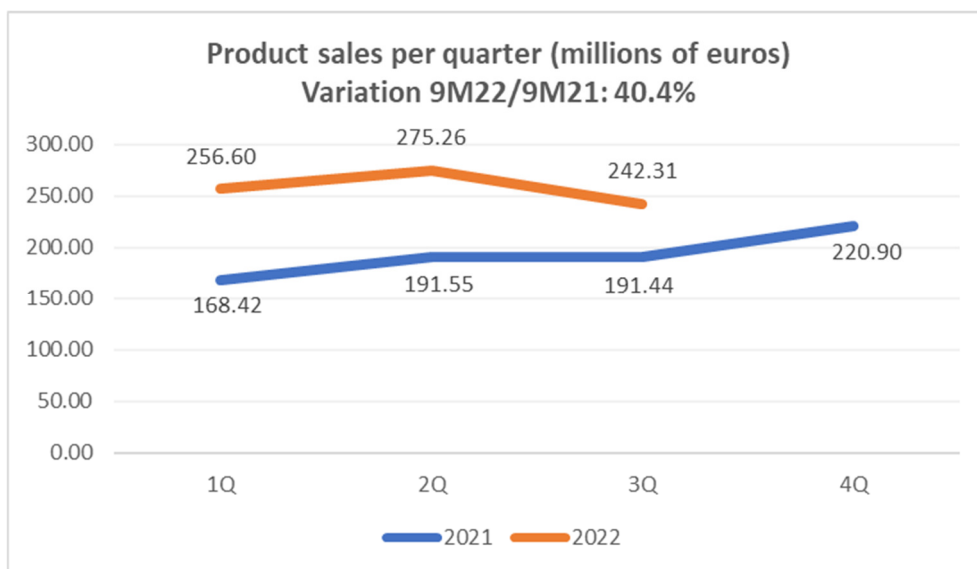
- Adjusted ebitda of 9M22 was EUR 88.12 million, 43.8% higher than that obtained in 9M21.
- The 9M22 profit amounted to EUR 50.52 million, 93.1% higher than that obtained in 9M21.
- Finished product sales in 9M22 amounted to EUR 774.17 million, 40.4% higher than in 9M21.
- As of 30 September 2022, Ercros' liquidity amounted to EUR 138.62 million, of which EUR 49.21 million was cash and EUR 89.41 million was undrawn credit lines.
- The forecast for 2022 is as follows: adjusted ebitda, EUR 100-115 million; profit, EUR 55-70 million; sales of finished products, EUR 950-1,000 million; and contribution, EUR 280-310 million.

A. KEY FACTS OF THE FIRST NINE MONTHS OF 2022 (9M22)

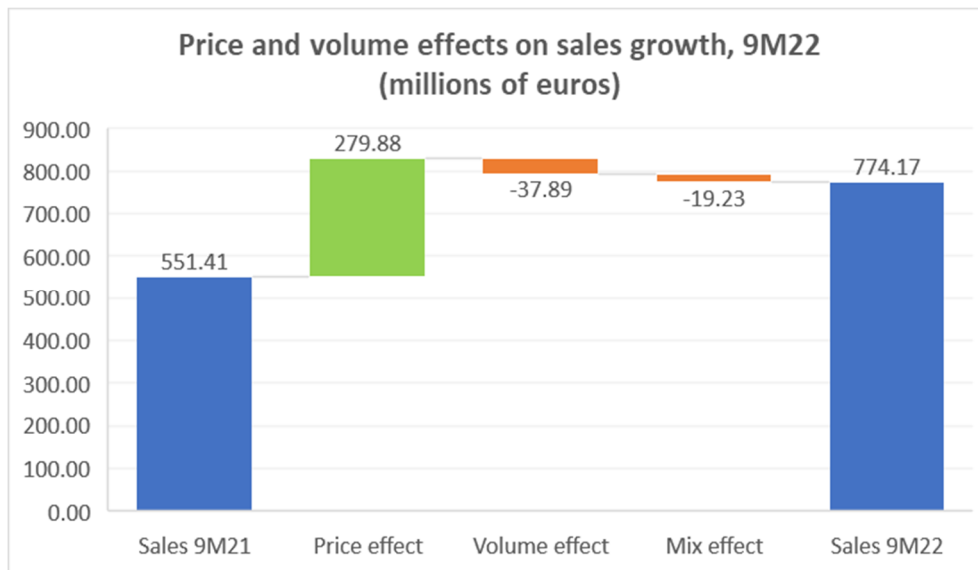
1. In the first nine months of 2022 (9M22), Ercros sold 868 thousand tonnes of manufactured products compared to 932 thousand tonnes sold in the first nine months of 2021 (9M21): a decrease of 6.9%.



