ANNUAL REPORT

2024

Ercros

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The annual report includes the Management report, the audit report and annual accounts consolidated, for the year ended 31 December 2024.

(Information prepared in accordance with international reporting standards adopted by the European Union)

Ercros

Contents

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Bearing those cases in which the comprehension of the text requires, all references contained in this document using the male gender will indistinctly refer to all persons, male or female, in order to avoid the reiteration of terms and facilitate the reading thereof.

1 / Letter from the Chairman

Dear shareholders:

The downward cycle of the European chemical sector, which began in mid-2022, continued into 2024. After a first half of the year in which demand appeared to show signs of recovery, the second half was marked by clear signs of weakness. Nevertheless, Ercros' relative performance in the second half of the year was better than in the same period of 2023.

Overall, weak demand translated into lower selling prices and volumes, which could not be fully offset by the decline in energy and raw material costs compared to 2023. Sales of finished products amounted to EUR 643.4 million, compared to EUR 707.2 million in 2023 —representing a decrease of EUR 63.8 million, or 9%.

As for expenses, procurement costs fell by 6% to EUR 326.8 million, mainly due to lower raw material prices, although this drop was less than the 9% decline in sales. Energy costs decreased by 15% compared to 2023, mainly due to lower electricity and gas prices, while transport costs rose by 1% due to higher freight rates.

Personnel expenses increased by 10.2% over 2023 as a result of wage increases aimed at restoring employees' purchasing power under the industry-wide collective agreement. In the current environment of weak demand, these higher fixed costs could not be passed on to selling prices, negatively impacting the company's margins.

In this context, Ercros' business units focused on adjusting production levels to match demand while also defending margins in a volatile and highly competitive market environment. Despite these efforts, the company reported a loss of EUR 11.7 million for the year.

Beyond its commitment to shareholders, Ercros remains firmly dedicated to ESG (environmental, social, and governance) principles. This commitment was reflected in the excellent ratings obtained in various internationally recognized assessments. Ercros retained its Platinum rating —the highest possible— in the EcoVadis assessment; received a B (Management level) in the Carbon Disclosure Project (CDP) questionnaire, which evaluates organizations' transparency and performance in addressing climate change; and scored 86 out of 100 points in the ESG rating promoted by the Spanish Institute of Financial Analysts (IEAF). Ercros also received the highest possible rating, G++, for its compliance with the Good Corporate Governance Index.

The company continues to implement its 3D Plan, which encompasses initiatives in diversification, digitization, and decarbonization. Additional projects have been incorporated into this framework, now referred to as the Expanded 3D Plan. The Group is also carrying out other investments outside the 3D Plan.

The voluntary takeover bids submitted by Bondalti Ibérica, S.L.U. and Esseco Industrial, S.P.A. are ongoing and awaiting approval from the relevant authorities. On March 5, 2024, Bondalti offered to acquire 100% of Ercros shares at EUR 3.60 per share, later adjusted to EUR 3.505 per share following the dividend paid by Ercros on July 10. On June 28, 2024, Esseco also offered to acquire 100% of Ercros shares, at EUR 3.84 per share, later adjusted to EUR 3.745 per share after the same dividend.

In two decisions by the CNMC, dated December 18, 2024, and February 10, 2025, respectively, both takeover bids moved to a second phase of analysis due to potential competition concerns. In the case of the Bondalti-Ercros transaction, concerns relate to the caustic soda and hypochlorite markets; for the Esseco-Ercros deal, the concerns involve the liquid potash, solid potash, and potassium carbonate markets.

According to industry publications, a general consensus suggests that demand recovery in the European chemical sector is not expected until the second half of 2025. In an environment marked by geopolitical uncertainty, weak demand, high energy costs, and intense international competition, Ercros' sales volumes and margins may continue to face downward pressure throughout the year.

Uncertainty may increase significantly as a result of anticipated U.S. tariff policies but could ease —at least in terms of energy prices— if the war in Ukraine were to come to an end.

In any case, Ercros will continue to implement its 3D Plan, maintain its market presence, and seize opportunities as they arise to defend its margins.

Antonio Zabalza Martí
Chairman and CEO of Ercros

Barcelona, 28 March 2025

2 / Group position

2.1. Organizational structure

The governing bodies of Ercros, S.A. ("the Company" or "Ercros") are the General Shareholders' Meeting and the Board of Directors, including the Audit Committee; Appointments, Remuneration, Sustainability and Corporate Social Responsibility Committee (ARS&CSRC) and the Strategy and Investment Committee. The operational management bodies are the Executive Committee and the Management Committee.

a) The General Shareholders' Meeting

On 28 June 2024, the Company held the Ordinary General Shareholders' Meeting in hybrid format: in person and online.

At this meeting, all proposed resolutions submitted by the Board of Directors were approved. In addition to the mandatory or customary proposals —approval of the financial statements, consultative vote on the directors' remuneration report and delegation to the board and the secretary for the execution of the resolutions— the following proposals were included in the agenda:

- The proposed payment of a dividend of EUR 8,778 thousand, equivalent to EUR 0.096 gross per share, representing a payout of 32.7% of the Company's profit for 2023, which was made on 10 July 2024.

- The proposed appointment of PricewaterhouseCoopers Auditores, S.L. as auditor of the accounts of the Company and its consolidated Group for financial years 2024, 2025 and 2026.

- The proposed re-election of: Antonio Zabalza Martí, as executive director; Lourdes Vega Fernández, as independent director; Laureano Roldán Aguilar and Eduardo Sánchez Morrondo, as external directors; and Joan Casas Galofré, as proprietary director.

The meeting was attended by 5,296 shareholders owning 65,279 thousand shares, representing 71.393% of the subscribed voting capital, of which 17.157% was present and 54.236% was represented.

The Company paid a premium of EUR 0.005 gross per share to shareholders who attended the meeting.

b) The Board of Directors

On 28 June 2024, the Ordinary General Shareholders' Meeting approved the proposal to re-elect the following directors for a further term of office, for the maximum term established by law, maintaining their current category, after the expiry of the term for which they were appointed: Antonio Zabalza Martí, executive director; Lourdes Vega Fernández, as independent director; Laureano Roldán Aguilar and Eduardo Sánchez Morrondo, as external directors; and Joan Casas Galofré, as proprietary director.

The Board of Directors, which met after the Ordinary General Shareholders' Meeting held on 28 June 2024, unanimously approved the re-election of Mr. Zabalza Martí as chairman and chief executive officer of Ercros following his re-election as executive director at the Ordinary General Shareholders' Meeting held on the same date.

The composition of the Ercros Board of Directors is thus as follows:

- Chairman and Chief Executive Officer: Mr. Zabalza Martí.

- Independent members: Ms. Moragues Josa (coordinator) and Ms. Vega Fernández (substitute coordinator).

- Members classified as "other external directors": Mr. Roldán Aguilar and Mr. Sánchez Morrondo.

- Proprietary director: Mr. Casas Galofré.

The position of non-director secretary is held by Mr. Ripley Soria.

On 28 June, the Board of Directors also appointed the members of the management and oversight committees set up within the board.

In 2024, the Board held ten meetings attended by all board members. Eight of the meetings were held by videoconference and two in person.

At the meeting held on 20 December 2024, the general managers presented to the Board of Directors the risk maps for each of the businesses, the aggregate risk map for the Group and the maps of financial impacts arising from risks and opportunities associated with climate change. At this meeting, the Board of Directors approved the Sustainability and Corporate Financial Reporting Control System Policy (SCIIFSC in Spanish).

On 21 February 2025, the Board conducted the annual evaluation of the quality and efficiency of the functioning and composition of the board and its committees, as well as the performance of the chief executive of the Company and of each director, in accordance with the provisions of Article 529 h of the Spanish Corporate Enterprises Act ("CEA").

Composition of the Board of Directors at 31/12/24

Director	Position	Category	Committees	Last appointment
Antonio Zabalza Martí	Chairman and Chief Executive	Officer	–Strategy and investments	28/06/2024
Carme Moragues Josa	Coordinating director	Independent	–Audit –ARS&CSRC	11/06/2021
Lourdes Vega Fernández	Substitute coordinating director	Independent	–Audit –ARS&CSRC –Strategy and investments	28/06/2024
Laureano Roldán Aguilar	Director	Other external	–Audit	28/06/2024
Eduardo Sánchez Morrondo	Director	Other external	–ARS&CSRC	28/06/2024
Joan Casas Galofré	Director	Proprietary	–Strategy and investments	28/06/2024
Daniel Ripley Soria	Secretary non-director			

(i) Audit Committee

The composition of the Audit Committee remained unchanged in 2024.

– Chairwoman: Ms. Moragues Josa, independent director.

– Members: Ms. Vega Fernández, independent director, and Mr. Roldán Aguilar, director classified as "other external directors".

Mr. Ripley Soria, secretary of the Board of Directors of Ercros, acts as secretary of this committee.

The members of this committee possess knowledge and experience in business management, accounting, auditing and risk management.

In 2024, the audit committee held six meetings attended by all its members. Five of the meetings were held by videoconference and one in person.

The audit committee reports to the internal audit service, which is headed by Xavier Álvarez García, and the compliance committee, which is made up by Xavier Álvarez García and Asunción Loste Madoz, head of the legal department.

(ii) Appointments, Remuneration, Sustainability and Corporate Social Responsibility Committee (ARS&CSRC)

In 2024, there were no changes to the composition of the ARS&CSRC, which consists of:

– Chairwoman: Ms. Vega Fernández, independent director.

– Members: Ms. Moragues Josa, independent director, and Mr. Sánchez Morrondo, director classified as "other external directors".

Mr. Ripley Soria, secretary of the Board of Directors of Ercros, acts as secretary of this committee.

The members of this committee have knowledge and expertise in the chemical sector, R&D, sustainability and in the analysis of risks and opportunities associated with climate change.

In 2024, the committee held five meetings attended by all its members. Two of the meetings were held by videoconference and three in person.