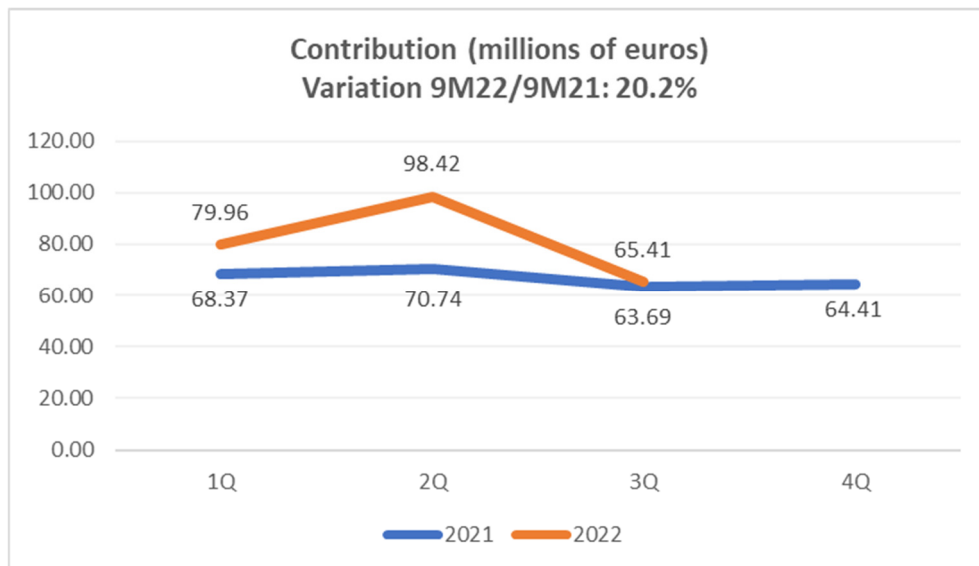
2. Product sales in 9M22 reached EUR 774.17 million compared to EUR 551.41 million in 9M21; an increase of 40.4%. Sales in the third quarter of 2022 were 12.0% lower than in the second quarter of 2022, compared to practical maintenance between the third and second quarters of 2021.



3. Of the increase in sales between 9M22 and 9M21 of EUR 222.76 million, the sharp increase in the average price of products sold accounted for 279.88 million (125.6%), the volume loss -37.89 million (-17.0%) and the mix effect -19.23 million (-8.6%).

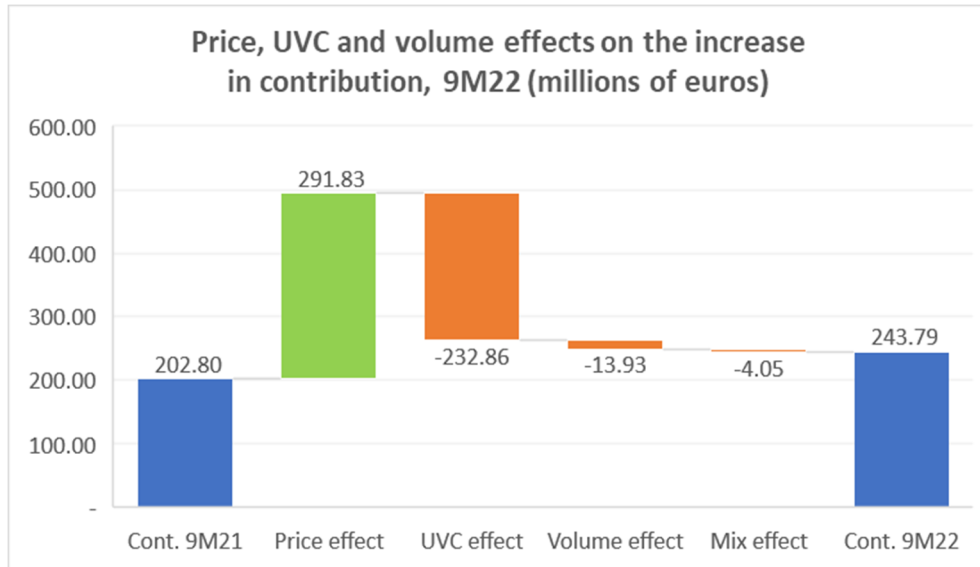


4. The sharp rise in energy costs meant that the contribution of EUR 65.41 million in the third quarter of 2022 fell significantly compared to the second quarter of the year (-33.5%). However, in the cumulative calculation of 9M22, the contribution is still clearly higher than that achieved in 9M21 (20.2%).

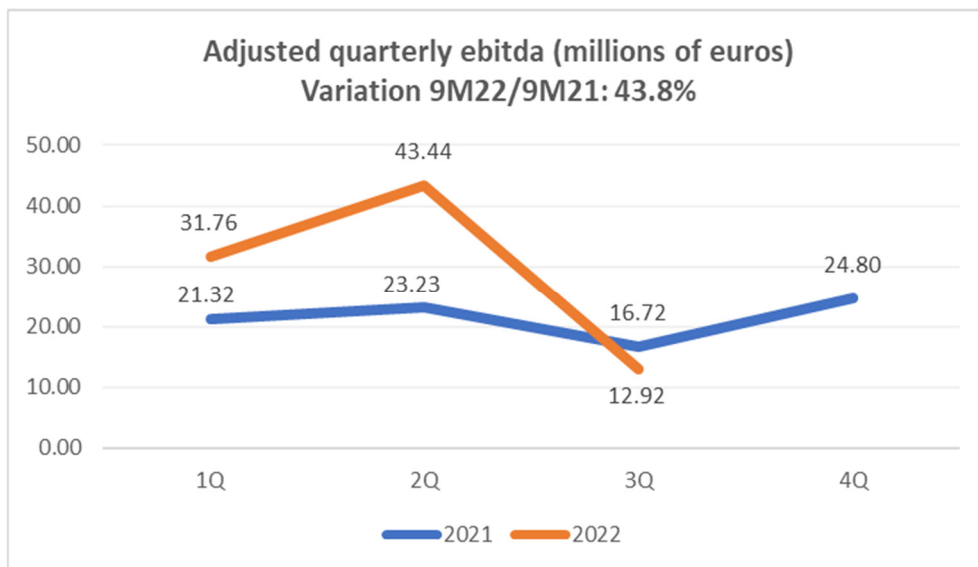


Contribution: (sales of products + provision of services – procurement – supplies + stock changes).

5. The increase in the 9M22 contribution of EUR 40.99 million is because the price effect, 291.83 million, exceeds the sum of the effects of the unit variable cost (UVC), -232.86 million; volume, -13.93 million; and mix, -4.05 million. The high absolute value of the UVC effect is due to the huge increase experienced in this period in the cost of energy and raw materials; the strong price effect indicates that, on the whole, the markets in which Ercros operates have significantly reflected the increased costs.