(iii) Strategy and Investment Committee

In 2024 there has been no change in the composition of the Strategy and Investment Committee, which is composed of:

– Chairman: Mr. Zabalza Martí, executive director.

– Members: Ms. Lourdes Vega, independent director, and Mr. Casas Galofré, proprietary director.

Mr. Ripley Soria, secretary of the Board of Directors of Ercros, also acts as secretary of this committee.

In 2024, this committee did not hold any meetings.

c) Executive Committee

This is the body that ensures the implementation and monitoring of the resolutions adopted by the Board of Directors, carries out continuous control of operational management and risks in general, and approves the execution of the Group's investments and financing.

It is made up of the executive director, the chief business officer and the chief financial officer, who meet at least once a week.

d) Management Committee

This body is responsible for the monthly monitoring of the Group's operational management.

It is made up of the executive director, the two general managers, the directors of the three divisions, the commercial directors of each division and the directors of institutional relations and communication, administration, finance, sustainable development, human resources, information systems, integrated logistics, legal advice and R&D&I.

In 2024 the Management Committee met 11 times.

2.2. Industrial structure

The Ercros Industrial Group ("the Group" or "the Ercros Group") is diversified into three business segments: (i) the chlorine derivatives division, a strategic business unit whose common link is chlorine; (ii) the intermediate chemicals division, focused on formaldehyde chemicals, from which the rest of the products in its portfolio are manufactured; and (iii) the pharmaceutical division, which is dedicated to the manufacture of active pharmaceutical ingredients (APIs).

Centers and products

Divisions	Centers	Main products	Main applications
Chlorine derivatives	Monzón, Tarragona, Sabiñánigo, Vila-seca I and Vila-seca II	Caustic potash	Chemical industry
		Caustic soda	Industrial in general
		Chloride	Manufacturing derivatives
		EDC	Manufacturing VCM
		Hydrochloric acid	Industrial in general
		PVC	Building
		Sodium chlorate	Pulp bleaching
		Sodium chlorite	Water treatment
		Sodium hypochlorite	Water treatment
		TCCA	Swimming pool water
		VCM	Manufacturing PVC
Intermediate chemicals	Almussafes, Cerdanyola and Tortosa	Dipentaerythritol	Paint
		Formaldehyde	Manufacturing derivatives
		Glues and resins	Wood industry
		Moulding compounds	Sanitary and electrical equipment
		Paraformaldehyde	Resins
		Pentaerythritol	Paint
		Sodium formate	Tanning industry
Pharmaceuticals	Aranjuez	Erythromycins	Antibiotics
		Fosfomycin	Antibiotics
		Fusidic acid	Skin infections

At 31 December 2024, the Group had nine production centers, all of them located in Spain. Industrial activity at Flix ceased in 2022. The Group is supporting industrial initiatives by third parties that could be set up on its land in Flix, for which purpose it has undertaken the appropriate dismantling work to generate available land for potential new industries.

2.3. Operations

a) Mission and Principles

The general aim of the Ercros Group is to consolidate itself as a solid and lasting industrial group, which contributes in a sustainable manner to the generation of wealth and the well-being of society, which provides adequate returns to its shareholders, and which favours the full personal and professional development of those who form part of it.

The Group's actions, aimed at increasing its value, are guided by four basic principles: (i) maximum safety for its employees, neighbours and facilities; (ii) sustainability; (iii) meeting the needs of its customers; and (iv) highest quality of its products.

b) Business Strategy

The Ercros Group defines its business strategy in multi-year plans that set out the measures to be implemented to increase productivity and efficiency in the use of its resources.

The Group's three main long-term strategic objectives are:

– Form a chemical group with an international presence that is sustainable, efficient, healthy and profitable.

– Achieve productive, modern, sustainable, environmentally friendly, industrially integrated facilities of European dimension in competitive locations.

– Focus on high value-added products with competitive advantages and growth prospects.

c) Diversification, Digitalisation and Decarbonisation Plan: 3D Plan

In the diversification dimension, during 2021 and 2022, the projects to expand the manufacturing capacity of polyols at the Tortosa plant; moulding compounds at the Cerdanyola plant; and fosfomycin trometamol at the Aranjuez plant came into operation; as well as the project to produce sterile micronized fusidic acid at Aranjuez. In 2023, the projects to expand the sodium chlorite plant and the TCCA plant at the Sabiñánigo factory came into operation and work was carried out on the industrial scale-up of the fermentation and extraction processes for two new antibiotics (gentamicyn and vancomycin) at the Aranjuez extraction plant, which was built in 2022.

As regards the digitalisation dimension, the Business Intelligence projects for the areas of procurement, logistics, production and maintenance; tracking and monitoring of containers shipped by sea and overland shipments; and mobility solutions in the industrial environment (work permits and meter readings), among others, have been completed. Big Data and IoT projects, mobility and logistics, infrastructure improvement, cybersecurity, optimisation of the work environment and automation, as well as sensorisation and upgrading of control systems in the production area continue to make progress.

In the decarbonisation dimension, the following projects have been completed: (i) improvement of energy efficiency in Tortosa and optimisation of energy consumption in Cerdanyola; (ii) replacement of lighting with LEDs in the factories of the intermediate chemicals division and the Tarragona industrial complex; (iii) optimisation of consumption of chemical products and raw materials in Aranjuez; and (iv) improvement in the use of hydrogen in Sabiñánigo, Vila-seca I and Vila-seca II. In 2024, the projects involving (i) salt recrystallisation in Sabiñánigo, (ii) recycling of moulding compounds in Cerdanyola, and (iii) construction of a photovoltaic park in Flix were commissioned. The projects for energy recovery, electrification and steam production using biomass at the Tarragona industrial complex have also made progress.

d) Business Model and Challenges

Chlorine is the common link in the division of chlorine derivatives. Chlorine and caustic soda are obtained simultaneously in the same production process from sodium chloride dissolved in water (brine) and electricity, in a ratio of 1 tonne of chlorine to 1.12 tonnes of soda. This assembly is known as the electrolytic unit ("ECU").

The ECU margin is determined: (i) on the revenue side, by the sales price of the co-produced caustic soda and the profitability of the various chlorine applications, and (ii) on the cost side, by the current price of electricity and by the cost of raw materials consumed in the production of chlorine derivatives.

Caustic soda is a basic chemical reagent widely used in industry (the main consumers are the aluminium sector —and thus the automotive sector— and the paper industry). Demand is growing at 1.5 times the rate of GDP growth and is traded globally.

For reasons of safety and economic efficiency, most of the chlorine produced is consumed on site, as it is produced as a gas and is highly reactive. All the chlorine produced by the Group is self-consumed to manufacture derivative products (sodium hypochlorite, hydrochloric acid, TCCA and the EDC/VCM/PVC chain).

The main strengths of the chlorine derivatives division are integrated production, the synergies and complementarity between the division's plants and the efficiency of its modern industrial park. The main challenges of this business are the reduction of the carbon footprint of the processes; the expansion of the production capacity of products with higher added value such as sodium chlorite and the diversification of the portfolio with the incorporation of new products.

Formaldehyde is the core product of the intermediate chemicals division, with methanol as its main raw material. This procurement accounts for around 40% of the division's total costs. The Group has contracts of varying duration with several suppliers of this raw material.

80% of the formaldehyde produced goes to the manufacture of derivatives, both liquid and solid. The latter, which account for around 65% of the division's turnover, have a worldwide market (their export share is around 90%). The main foreign currency in the market for solid products is the US dollar, therefore the competitiveness of the business and its profitability are affected by the dollar/euro exchange rate.

The main strengths of this division are the know-how and proprietary technology in the production processes, as well as the ability to develop tailor-made products for our customers.

The main challenges for this business are to increase sales volumes in line with the recent capacity expansions of solid products; to develop the new resin ranges (ErcrosGreen+ and ErcrosTech); to continue with the process of digitalisation of the entire value chain; to maintain the commitment to the progressive decarbonisation of processes; to continue increasing the quality and standard of service of the products and to diversify the current portfolio.

The pharmaceuticals division focuses on the production of pharmaceutical raw materials and APIs (Active Pharmaceutical Ingredient) for generic and branded medicines, mainly relating to antibiotics. The division also specialises in the production of active ingredients and intermediates for third parties, custom-designed for customers.

The main value of this business is its mastery of fermentation processes, as well as its ability to obtain sterile products for injectable use. It is also highly valued for its high degree of internationalisation (it exports more than 90% of sales) and its good positioning as a reliable and quality supplier to the world's leading laboratories. The significant weight of foreign markets in the business means that both its sales volume and margin are influenced by the exchange rate of the dollar against the euro.

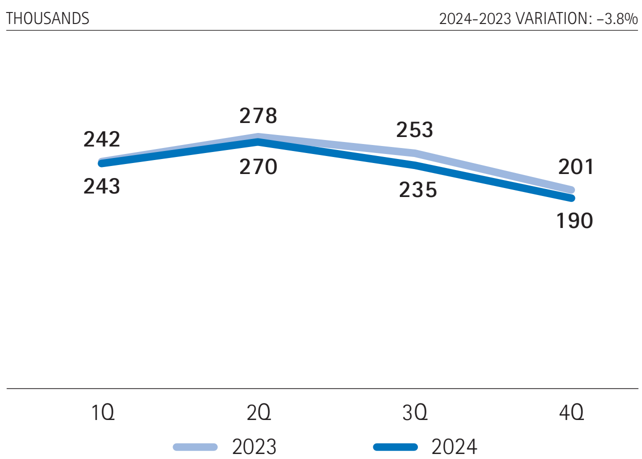
The main challenges for this business are: to make profitable the increased manufacturing capacity of sterile medicines, with the incorporation of new products and their opening to new markets; to optimise the installed fermentation capacity, increasing the sales volume of existing products and starting the manufacture of some new ones (the project for the construction of a new extraction plant for the manufacture of the antibiotics vancomycin and gentamicin, contemplated in the 3D Plan, is an example of this expansion of the product portfolio); continuous adaptation to the new quality requirements of customers and regulatory bodies and to face competition from emerging markets.