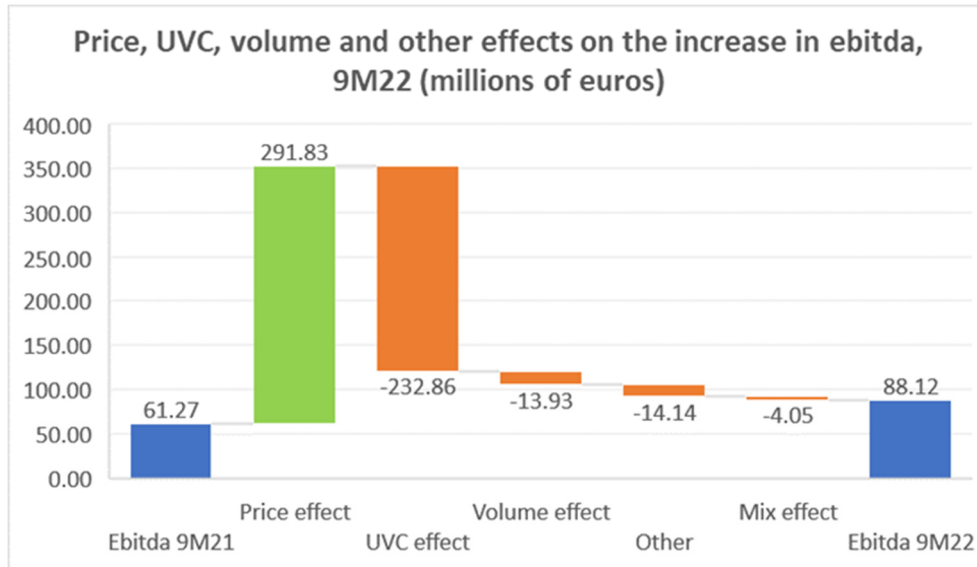


6. Adjusted ebitda for 9M22 was EUR 88.12 million compared to EUR 61.27 million for 9M21, an increase of 43.8%. Ebitda for the third quarter of 2022 shows a decrease compared to the second quarter, consistent with the decrease in contribution shown above.



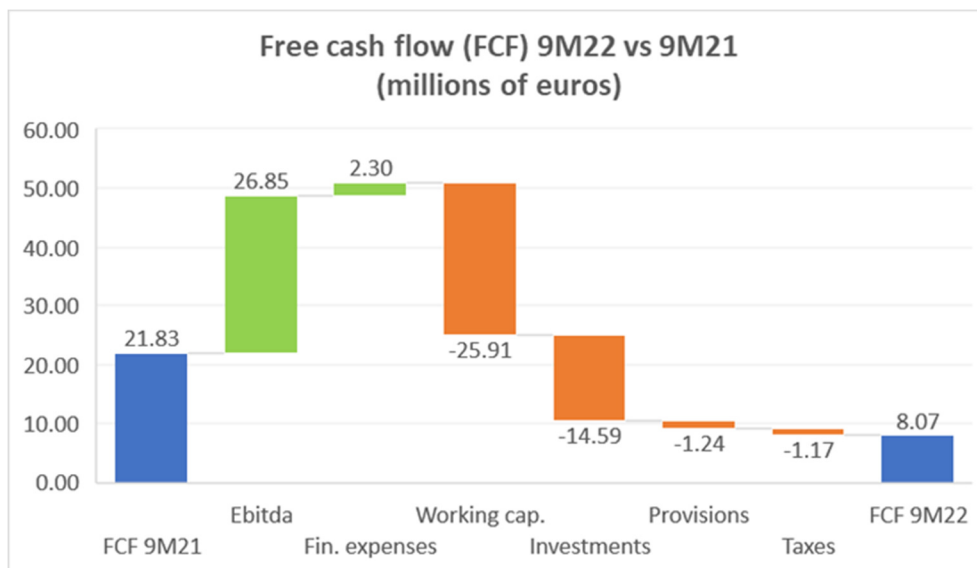
Adjusted ebitda: Ebitda excluding extraordinary items. See Table "Ebitda reconciliation" in Section D of this note to profit/(loss).

7. The change in adjusted ebitda in 9M22 is mainly explained by the change in contribution which, in the chart below, is represented by the effects of price, UVC and volume (a net total of EUR 45.04 million). Compared to this net total, the remainder and the mix effect are relatively small (-14.14 million and -4.05 million, respectively). The remainder includes increased transport costs (8.20 million) and fixed costs (5.94 million).

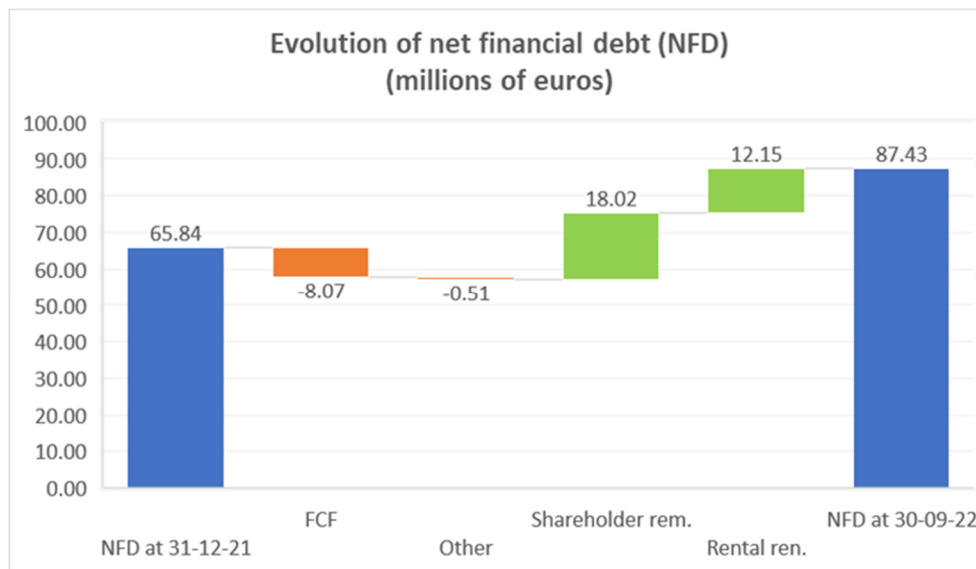


Remaining: variation in service provision, other revenue, fixed and extraordinary costs.

8. In 9M22, Ercros generated free cash flow (FCF) of EUR 8.07 million, 13.76 million less than the 21.83 million generated in 9M21. The causes for the lower FCF in 2022 are the following, starting with those that generate resources: (i) higher ebitda obtained, which generated 26.85 million; and (ii) lower net financing costs, 2.30 million. Those with impact on resources were: (i) greater need for working capital, -25.91 million; (ii) higher payments for investments made, -14.59 million; (iii) greater provisions, -1.24 million; and (iv) higher taxes, -1.17 million.



9. Ercros started 2022 with EUR 65.84 million of net financial debt (NFD). In 9M22, the FCF generated reduced the amount of debt by EUR -8.07 million, with a series of minor effects in the amount of EUR 0.51 million. In turn, remuneration to shareholders, worth EUR 18.02 million, and the renewal of leases, mainly for port warehouses, in application of the IFRS16, worth EUR 12.15 million, were both factors that increased the debt. In total, during the first nine months of the current year, Ercros increased its debt by EUR 21.59 million, reaching a total of EUR 87.43 million at 30 September 2022.



10. The result for the 9M22 period amounted to EUR 50.52 million, 93.1% higher than the 9M21 profit/(loss) of EUR 26.17 million.
11. As of 30 September 2022, Ercros' liquidity amounted to EUR 138.62 million, of which EUR 49.21 million was cash and EUR 89.41 million was undrawn credit lines.

B. COVID PANDEMIC

At the moment, the covid pandemic is no longer relevant to the effects of Ercros' industrial operation. Unless the situation changes, this will be the last reference to this issue in the Ercros note to profit/(loss).

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

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

In the area of diversification, projects to expand the manufacturing capacity for dipentaerythritol at the Tortosa factory and moulding compounds at the Cerdanyola factory came into operation during 2021. In the first half of 2022, the expansion of the polyol plant in Tortosa began operations. During the fourth quarter of 2022, projects to expand the sodium chlorite plant are expected to be completed in the Sabiñánigo factory, including the construction

of a new extraction plant for the manufacture of two new antibiotics (vancomycin and gentamycin) in the Aranjuez factory.

In terms of the digitalisation dimension, in addition to the projects already completed (e.g., upgrading of production control systems and Business Intelligence for the procurement and logistics areas), progress continues in the projects of mobility, big data and IoT, improvement of infrastructures, cybersecurity, optimisation of the work environment and automation, sensorization and updating of the control systems in the production area.

In the decarbonisation dimension, the following projects have been completed: (i) improvement of energy efficiency at the Tortosa plant (unit for recovering residual heat generated at the polyols plant and replacing miscellaneous equipment with more efficient units); (ii) replacement of lighting fixtures with LEDs at the factories of the intermediate chemicals division; and (iii) optimisation of consumption of chemical products and raw materials in Aranjuez. Progress has been made on projects for: (i) optimisation of energy consumption in Cerdanyola; (ii) replacement of lighting fixtures with LEDs in the Tarragona complex; (iii) salt recrystallisation in Sabiñánigo; and (iv) improvement of hydrogen use in Sabiñánigo and Vila-seca I. Progress is also being made in the engineering of production projects for: (i) biomass-based steam; and (ii) EDC manufacturing with more efficient technology at Vila-Seca II.

D. INTERIM FINANCIAL STATEMENTS

Profit for the period

In relation to the profit of the first nine months of 2022 and compared to the first nine months of 2021, in addition to Section A of this note, the following should be noted:

Provision of service increased by 50.5% due to increased demand from customers receiving these services and increased price due to translation of higher energy costs.