3 / Business evolution and results

3.1. Analysis of the evolution of the main indicators

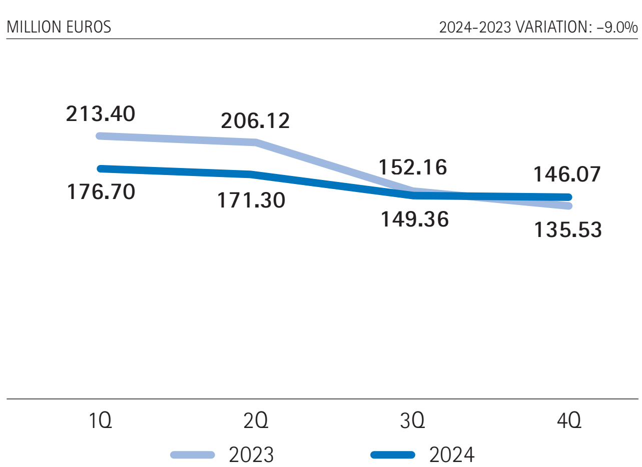
1. In 2024, Ercros sold 938 thousand tonnes of products, which is slightly lower than the 974 thousand tonnes in 2023: 3.8% lower. The reasons for this decline include restrictions in the supply of certain raw materials, which forced Ercros to stop supplying caustic soda to its customers during the month of September.

Tonnes sold per quarter



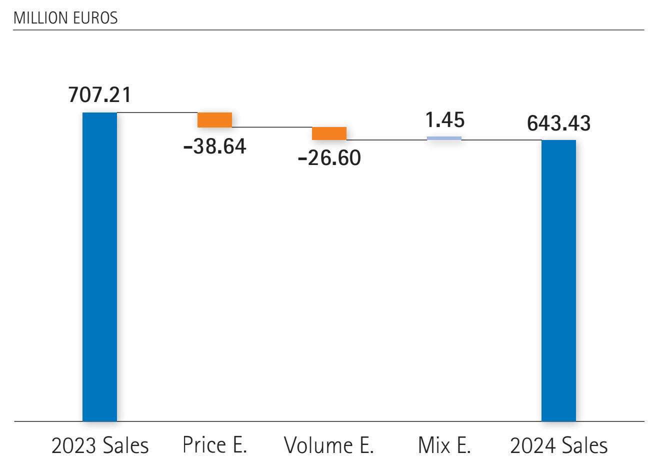
2. The amount of product sales amounted to EUR 643.43 million in 2024 compared to EUR 707.21 million in 2023: a decrease of EUR 63.78 million, equivalent to a drop of 9.0%. In the first half of the year, sales dropped by 17.0% compared to the same period in 2023, but increased by 2.7% in the second half.

Product sales per quarter



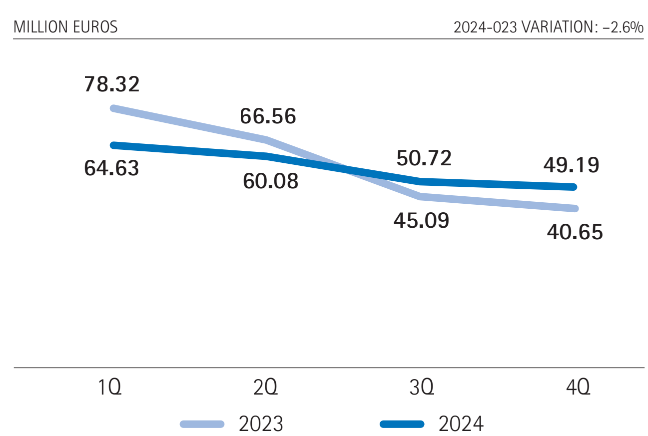
3. Of the EUR 63.78 million decrease in sales, the decline in the average price per tonne accounts for EUR 38.64 million (60.6%) and the lower volume of tonnes sold accounts for EUR 26.60 million (41.7%). The mix effect moves in the opposite direction, accounting for the remaining -2.3%.

Preliminary and volume effects on the reduction of sales



4. Product sales and services provided contributed EUR 224.62 million in 2024 compared to EUR 230.62 million in 2023, a decrease of EUR 6.00 million, equivalent to a 2.6%. The disparate performance between the first and second half of the year indicated in point 2 above is also seen in terms of contribution. In the first half of the year the contribution falls by 13.9% compared to the same period in 2023, while in the second half of the year it increases by 16.5%.

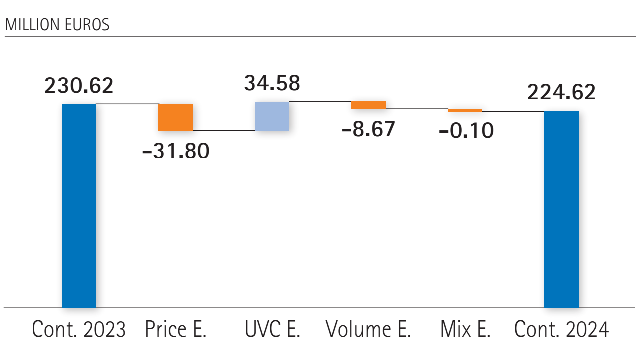
Contribution



Contribution: (sales of products + provision of services – procurement – supplies + change in stocks).

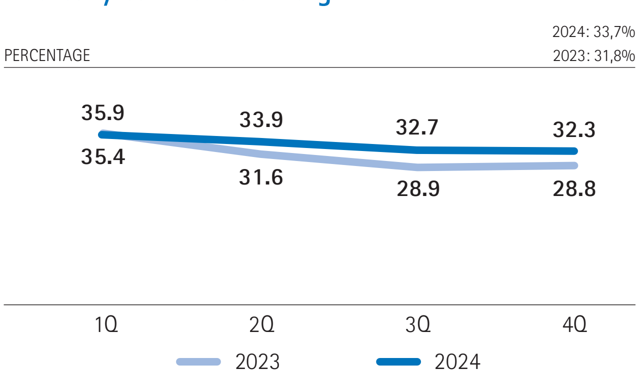
5. As far as the contribution is concerned, the net effect of prices and costs is best identified by setting the effect of the average price of products sold against the average unit variable cost (UVC) incurred in the production of these products. In 2024 the negative price effect of EUR -31.80 million was lower, in absolute terms, than the positive UVC effect of 34.58 million. The net effect of price and UVC therefore amounts to 2.78 million, which accounts for -46.3% of the -6.00 million variation in contribution. The remaining 146.3% is explained by the volume effect of -8.67 million (144.5%) and the mix effect of -0.10 million (1.8%).

Price, volume and UVC effects on the reduction in contribution



6. The contribution margin (contribution divided by the sum of product sales plus service provision) rose from 31.8% in 2023 to 33.7% in 2024. This is a variation of 1.9 percentage points, caused by the decrease in the relative weight of variable costs, which in 2023 represented 68.2% of sales (plus service provision) and in 2024 represented 66.3%. In the first half of the year, the margin increased by 0.9 percentage points compared to the same period in 2023, while in the second half of the year it increased by 3.6 percentage points.

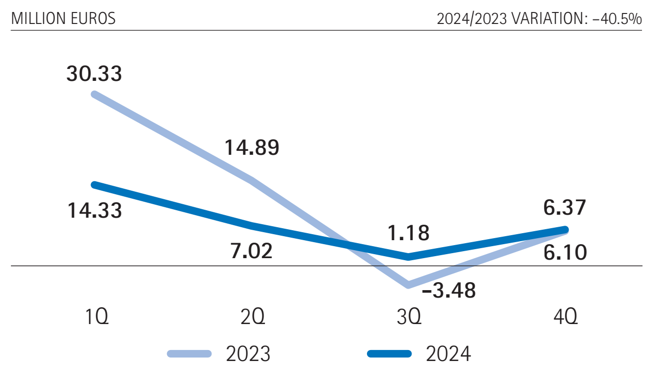
Quarterly contribution margin



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

7. Adjusted ebitda in 2024 was EUR 28.63 million compared to EUR 48.11 million in 2023; this is a reduction of EUR 19.48 million (-40.5%), which exceeds the EUR 6.00 million reduction in the contribution due to higher personnel costs, among other factors. In contrast to the first half of 2024, in which ebitda fell by 52.8% compared to the same period in 2023, in the second half, ebitda for 2024 (7.28 million) more than doubled the ebitda from 2023 (2.89 million), despite the much lower quantities.

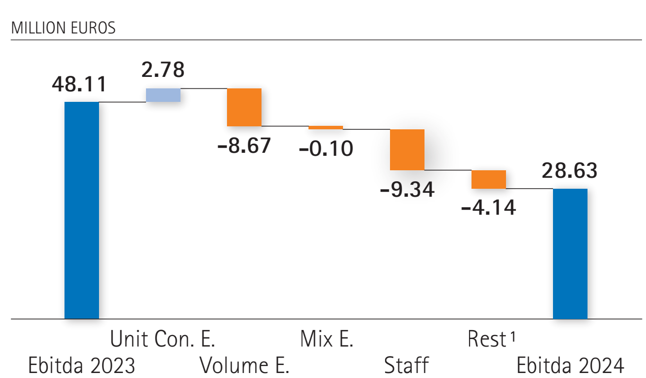
Adjusted quarterly ebitda



Adjusted ebitda: ebitda excluding atypical items. See the "ebitda reconciliation" table in the income statement section.

8. The reduction in adjusted ebitda in 2024 compared to 2023 (EUR -19.48 million) is due, on the positive side, to (i) the volume effect (-8.67 million), which accounts for 44.5%, (ii) personnel expenses (-9.34 million), which accounts for 48.0%, (iii) the mix effect (-0.10 million), accounting for 0.5%, and (iv) a remainder (-4.14 million), accounting for 21.3%. And on the negative side, the effect of the unit contribution (2.78 million), which amounts to -14.3%, due to the fact that the average sales price fell less than the UVC.