Other revenues increased 50.9%, mainly due to the increase in the amount of free CO₂ emission allowances, the price of which has increased significantly compared to 2021.

The combined amount of procurements plus the changes in stocks of finished goods and works in progress increased by 35.0% due to the higher price of raw materials.

Supplies increased by 104.0%, mainly due to the sharp rise in the price of electricity and gas, while transport increased by 25.1% due to, among other reasons, the increase in the price of fuels.

Staff costs increased by 6.9% compared to 2021 due to the growth of the average headcount by 1%, the collective agreement wage increase by 2%, and the improvements in the collective agreement for the 2021-2023 period.

The increase in the heading "Other operating expenses" by 13.6% is mainly due to, as in the case of the heading "Other income", the increase in the price of CO₂ emission allowances.

The allocation of provisions and other extraordinary expenses remained at a level similar to that of 9M21. At each accounting close, the amount of the provisions is updated according to the commitments made in the field of environmental remedies and the new information available on other commitments and obligations.

Amortisations/depreciations increased compared to the same period of the previous year due to the higher amortisation/depreciation of the allowances to use leased goods and property, plant and equipment for investments made.

The financial profit/(loss) improved compared to 2021 due to positive exchange rate differences generated by the strong valuation of the dollar against the euro in 2022.

The higher income tax expense is due to the higher profits obtained.

Other comprehensive income

Under the heading "Other comprehensive income", the following has been recorded: (i) the amount, net of taxes, of the transfer to the income statement of cash flow hedges on the purchase of electric power settled in the first nine months of 2022, and changes in the fair value of the cash flow hedges for energy pending delivery as of 30 September 2022; and (ii) the impact of the reduction in the effective income tax rate.

Balance sheet

Non-current assets increased by EUR 27.66 million due to: (i) investment additions; (ii) recognition of new allowances to use leased goods under leases that were renewed in 2022; and (iii) the increase in balances to be collected from the public authorities for payments on account of corporation tax.

Working capital increased mainly due to the increase in receivables resulting, in turn, from higher turnover.

Equity increased by EUR 23.79 million, net result of: (i) with a positive sign, the profit of 9M22 amounting to EUR 50.52 million; and (ii) with a negative sign, the other comprehensive income of EUR 8.71 million; the repurchase of treasury shares amounting to EUR 9.47 million; the dividend paid from 2021 profits, amounting to EUR 8.21 million; and the premium earned for attendance at the annual general meeting, amounting to EUR 0.34 million.

Net financial debt increased by EUR 21.59 million due to the net effect of: (i) the free cash flow generated, in the amount of EUR 8.07 million; (ii) the remuneration to shareholders, in the amount of EUR -18.02 million; (iii) the renewal of leases, in the amount of EUR -12.15 million; and (iv) other non-monetary changes, in the amount of EUR -0.51 million.

Shareholder remuneration

Ercros general meeting, held on 10 June, authorised the board to purchase treasury shares for their amortisation for a further period of five years under the current policy of shareholder remuneration. Based on this delegation, the board approved the seventh programme for the repurchase of treasury shares, effective from 23 June 2022 to 23 June 2023, for a maximum amount of EUR 25 million or 8% of the share capital (whichever reference is reached first).

Based on this authorisation, Ercros acquired a total of 1,137,278 shares between 23 June and 31 October 2022.

Subject to compliance with certain financial ratios, the shareholder remuneration policy provides for a payout of up to a maximum of 50% of the profit for the year, consisting of the repurchase of treasury shares up to a maximum of 30% of the profit for 2022, provided that a minimum dividend of 20% of the profit is expected.

PROFIT FOR THE PERIOD

| Thousands of euros | 9M22 | 9M21 | % |
|-----------------------------------------------------------|-----------------|-----------------|-------------|
| Income | 821,805 | 587,074 | 40.0 |
| Sales of finished products | 774,167 | 551,414 | 40.4 |
| Provision of services | 29,233 | 19,429 | 50.5 |
| Other income | 18,047 | 11,956 | 50.9 |
| Reversal of provisions and other extraordinary income | 358 | 1,270 | -71.8 |
| Increase in stocks of finished goods and work in progress | - | 3,005 | - |
| Expenses | -736,222 | -527,262 | 39.6 |
| Procurements | -366,284 | -279,971 | 30.8 |
| Decrease in stocks of finished goods and work in progress | -7,522 | - | - |
| Supplies | -185,807 | -91,081 | 104.0 |
| Transport | -40,827 | -32,627 | 25.1 |
| Staff costs | -69,593 | -65,123 | 6.9 |
| Other operating expenses | -63,298 | -55,728 | 13.6 |
| Allocation of provisions and other extraordinary expenses | -2,891 | -2,732 | 5.8 |
| Ebitda | 85,583 | 59,812 | 43.1 |
| Depreciation and amortisation | -22,567 | -21,212 | 6.4 |
| Ebit | 63,016 | 38,600 | 63.3 |
| Financial Income | -1,117 | -3,951 | -71.7 |
| Profit before tax | 61,899 | 34,649 | 78.6 |
| Income taxes | -11,383 | -8,483 | 34.2 |
| Profit for the period | 50,516 | 26,166 | 93.1 |

RECONCILIATION OF ADJUSTED EBITDA

| Thousands of euros | 9M22 | 9M21 | % |
|-----------------------------|---------------|---------------|-------------|
| Ebitda | 85,583 | 59,812 | 43.1 |
| Extraordinary income items | -358 | -1,270 | -71.8 |
| Extraordinary expense items | 2,891 | 2,732 | 5.8 |
| Adjusted ebitda | 88,116 | 61,274 | 43.8 |

TOTAL COMPREHENSIVE PROFIT/(LOSS)

| Thousands of euros | 9M22 | 9M21 | % |
|-----------------------------------------------------------------------------------------------------------------------------|---------------|---------------|-------------|
| Profit for the period | 50,516 | 26,166 | 93.1 |
| Other comprehensive income - Items reclassified to profit/(loss) of the period and changes in fair value and tax rate | -8,706 | - | - |
| Total comprehensive profit/(loss) | 41,810 | 26,166 | 59.8 |

ECONOMIC ANALYSIS OF THE BALANCE SHEET

| Thousands of euros | 30-09-22 | 31-12-21 | Change | % |
|-----------------------------------|----------------|----------------|---------------|--------------|
| No-current assets | 386,370 | 358,713 | 27,657 | 7.7 |
| Working capital | 73,859 | 58,104 | 15,755 | 27.1 |
| Current assets | 274,531 | 248,876 | 25,655 | 10.3 |
| Current liabilities | -200,672 | -190,772 | -9,900 | 5.2 |
| Resources used | 460,229 | 416,817 | 43,412 | 10.4 |
| Equity | 355,399 | 331,613 | 23,786 | 7.2 |
| Net financial debt | 87,431 | 65,841 | 21,590 | 32.8 |
| Provisions and other debts | 17,399 | 19,363 | -1,964 | -10.1 |
| Origin of funds | 460,229 | 416,817 | 43,412 | 10.4 |

DETAIL OF NET FINANCIAL DEBT

| Thousands of euros | 30-09-22 | 31-12-21 | Change | % |
|-----------------------------|----------------|----------------|---------------|-------------|
| Loans | 86,241 | 65,250 | 20,991 | 32.2 |
| Finance lease liabilities | 12,686 | 6,226 | 6,460 | 103.8 |
| Working capital financing | 39,969 | 48,526 | -8,557 | -17.6 |
| Gross financial debt | 138,896 | 120,002 | 18,894 | 15.7 |
| Cash | -49,326 | -51,573 | 2,247 | -4.4 |
| Deposits | -2,139 | -2,588 | 449 | -17.3 |
| Net financial debt | 87,431 | 65,841 | 21,590 | 32.8 |

E. BUSINESS PERFORMANCE

The third quarter of 2022 marked a turning point in the recovery of the demand for durable consumer goods that began in the last quarter of 2020 and continued through 2021 and the first half of 2022. Interest rate increases decided by the central banks of the major economies to stem the rise in inflation, together with the removal of restrictions associated with covid, have resulted in a change in consumption habits. All this has led to a higher demand for services and a lower demand for durable goods.

This environment has been accompanied by exceptionally high energy costs in Europe (gas and electricity set record high prices in August) because of the drastic reduction in Russian gas supplies to Europe, the war in Ukraine, and uncertainty about future supply alternatives in sufficient quantities to meet demand.

In this context, business efforts have been aimed at adapting, as efficiently as possible, the production rates to the existing demand, while defending profit margins.