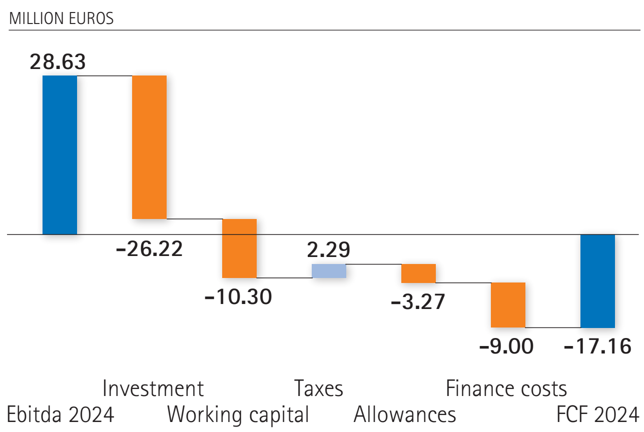
Unit contribution, volume and other effects on the reduction of adjusted ebitda



[1] Rest: variation in service provision, other income, fixed and atypical costs.

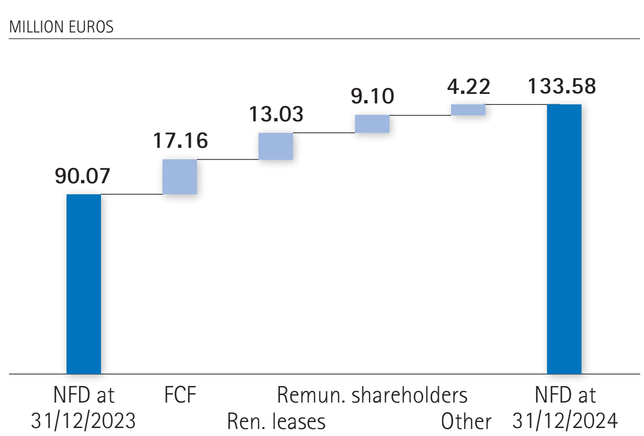
9. The free cash flow (FCF) generated in 2024 was negative: -17.16 million euros. This result is obtained, on one hand, by subtracting from the 28.63 million in ebitda: 26.22 million in investments, 10.30 million increase in working capital, 3.27 million in payment of provisions and 8.29 million in net financial payments; and, on the other hand, from adding 2.29 million in revenues net of income tax.

From ebitda to FCF



10. Ercros started 2024 with EUR 90.07 million in net financial debt (NFD). Throughout 2024, the debt increased by 17.16 million due to negative FCF generated in that period, 13.03 million due to lease renewals, 9.10 million due to shareholder remuneration, and 4.22 million due to other minor causes. Overall, Ercros' NFD increased by EUR 43.51 million, reaching EUR 133.58 million at 31 December 2024.

Evolution of net financial debt (NFD)



11. At 31 December 2024, Ercros had liquidity of EUR 110.14 million, of which EUR 36.73 million were cash and EUR 73.41 million euros were undrawn financing facilities.

3.2. Results

In terms of profit and loss for 2024, in addition to the foregoing, the following should be noted:

The service provision heading rose by 32.7% over 2023 due to the impact of revenues from the new active response to electricity demand service, among other items. Other income dropped by 15.9%, mainly due to the reduction in the value of free CO_2 emissions allowances.

The reversal of provisions and other non-standard income in 2024 mainly includes the extraordinary income from the settlement of a lawsuit brought by Ercros against a supplier.

The overall amount for supplies plus the change in inventories of finished goods and work in progress in 2024 decreased by 8.9% compared to the previous year. Supplies, on the other hand, decreased by 14.6%, mainly due to lower electricity and gas prices compared to 2023.

Personnel costs include the 10.3% increase for CPI deviation in the 2021-2023 period and the 3% increase stemming from the new agreement effective 1 January 2024. The total employee benefits expense increased by 10.2%, which is lower than the increases in the agreement, due to the fact that certain items, amounting to EUR 0.7 million in 2023, have not been accrued in 2024.

Other operating expenses decreased by 1.4% compared to 2023, mainly due to the lower value of CO_2 allowances used during the year.

Provisions and other extraordinary expenses decreased by 7.3% compared to 2023 mainly as a result of lower costs incurred in 2024 for soil and environmental remediation.

Depreciation and amortisation dropped by 2.5% compared to 2023.

In 2024, EUR 1.1 million in impairment of investment property, calculated on the basis of the latest appraisals, was recognised.

Finance losses rose by 13.9%, mainly due to higher finance costs resulting from higher interest rates and the increase in financial debt.

Income tax income is mainly derived from the capitalisation of tax deductions accredited to the tax authorities in 2024. The amount is much lower than the income in 2023 because that year, the expected income as a result of the Constitutional Court ruling on the limit for offsetting tax losses was accounted for.

3.3. Income statement

THOUSANDS OF EUROS

	2024	2023	%
Income	**700,358**	**757,626**	**-7.6**
Sale of finished products	643,426	707,214	-9.0
Rendering of services	23,989	18,080	32.7
Other revenue	26,177	31,143	-15.9
Reversal of provisions and other extraordinary income	5,378	1,189	× 4.5 [1]
Increase in inventories of finished products and work in progress	1,388	–	–
Expense	**-670,982**	**-713,320**	**-5.9**
Procurements	-326,838	-348,324	-6.2
Decrease in inventories of finished goods and work in progress	–	-8,880	–
Utilities	-117,341	-137,469	-14.6
Transport costs	-43,274	-42,965	0.7
Staff expenses	-100,966	-91,627	10.2
Other operating expenses	-77,935	-79,065	-1.4
Reversal of provisions and other extraordinary expenses	-4,628	-4,990	-7.3
Ebitda	**29,376**	**44,306**	**-33.7**
Depreciation	-31,460	-32,273	-2.5
Impairment/Reversal of impairment of assets	-1,055	1,006	–
Ebit	**-3,139**	**13,039**	**–**
Financial result	-9,115	-8,005	13.9
Profit/loss before tax	**-12,254**	**5,034**	**–**
Income tax	597	23,764	-97.5
Profit/loss for the year from continuing activities	**-11,657**	**28.798**	**–**
Net loss from discontinued activities	–	-1.213	–
Profit/loss for the year	**-11,657**	**27.585**	**–**

[1] Times in which the 2024 figure exceeds the 2023 figure (in absolute terms).

Reconciliation of adjusted ebitda

THOUSANDS OF EUROS

	2024	2023	%
Ebitda	**29,376**	**44,306**	**-33.7**
Atypical revenue items	-5,378	-1,189	× 4.5 [1]
Atypical expenditure items	4,628	4,990	-7.3
Adjusted ebitda	**28,626**	**48,107**	**-40.5**

[1] Times in which the 2024 figure exceeds the 2023 figure (in absolute terms).

3.4. Results by business

Weak global demand in the chemical sector, which began in mid-2022, continued in 2024, in which demand seemed to show some recovery in the first half but was followed by a second half in which it again showed signs of weakness, although, as noted above, Ercros' relative performance in the second half of the year was better than it was during the same period of 2023.

Overall, weak demand during the year resulted in lower sales prices and volumes, which have not been fully offset by lower energy and raw material prices compared to 2023.

In addition, personnel costs have risen sharply in 2024 compared to 2023 as a result of wage increases associated with the recovery of the purchasing power of the workforce in application of the collective agreement for the sector. This increase in fixed costs could not be passed on to sales prices in the current weak demand environment, thus negatively affecting the company's margin.

In this context, the efforts of the businesses have continued to be geared towards adapting the pace of production to demand and keeping overhead costs in check while defending the margin as much as possible in a situation of highly volatile markets subject to strong competition.

In 2024, the volume of products sold by the chlorine derivatives division decreased by 4.1% compared to 2023. The division's sales decreased by 12.8%, due to a drop in the average sale price (9.3%), which affected virtually all products. This reduction could not be offset by a reduction in the cost of raw materials and energy. As a result, the division's ebitda shrank by 63.2% and the ebitda/sales ratio was 3.2%, 4.5 points lower than the 7.7% achieved in 2023.

In the intermediate chemicals division, compared to 2023, sales fell by 1.4% due to a 2.8% reduction in the volume sold and despite a 1.5% increase in the average price of the division's products. However, the decrease in the cost of raw materials and energy has enabled the ebitda to increase by EUR 1.55 million, bringing the ebitda/sales ratio to 7.7%, compared to the 6.8% reached in 2023.

The pharmaceuticals division reduced its sales compared to 2023 by 6.6%, mainly due to an 11.7% drop in the volume of products sold and despite a 5.7% increase in the average sales price. The improved sales price was compounded by a slight reduction in the price of raw materials, resulting in an increase in 2024 ebitda to EUR 1.20 million from EUR 0.81 million in 2023, and an increase in the ebitda/sales ratio to 1.9% from 1.2% in 2023.

Results by divisions

THOUSANDS OF EUROS

	Chlorine derivatives			Intermediate chemicals			Pharmaceuticals		
	FY 2024	FY 2023	% Variation	FY 2024	FY 2023	% Variation	FY 2024	FY 2023	% Variation
Income	**425,375**	**480,193**	**-11.42**	**204,293**	**208,436**	**-1.99**	**65,312**	**67,808**	**-3.68**
Sale of products	386,198	442,729	-12.8	194,584	197,392	-1.4	62,644	67,093	-6.6
Rendering of services	23,989	18,055	32.9	0	25	–	0	0	–
Other revenue	16,708	19,409	-13.9	8,874	11,019	-19.5	595	715	-16.8
Changes in inventories of finished products	-1,520	0	–	835	0	–	2,073	0	–
Expense	**-412,923**	**-446,320**	**-7.5**	**-189,321**	**-195,013**	**-2.9**	**-64,110**	**-66,997**	**-4.3**
Procurements	-184,858	-212,207	-12.9	-115,228	-105,495	9.2	-26,752	-30,622	-12.6
Changes in inventories of finished products	0	-1,715	–	0	-9,032	–	0	1,867	–
Utilities	-94,914	-113,726	-16.5	-15,513	-15,831	-2.0	-6,914	-7,912	-12.6
Transport costs	-57,031	-26,834	112.5	-26,046	-14,713	77.0	-17,889	-15,718	13.8
Staff expenses	-27,328	-52,540	-48.0	-14,926	-23,369	-36.1	-1,020	-1,418	-28.1
Other operating expenses	-48,792	-39,298	24.2	-17,608	-26,573	-33.7	-11,535	-13,194	-12.6
Ordinary ebitda	**12,452**	**33,873**	**-63.24**	**14,972**	**13,423**	**11.54**	**1,202**	**811**	**48.21**
Depreciation and amortisation expense	-20,495	-21,435	-4.4	-6,680	-6,553	1.9	-4,285	-4,285	0.0
Operating profit/loss	**-8,043**	**12,438**	**-164.66**	**8,292**	**6,870**	**20.70**	**-3,083**	**-3,474**	**-11.26**
Assets	301,000	302,620	-0.5	152,213	152,213	0.0	88,158	86,370	2.1
Liabilities	72,237	69,043	4.6	30,622	24,339	25.8	10,406	11,980	-13.1
Investments in fixed assets	14,450	17,664	-18.2	7,513	4,320	73.9	2,854	3,746	-23.8

3.5. Geographic markets

The 2024 financial year has exceeded the already good performance in 2023 of the foreign market compared to the performance of the domestic market.

The domestic market accounted for 44.5% of revenues, amounting to EUR 286,036 thousand (EUR 338,959 thousand in 2023). The remaining 55.5% of revenues corresponded to the foreign market, reaching a sum of EUR 357,389 thousand (EUR 368,225 thousand in 2023).

The chlorine derivatives division sold 56.9% of its turnover in Spain. In this business, sales to the Spanish market decreased by 17.6% and exports by 5.4%.

In the intermediate chemicals division, the reduction in turnover was 1.4%. The reduction in turnover has affected the domestic market with a 5.7% drop, but a 0.8% improvement was seen in the foreign market. This business exports 67.2% of its turnover.

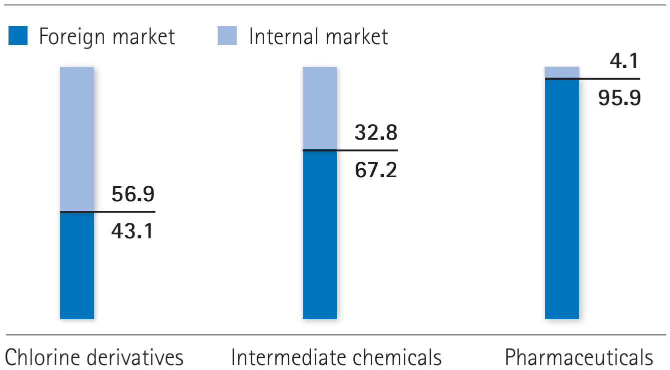
The pharmaceuticals division sells 96% of its sales outside Spain, and in 2024 sales decreased by 6.6% compared to the previous year. The performance of sales in our country has experienced a 44.5% decrease while in the foreign market the reduction was 3.8%.

The European Union ("EU") is the main destination for the Group's exports, accounting for 29.8% of its sales. The reduction in turnover in this area reached 8.2% compared to 2023. Sales to OECD countries increased by 9.7% and represent 16% of total sales. The rest of the world, which absorbs 9.7% of the turnover and which between 2023 and 2024 experienced a reduction of 4.3%.

Sales to France, Italy and Portugal, together with the US, Germany and Turkey are the main destinations for the Company's exports.

Business markets

% OF SALES OF EACH BUSINESS IN 2024



3.6. Exchange rates

The only assets and liabilities exposed to foreign exchange risk are those arising from purchases and sales in ordinary business. The Group has no other assets exposed to currency risk on its balance sheet [see note 3 b) (ii) to the consolidated financial statements].

The dollar is by far the main currency to which the Group is exposed, and the Group's general policy is not to arrange exchange rate hedging to hedge this risk, due to the limited effectiveness and high cost of these instruments.

In 2024, the average exchange rate with the euro was 1.08 dollars per euro, the same rate as in 2023.

An average exchange rate of USD 1.13 per euro has been estimated for 2025, although so far this year the exchange rate has been below this level. If the dollar were to appreciate against the euro in 2025, it would improve the Group's competitive position and profitability.

In 2025, the Group expects to increase its net exposure to the US dollar by increasing planned US dollar sales compared to purchases.

In 2024, sales in USD amounted to 144,061 thousand, which is 7.07% more than the 134,538 thousand in 2023. Sales in this currency accounted for 20.7% of total consolidated sales (19% in the previous year).

Purchases in dollars between 2023 and 2024 went from 31,201 thousand to 47,174 thousand due to the effect of the purchase of VCM in 2024; in the rest of the products, volume in tonnes were similar and the average prices for the year maintained relatively stable.

In 2024, purchases in dollars accounted for 9.8% of the Group's total procurement and supplies (5.9% of the total figure for the previous year).

3.7. Financial, operational and stock market indicators

Indicators[1]	FY 2024	FY 2023
Financial		
Leverage ratio (<0,5)[2]	0.39	0.25
Solvency ratio (<2)[2]	4.67	1.87
Liquidity	1.15	1.28
Hedging of fixed asset financing	1.07	1.10
ROCE (%)	-0.63	2.70
Average collection period (days)	60.75	65.18
Average payment period (days)	44.12	46.64
Operational risks		
Production (thousand tonnes)	1,386	1,110
Added value (thousands of euros)	130,342	135,933
Productivity (euros/person)	97,634	101,899
Gross margin/revenue (%)	53.33	54.02
Ordinary ebitda margin/sales (%)	4.29	6.63
Stock market		
Closing share price (euros/share)	3.53	2.64
Capitalisation (thousands of euros)	322,770	241,392
EPS (euros)[2]	-0.13	0.29
CFA (euros)	0.10	0.60
PER	n/a	8.75
P/BV	0.95	0.66

[2] Conditions for dividend payment.

[1] Method of calculation and purpose of each indicator:

Leverage ratio:
– Calculation: net debt ÷ total equity.
– Purpose: to assess the degree of borrowed funds in relation to the Group's equity.

Solvency ratio:
– Calculation: net debt ÷ gross ordinary operating profit.
– Purpose: to assess the repayment capacity of borrowed funds in number of years.

Liquidity:
– Calculation: current assets ÷ current liabilities.
– Purpose: to assess the capacity to meet short-term payment commitments.

Hedging of fixed asset financing:
– - Calculation: (total equity + non-current liabilities) ÷ non-current assets.
– Purpose: to assess the extent to which non-current assets are financed with permanent resources.

ROCE:
– Calculation: operating result ÷ resources employed.
– Purpose: to measure the level of profitability obtained by the Group in its business in relation to the investment made.

Average collection period:
– Calculation: (average debtors for the year ÷ sales) × 365.
– Purpose: to assess the average number of days between sales and total collections for the year.

Average payment period:
– Calculation according to Act 15/2010, of 5 July.
– Purpose: to assess the average number of days between purchases and total payments for the year.

Production:
– Calculation: Volume of units produced.
– Purpose: to measure the number of physical units produced.

Added value:
– Calculation: gross operating result + staff costs.
– Purpose: to measure the wealth generated by the Group.

Productivity:
– Calculation: added value ÷ No. of employees.
– Purpose: to measure the average contribution per employee to the Group's added value.

Gross margin / revenue:
– Calculation: (income – procurement) ÷ income.
– Purpose: to assess the profitability of the Group's product portfolio.

Ordinary ebitda margin/sales:
– Calculation: gross operating result ÷ sales.
– Purpose: to measure the profitability of sales in relation to gross operating profits earned.

Share price:
– Calculation: Ercros share price at year-end.
– Purpose: to know the value given by the market to each share of the Company.

Capitalisation:
– Calculation: closing share price × number of shares issued.
– Purpose: to know the value that the market assigns to the Group's total assets.

EPS:
– Calculation: consolidated result for the year ÷ weighted average number of shares.
– Purpose: to measure the earnings that corresponds to each share.

CFA:
– Calculation: operating cash flow ÷ number of shares.
– Purpose: to measure the cash flow generated corresponding to each share.

PER:
– Calculation: capitalisation ÷ result of the year.
– Purpose: to know the number of times earnings per share are included in the value of the share.

P/BV:
– Calculation: capitalisation ÷ total equity.
– Purpose: to relate the Company's stock market value to its underlying book value.

\+ = added   – = subtracted   × = multiplied   ÷ = divided

4 / Liquidity and capital resources

4.1. Economic analysis of the balance sheet

In 2024, non-current assets decreased by EUR 15.35 million mainly due, on the negative side, to (i) the reclassification to short-term of the balance of EUR 19.33 million recognised under non-current assets at 31 December 2023, receivable from the tax authorities in relation to the aforementioned Constitutional Court judgement, and (ii) the EUR 1.06 million in impairment of investment property; and on the positive side, (iii) to the EUR 4.63 million increase in the balance of rights of use over leased assets. Additions to property, plant and equipment during the year are similar to depreciation.

Working capital increased by EUR 33.77 million as a result of a EUR 38.47 million increase in current assets, minus the increase in current liabilities, amounting to EUR 4.70 million. Current assets increased mainly due to: (i) the reclassification of the account receivable from the tax authorities mentioned in the previous paragraph, for a total of 19.33 million, (ii) the increase in inventories, by 11.08 million, (iii) the increase in trade receivables, by 2.86 million, (iv) the increase in VAT receivable, by 4.42 million, and (v) the reduction in other current assets, by 0.79 million.