As a result, the volumes marketed by the **chlorine derivatives division** have decreased by 4.9% in 9M22 compared to 9M21. This decrease has affected almost all its products, although in different ways. Despite lower volume, the division's sales have increased by 51.4%, and the ebitda by 98.2%, against a backdrop of very tight markets (particularly in the first half of the year) that have reflected higher manufacturing costs. The ebitda/sales ratio stood at 13.9%, 3.2 points higher than that obtained in the same period last year (10.7%).

Last year, the **intermediate chemicals division** responded very effectively to the increased demand for durable consumer goods caused by the covid pandemic and the low interest rates then in place. Now, by contrast, it is being affected by the decline in global demand caused by the depletion of previous consumption habits and an adverse financial environment due to rising interest rates. In addition, despite the revaluation of the dollar against the euro, European producers are competing in a global market with producers located in geographical areas with lower costs for raw materials and energy. As a result of all this (9M22 versus 9M21), there is a 11.8% decrease in the volumes marketed, although the turnover has increased by 20.6%, due to the increase in prices, and a decrease in ebitda of 46.4%. The ebitda/sales ratio stood at 6.2%, compared to 13.8% for the same period in 2021.

In the case of the **pharmaceuticals division**, in 9M22 and with respect to the same period in 2021, sales volume increased by 15.4%, continuing the recovery path initiated by this division in the second half of 2021. This recovery was accompanied by a slight increase in sales prices, leading to a 31.4% increase in turnover. However, despite this significant increase in turnover, the rigid pricing policies of many countries, which prevent the full transfer of increases in energy and raw material costs, have limited the increase in ebitda to EUR 2.2 million. The ebitda/sales ratio stood at 6.5%, compared to 2.6% in the same period in 2021, but still far from the usual margin for this division.

In the third quarter, Ercros launched the sale of three new products that expand the portfolio of this division: erythromycin dihydrate, micronized famotidine and sterile fosfomycin with citrus. In turn, as already mentioned in previous notes, approval is expected in 2022 for the manufacture and marketing of other new products of the division, including vancomycin, gentamycin and sterile fusidic acid.

BUSINESS PERFORMANCE

| Thousands of euros | 9M22 | 9M21 | % |
|----------------------------------------|-------------|-------------|----------|
| Chlorine derivatives division | | | |
| Product sales | 516,865 | 341,385 | 51.4 |
| Adjusted ebitda | 72,100 | 36,374 | 98.2 |
| Adjusted ebitda /product sales (%) | 13.9 | 10.7 | 30.9 |
| Intermediate chemicals division | | | |
| Product sales | 208,759 | 173,095 | 20.6 |
| Adjusted ebitda | 12,843 | 23,946 | -46.4 |
| Adjusted ebitda /product sales (%) | 6.2 | 13.8 | -55.5 |
| Pharmaceuticals division | | | |
| Product sales | 48,543 | 36,934 | 31.4 |
| Adjusted ebitda | 3,173 | 952 | ×3.3* |
| Adjusted ebitda /product sales (%) | 6.5 | 2.6 | ×2.5* |

* The times in which 2022 figures exceed 2021 figures (in absolute terms).

F. FORECAST FOR THE REMAINDER OF 2022

Advanced forecasts in previous notes are maintained: the dominant trend for 2022 will be positive and will improve the already good results achieved in 2021.

Compared to the first half of 2022, the relatively weak profit/(loss) for the third quarter is the consequence of a decline in global demand for chemicals, strong increases in the cost of raw materials and, above all, energy (historical monthly peaks in Europe); another contributory factor is the increased competitive pressure from producers in other global geographical areas, who are benefiting from lower variable manufacturing costs and lower freight rates toward Europe.

The volatility of the current industrial context, the expectation of ongoing high energy costs, and the continuation of the war in Ukraine, lead us to a weaker fourth quarter forecast than for 9M22. Despite the current high level of uncertainty, we propose a quantitative forecast for the entire 2022 in terms of possible minimum and maximum margins for the most relevant results.

2022: EXPECTED PROFIT/(LOSS)

| Millions of euros | Forecast |
|----------------------------|-----------------|
| Adjusted ebitda | 100-115 |
| Profit | 55-70 |
| Sales of finished products | 950-1,000 |
| Contribution | 280-310 |

Barcelona, 09 November 2022