Equity decreased by EUR 21.96 million as a result of the sum of losses for the period, amounting to EUR 11.66 million, the payment of the board attendance bonus of EUR 0.32 million, the payment of the dividend of EUR 8.78 million and other variations amounting to EUR 1.20 million.

Provisions and other payables decreased by EUR 3.13 million, mainly due to payments associated with the dismantling of facilities and sundry environmental remediations.

Economic analysis of the balance sheet

THOUSANDS OF EUROS

	31/12/2024	31/12/2023	Variation	%
Non-current assets	**403,800**	**419,152**	**-15,352**	**-3.7**
Working capital	**97,988**	**64,218**	**33,770**	**52.6**
Current assets	207,994	169,527	38,467	22.7
Current liabilities	-110,006	-105,309	-4,697	4.5
Resources used	**501,788**	**483,370**	**18,418**	**3.8**
Equity	**341,157**	**363,115**	**-21,958**	**-6.0**
Net financial debt	**133,578**	**90,070**	**43,508**	**48.3**
Provisions and other liabilities	**27,053**	**30,185**	**-3,132**	**-10.4**
Origin of the funds	**501,788**	**483,370**	**18,418**	**3.8**

Net financial debt includes all debts of a financial nature to non-banking entities as well as lease payables (in 2024: EUR 13,981 thousand, and in 2023: EUR 9,260 thousand). Furthermore, in addition to cash and cash equivalents, deposits collateralising debt commitments have been considered as reductions in financial debt (in 2024: EUR 2,028 thousand, and in 2023: EUR 2,034 thousand).

4.2. Liquidity

The Group manages its liquidity risk using financial planning techniques. These techniques consider cash inflows and outflows from ordinary, investment and financing activities, as well as shareholder remuneration. The Group's objective is to maintain a balance between the flexibility, term and conditions of the sources of financing arranged based on the expected short-, medium- and long-term needs.

In 2024 there has been an increase in net financial debt due to a weaker economic environment, which has reduced the cash flow generated by ordinary activities, although this increase has reached levels that the company can afford, which do not compromise its financial position.

On the other hand, much of the Group's financing includes compliance with covenants in relation to its level of indebtedness, financial expenses and maximum capex. There is a risk that some of these covenants may not be met from time to time. Historically, in all cases where a covenant was not met, the Group has obtained the corresponding waiver from the financial institutions and expects to obtain such a waiver in the event of non-compliance with a covenant in the future.

The Group has obtained a waiver for non-compliance with covenants at 31 December 2024.

In relation to the financing facilities available, the Group renewed and extended the syndicated financing agreements in December 2023, and currently has a syndicated factoring facility available until May 2029 for an amount of EUR 102,000 thousand and a syndicated credit facility with a global limit of EUR 115,000 thousand in two tranches: a revolving tranche for an amount of EUR 50,000 thousand and a loan tranche to finance investments up to a maximum of EUR 65,000 thousand.

The Group has arranged several loans and credit facilities with financial entities and public institutions for a total amount of EUR 95,187 thousand.

In addition, on 23 December 2021, the Ercros Group signed a EUR 40 million agreement with the European Investment Bank ("EIB") to finance Ercros' investments in research, development and innovation ("R&D&I"), digitalisation, decarbonisation and modernisation of its main facilities as part of the Plan 3D strategic plan that Ercros has launched for the 2021-2025 period. The Group has drawn down the entirety of this financing at year-end 2024.

In addition, if necessary, the Group believes that it could occasionally resort to other complementary mechanisms to obtain liquidity, such as the partial and selective disposal of non-operating assets, issuance of short- or medium-term bonds in organised markets or issuance of a line of promissory notes on the Alternative Fixed Income Market ("MARF").

a) Main sources of funding

In 2024, the Group has used the following sources of funding:

(i) External

- The euro factoring line, which allows financing of working capital up to a limit of EUR 102,000 thousand. At 31 December 2024, the balance drawn down from this line was EUR 58,401 thousand (EUR 48,219 thousand for the previous year).
- The revolving credit agreement, for an overall limit of EUR 50,000 thousand. At 31 December 2024, the amount drawn down was EUR 30,000 thousand (EUR 0 thousand in the previous year).
- The CAPEX tranche of the syndicated revolving credit facility in loan format had an outstanding balance of EUR 20,625 thousand at 31 December 2024 (EUR 5,625 thousand in the previous year).
- The ICO loan agreement, which at 31 December 2024 had a balance of EUR 7,205 thousand (EUR 10,793 thousand in the previous year).
- The ICF loan agreements, which at 31 December 2024 had a balance of EUR 3,055 thousand (EUR 4,028 thousand in the previous year).
- Various loans with public entities such as the Ministry of Industry, Tourism and Commerce, CDTI and other financial entities for a total amount of EUR 9,528 thousand.
- Various bank loans with maturities of 5 to 7 years and a drawn down balance at 31 December 2024 of EUR 32,706 thousand (EUR 42,241 thousand in the previous year).
- Several working capital financing facilities from banks with a total limit of EUR 27,000 thousand. At 31 December 2024, a balance of EUR 4,174 thousand (EUR 5,000 thousand in the previous year) had been drawn down on these working capital financing facilities.
- The loan agreement with the European Investment Bank signed on 23 December 2021 for a total amount of EUR 40,000 thousand, with a drawn down balance of EUR 37,174 thousand at 31 December 2024 (EUR 36,927 thousand in the previous year).

(ii) Internal

In 2024, despite weak demand, the economic downturn and significant investing efforts, the Group's activity generated EUR -17,160 thousand of free cash (EUR 17,305 thousand in 2023).

- At 31 December 2024, the Group also had EUR 36,729 thousand (EUR 39,145 thousand at year-end 2023) in cash on hand and EUR 110,139 thousand (EUR 148,632 thousand at year-end 2023) in additional available financing [see note 6 d) (v) to the consolidated financial statements].
- During the year 2024, the amount related to the refund of corporate income tax settlements for the year 2023 has been received for a total amount of EUR 3,009 thousand.
- It is worth noting the overall amount received in 2024 relating to grants (for indirect CO_2 emissions, intensive electricity consumption and others), which amounted to EUR 8,811 thousand (EUR 11,648 thousand in 2023).

The Group is confident that, as in the past, should new investment opportunities or needs arise in any production facility to meet its growth expectations, it could resort to other complementary mechanisms to obtain liquidity, such as partial and selective disposal of non-operating assets, subscription of new bank financing, issuance of promissory notes or issuance of short or medium-term bonds in organised markets.

b) Government grants and subsidies

In 2024, Ercros received the following subsidies and grants from public bodies:

Body	Item	Factories	Amount (thousand euros)
Ministry of Industry, Commerce and Tourism	Offsetting the cost of indirect CO_2 emissions from 2023	Vila-seca I and Sabiñánigo	7,874
Ministry of Industry and Tourism	Redress for electricity-intensive consumers in 2024	Vila-seca I, Tortosa and Aranjuez	405
Acció	Nuclis I+D Green Programme for the "Moulding Powder Recycling Process" project	Cerdanyola	32
Generalitat de Catalunya	Brine treatment and purification	Vila-seca I	500
Total			**8,811**

The Group has also been granted aid from IDAE, ICAEN, IVACE and the Ministry of Industry and Tourism, amounting to EUR 4,557 thousand, which has not yet been received, awaiting justification and review of the investments that have generated them.

Furthermore, in 2024, the Group benefited from the following public aid:

— The Ministry of Industry and Tourism granted the Group free allocations of greenhouse gas emissions allowances for an equivalent value of EUR 13,983 thousand (EUR 16,458 thousand in 2023) [see notes 5 c) and 6 l) to the consolidated financial statements].

— The Fundación Estatal para la Formación en el Empleo ("Fundae") subsidised part of the training expenses incurred, amounting to EUR 181 thousand, which is deducted from the social security contributions paid by the Group (EUR 206 thousand in 2023).

c) Restrictions on dividend distribution

There are no restrictions on the distribution of dividends, provided that the ratios established under the syndicated financing arrangements are met. These are less stringent than the three conditions set out in the current shareholder remuneration policy applicable for the 2021–2029 period, which are detailed below:

— That profit for the year exceeds EUR 10,000,000.

— That the net financial debt to ordinary ebitda ratio (solvency ratio) is less than or equal to 2.

— That the net financial debt to total equity ratio (leverage ratio) is less than or equal to 0.5.

Some financing agreements include restrictions that limit shareholder remuneration to 40% of consolidated net profit for the year, subject to compliance with certain financial covenants.

Given that the Company incurred a loss in 2024, no dividend distribution is applicable. Furthermore, the net financial debt to ordinary ebitda ratio stands at 4.67 times, well above the maximum of 2 required under the shareholder remuneration policy.

d) Level of indebtedness

As mentioned in section 3.1 above, the NFD has increased by EUR 43,508 thousand. At 31 December 2024, NFD stood at EUR 133,578 thousand compared to EUR 90,070 thousand at the end of 2023.

Breakdown of net financial debt

THOUSANDS OF EUROS

	31/12/2024	31/12/2023	Variation	%
Loans	91,013	108,831	-17,818	-16.4
Finance lease payables	13,982	9,260	4,722	51.0
Working capital financing	67,340	13,158	54,182	× 5.1 [1]
Gross financial debt	**172,335**	**131,249**	**41,086**	**31.3**
Cash on hand	-36,729	-39,145	2,416	-6.2
Filings	-2,028	-2,034	6	-0.3
Net financial debt	**133,578**	**90,070**	**43,508**	**48.3**

[1] Times the 2024 figure exceeds that of 2023 (in absolute terms).

e) Supplier payment period and customer collection period

The average supplier payment term at the end of 2024 was 44.12 days (46.64 days at the end of 2023), a reduction of 2.52 days between the two years, in line with the trend seen in recent years.

The sum of payments made within a period of more than 60 days in 2024 accounted for 13.97% of all payments (24.83% of all payments in 2023). The Group plans to continue to reduce the percentage of payments exceeding 60 days.

Last year, the average collection period was 60.75 days (65.18 days in 2023).

4.3. Capital resources

The Group manages capital considering the characteristics of its business and is not subject to externally imposed capital requirements.

The Group's objectives in capital management are:

- To follow a prudent financial policy, based on the stage and duration of the economic cycles and its industry.
- To maintain the capacity to perform transactions with a high level of solvency, in order to provide satisfactory returns to shareholders and benefit other stakeholders, such as employees, customers, providers, etc.
- To comply with the shareholder remuneration policy.

The Group periodically measures and analyses the ratios regulating the shareholder remuneration policy and estimates their projections. It also analyses free cash flow generation, which is the key factor when determining the investment policy, the sale of investments to reduce debt, the payment of dividends, capital returns to shareholders, and the issue of new shares.

The volume of capital is established based on the existing risks, making the corresponding capital adjustments according to changes in economic conditions and the risks associated with activity.

a) Firm commitments for raising capital resources

There are no firm commitments to raise new capital resources.

b) Committed or obligatory investments

On 22 January 2021, the Board of Directors approved a new investment plan known as the 3D Plan, which is described in section 1.3 c) above.

Details of the commitments relating to investments pending execution are provided below:

Approved investments yet to be implemented

THOUSANDS OF EUROS

	FY 2024	FY 2023
Non-binding with third parties	**19,346**	**13,505**
Capacity expansion	671	1,777
Energy efficiency	929	3,148
Other investments	17,746	8,580
Binding with third parties	**7,044**	**11,397**
Capacity expansion	75	430
Energy efficiency	1,342	4,619
Other investments	5,627	6,348
Total approved investments pending execution	**26,390**	**24,902**

The evolution of the investments pending execution in both years is as follows:

THOUSANDS OF EUROS

	FY 2024	FY 2023
Opening Balance	**24,902**	**21,415**
New investments authorised in the year	**27,396**	**31,146**
Capacity expansion	–	1,060
Energy efficiency	300	7,796
Other investments	27,096	22,290
Investments executed in the year	**-25,908**	**-27,659**
Capacity expansion	-9,915	-19,812
Energy efficiency	-9,383	-7,001
Other investments	-6,610	-846
Closing balance	**26,390**	**24,902**

4.4. Contractual or off-balance sheet obligations

The Group has not assumed any contractual or off-balance sheet obligations requiring significant additional financial resources beyond those related to capital expenditure commitments or the buy-back of own shares for cancellation.

5 / Key risks and uncertainties

5.1. Identification of risks

The Group has implemented a risk alert system, known as "SARE", which enables the identification, monitoring and quantification of potential risks to which it may be exposed. This alert system is activated whenever a risk that may affect the Group is identified.

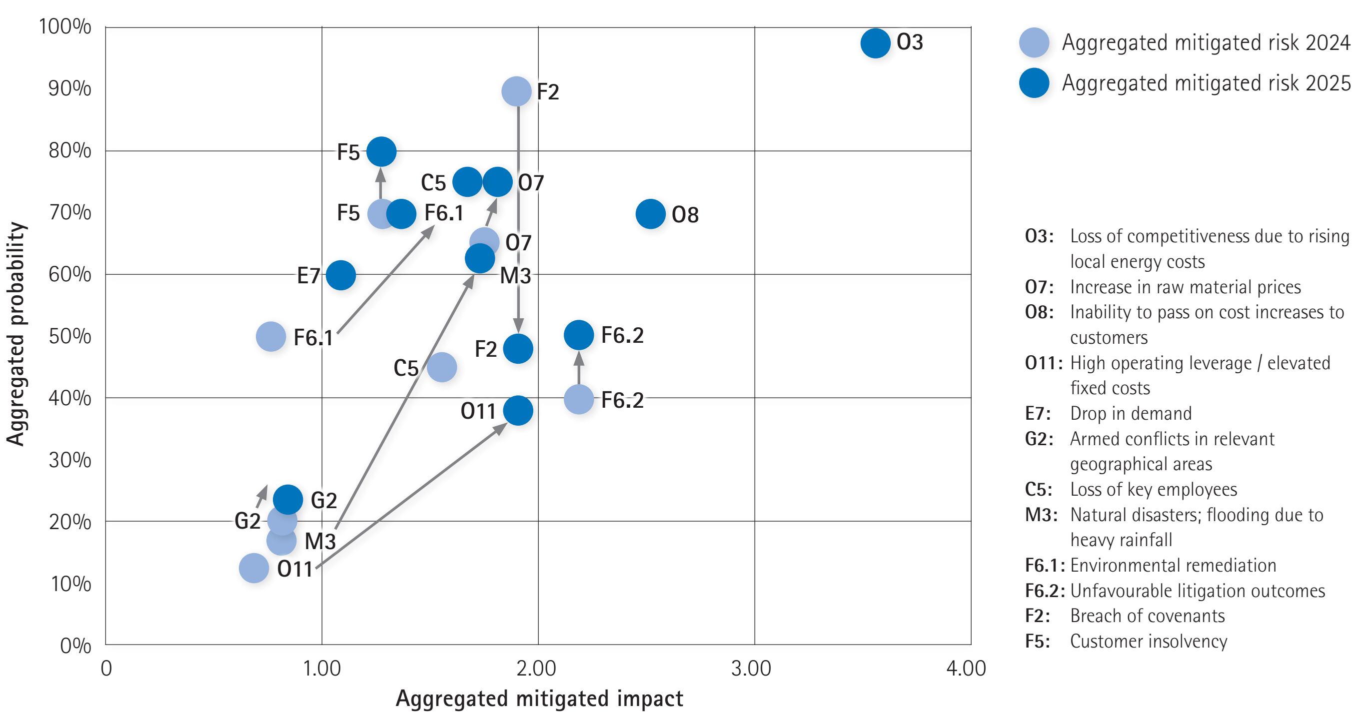
The activities of the Ercros Group are inherently associated with various types of risk, which are categorised into different types according to the criteria the Group considers most appropriate for their efficient management. In this regard, not all businesses are exposed to the same risks, although they may share some. In general, the Ercros Group is subject to operational, non-financial and financial risks.

Many of these risks are inherent to the Group's business activities or result from external factors. These risks can be mitigated, although not entirely eliminated. In some cases, the Group transfers risk by taking out insurance policies.

Risks are considered relevant when they may compromise the achievement of the Group's strategic objectives, the maintenance of financial flexibility and the Group's solvency, and when they require an immediate response due to their potentially significant impact on the company's results.

On 20 December 2024, the managing directors presented to the Board of Directors the risk maps of the various business units, along with an aggregate Group risk map, identifying the key risks anticipated for 2025. These are assessed on the basis of their probability of occurrence (on a scale from 0% to 100%) and their potential impact on the Group (on a scale from 0 to 6). Based on these maps, the Group has implemented control measures to mitigate the risks identified.

The following chart shows the most relevant aggregated risks for the Group's businesses in 2025, after applying mitigation measures:



O3: Loss of competitiveness due to rising local energy costs
O7: Increase in raw material prices
O8: Inability to pass on cost increases to customers
O11: High operating leverage / elevated fixed costs
E7: Drop in demand
G2: Armed conflicts in relevant geographical areas
C5: Loss of key employees
M3: Natural disasters; flooding due to heavy rainfall
F6.1: Environmental remediation
F6.2: Unfavourable litigation outcomes
F2: Breach of covenants
F5: Customer insolvency

The key risks that may affect the Group, classified by type are described bellow:

a) Operational risks

The Ercros Group, with 9 manufacturing facilities, carries out its production activities within the framework of its commitment to the safety of its facilities, the health of its staff, respect for the environment, the quality of its products, and dialogue and transparency with society.

In the course of conducting its business activity, the Group is exposed to the following operational risks:

(i) Industrial risk

The production activity carried out by the Ercros Group involves the implementation of operations that imply danger and require diligent action on the part of the staff performing them. In addition, industrial facilities in the chemical industry have intrinsic potential risks arising from the use of substances, some of which are hazardous, that they use or manufacture; human error; and from the maintenance or restructuring of these facilities.

The safety of people and facilities is a priority for the Ercros Group and, therefore it: (i) ensures compliance with legislation; (ii) certifies its facilities with internationally approved standards; (iii) submits its facilities to regular operational analysis (Hazop method) and inspections; (iv) ensures each factory has a preventive maintenance plan for its industrial facilities; and (v) ensures its own and its external employees receive preventive training adapted to their workplace. In addition, the Group investigates all accidents and incidents, analyses their causes, and establishes, where appropriate, the corrective actions necessary to prevent their recurrence.

The Group carries out scheduled shutdowns of its production plants for maintenance, repair or modernisation, although there are also occasional unplanned shutdowns that affect the fulfilment of production and sales plans. The Group has insurance policies in place to cover the loss of profit resulting from these unforeseen contingencies.

In some cases, plants have to slow down their production rate to keep pace with the rate of supply of key suppliers of raw materials or key customers' consumption of the final product. In other cases, the Group also has to face the industrial risk generated by the possible interruption of some production processes as a result of possible failures in the supply chain of some raw materials and intermediate products due to various logistical or operational restrictions of suppliers.

To mitigate these risks, the Group has adopted the following strategy: (i) entering into supply hedging agreements and long-term supply contracts offering enhanced guarantees; (ii) identifying alternative suppliers; and (iii) implementing long-term production and consumption planning that anticipates potential constraints and identifies alternative solutions.

In the transport sector, the main disruptions to overland freight during 2024 stemmed from demonstrations by French and Spanish farmers in January and February, which led to roadblocks. While these did not disrupt the delivery of raw materials to production sites —therefore not impacting production— they did cause occasional delays in outbound deliveries to customers. Strikes also occurred in February, November and December, but none had any material impact on the Group.

Weather-related events also caused distribution-chain disruptions during the year. The DANA storm system that struck the Valencia region in October had a particularly severe impact on overland logistics, causing road closures and the temporary suspension of hazardous goods transport. The Group mitigated these challenges by scheduling night-time and weekend loading and unloading operations, thus minimising the impact on production and customer service.

A second weather-related disruption was the collapse of the French side of the Somport tunnel linking Spain and France, due to heavy rainfall. This forced the redirection of trucks bound for European destinations —particularly from the Sabiñánigo site— via more distant crossings such as Irún or La Jonquera, thereby increasing transit times and shipping costs.

The shortage of qualified drivers remains an ongoing and future risk across Europe's road transport sector. Ercros pursues policies aimed at maintaining stable, trust-based relationships with its logistics partners and is developing multimodal transport routes where feasible.

Finally, a key operational risk that materialised at the end of 2024 was the Group's high operating leverage and elevated fixed costs, driven by increased personnel expenses following the entry into force of the 20th Collective Bargaining Agreement.

(ii) Margin loss risk (relevant)

In the chemical industry, due to the high global production volumes and the uneven growth between supply and demand, it is common for two-to-five-year cycles to alternate between periods of balance —where supply and demand are aligned and product profitability is stable and satisfactory— and periods of imbalance, during which product prices fluctuate either upwards or downwards.

From 2016 until the first half of 2018, the cycle remained on an upward trend, in a context of demand pressure, supply shortages and high prices; but, from this date, the trend changed, pushed by oversupply, falling prices and, in general, weakening global markets, entering a recessionary chemical cycle, aggravated by the initial impact of Covid-19 in Q2 2020. From the second half of 2020 onwards, there was a turnaround based on the rapid and strong recovery in demand for consumer goods, coupled with post-pandemic supply shortages, which remained very solid throughout 2021 and into the first half of 2022.

However, the continued tightening of monetary policy by central banks in the major economies —aimed at controlling inflation— triggered a shift in demand from the second half of 2022, particularly a decline in demand for durable consumer goods in favour of services. This trend has persisted throughout 2024. The fall in demand for durable goods has been further compounded over the past two years by a loss of competitiveness among European producers versus counterparts in other regions —primarily the US and Asia —owing to persistently higher energy costs and increasingly strict regulatory measures aimed at achieving climate neutrality.

Although the Ercros Group seeks to pass through increases in variable manufacturing costs to the selling price of its products, it is not always able to do so fully or immediately. Depending on the prevailing supply-demand dynamics, this may lead to a temporary erosion of profitability for specific products. This was clearly the case throughout 2024: weak demand in the construction and consumer goods sectors; uncertainty surrounding the future of the automotive industry due to regulatory ambiguity; sustained high energy and raw material prices; and increased competition from lower-priced imported products all exerted downward pressure on the Group's sales volumes and margins.

In this context, the Group sought to preserve its margins by: (i) adjusting production rates as efficiently as possible in line with declining demand; (ii) revising its contractual and commercial objectives to reflect the evolving market conditions implementing regular selling price adjustments linked to changes in energy and raw material costs; and (iii) intensifying its search for new markets and customers.

At Ercros, PVC and caustic soda are the products that account for the largest share of consolidated revenue and are most affected by demand cycles and margin pressure. The PVC market —closely tied to the construction and automotive sectors— and the caustic soda market —which has more general industrial uses and correlates with GDP— have both continued the downward trend that began in the second half of 2022, with demand remaining weak. The contraction in demand and rising pressure from non-EU imports in both markets have compelled European producers to scale back their production volumes and adjust selling prices to reflect the new market environment.

At the Ercros Group, PVC and caustic soda are the products with the greatest weight in consolidated turnover and which suffer the most from demand cycles and margin tensions. The markets for PVC, which is closely linked to the construction sector, and forcaustic soda, which is more general purpose and linked to GDP, —have both continued the downward trend that began in the second half of 2022, with demand remaining weak. This correction of demand and the increased pressure of non-EU product on both markets has forced European producers to adjust their production ratios and sales prices to the new market situation.

A gradual recovery in caustic soda and PVC volumes and margins is expected to begin in the second half of 2025, driven by an anticipated easing of energy costs in Europe and a progressive reduction in interest rates, which should stimulate activity in the construction sector.

Sodium hypochlorite —a co-product of the caustic soda production process— experienced a deterioration in margins in 2024 relative to 2023, due to price adjustments necessitated by falling demand and increased competitive pressure.

TCCA, one of the Group's highest value-added products, closed 2024 on a positive note thanks to increased demand from the swimming pool water treatment sector in the United States. This growth more than offset a slight decline in demand within the European Union, which was attributed to adverse weather during the season and increased imports from China.

In 2024, the market for pentaerythritol —the second-largest product by revenue within the intermediate chemicals division— remained subdued, with weak demand and rising import pressure. In the second half of the year, the increase in the cost of key raw materials and energy —costs that could not be fully passed on to customers— led to a decline in the product's sales margins.

To mitigate this risk, the Group will continue investing in measures to improve its competitiveness by adopting more efficient technologies and optimising its production processes to minimise resource consumption, while also seeking to pass any future cost increases on to customers.

(iii) Commodity dependence risk

As discussed in section (ii) above, the Group is highly dependent on the main raw materials used in its industrial processes, the prices of which are subject to cyclical fluctuations and, on occasion, may not be available in the quantities required or in a timely manner.

The Group attempts to mitigate the risk of dependence on raw materials by implementing a purchase strategy based on: (i) longterm supply agreements for strategic raw materials with higher volatility; (ii) increasing storage capacity (temporary increase depending on the current situation of inventory capacity) and internal production of intermediate products; (iii) purchase agreements with several alternative suppliers to secure competitive volumes and prices for the supply of raw materials and energy; and (iv) geographical diversification of supply sources for strategic raw materials to ensure their availability in the event of shortages in areas or logistical problems.

In order to reduce the impact of raw material price volatility on the business, the Group promotes negotiations with customers for product supply contracts that are indexed to the price of the most significant raw materials involved in the manufacturing process and manages inventories as efficiently as possible, according to consumption and price forecasts.

The Group's four main inputs are electricity, gas, methanol and ethylene, which account for about 45% of the total amount of consolidated procurement and supply in 2024.

During the year, the Group has tried to minimise the effects of the continuing high price of raw materials and energy in Europe by: (i) signing commercial agreements for the sale of products including price review clauses that take into account the variations in the prices of raw materials and energy referenced in official and/or industry publications of recognised prestige; (ii) focusing on customers with better profitability and (iii) signing agreements for the supply of raw materials based on the sales prices of the finished product for which it is an input.

Electricity is the main supply for the chlorine derivatives division. The Group purchases electricity from various electricity supply companies. The supply contracts with these companies are of varying duration.

On 28 December 2022, the Spanish Government published Royal Decree-law 20/2022, which adopted measures in response to the economic and social consequences of the war in Ukraine. These included, among others: (i) an extension of the 80% reduction in access tariffs for the transmission and distribution networks applicable to electro-intensive consumers until 30 June 2023; (ii) an extension of the 0.5% electricity tax rate until 31 December 2023; (iii) an extension of the 0% generation tax rate until 31 December 2023; and (iv) the introduction of a EUR 450 million aid scheme for gas-intensive consumers.

On 29 March 2023, the Government published Royal Decree-law 3/2023, extending the application of the production cost adjustment mechanism designed to reduce electricity prices in the wholesale market until 31 December 2023.

On 29 June 2023, Royal Decree-law 5/2023 was issued, further extending measures responding to the economic and social consequences of the war in Ukraine, including an extension until 31 December 2023 of the 80% reduction in access tariffs for electro-intensive consumers.

On 28 December 2023, Royal Decree-law 8/2023 was published, extending the 80% reduction in network access tariffs and approving partial reductions in both the electricity tax and the generation tax until 30 June 2024.

On 27 June 2024, Royal Decree-law 4/2024 was published, further extending certain measures to address the economic and social consequences of the Ukraine conflict, including, among others, an extension until 31 December 2024 of the 80% reduction in access tariffs for electro-intensive consumers.

In 2024, although the electricity pool price in Spain decreased significantly compared to 2023—in line with the fall in natural gas prices—it remained well above historical pre-Ukraine conflict market averages. The situation was only partially offset by the aid received to compensate for the cost of electricity arising from indirect CO_2 emissions, financial support under the Electro-intensive Consumers Statute, and the reduced tariffs, charges and taxes applied pursuant to the aforementioned Royal Decree-laws.

The Group expects to reduce the final €/MWh price differential versus its European competitors through additional mechanisms that may be introduced by amendments to the current Royal Decree governing the Electro-intensive Consumers Statute or via new legislation aimed at safeguarding the competitiveness of energy-intensive industry located in Spain.

On the other hand, the Group has entered into long-term "renewable electricity packages", known as PPAs (Power Purchase Agreements), and continues to explore the possibility of entering into additional agreements.

A photovoltaic electricity generation project is also being developed on land owned by Ercros in Flix, which is currently not used for any industrial activity; a self-consumption photovoltaic installation has been commissioned at the Monzón plant; and other renewable self-consumption projects are being studied for other Group facilities. In addition, the Group continues to carry out energy efficiency improvement projects and to implement operational measures aimed at increasing the energy efficiency of its processes. These actions are intended to reduce energy consumption and the future cost of energy supply, while increasing the share of renewable energy used, in order to meet the Group's decarbonisation objective.

In addition to electricity, another critical raw material in the chlorine and caustic soda production process is sodium chloride (common salt). Membrane electrolysis plants require sodium chloride of very high purity. Although sodium chloride is an abundant raw material, there are currently only a limited number of producers in Europe able to supply it with the required quality. To ensure the availability of this input at competitive prices, the Group holds long-term supply agreements with various suppliers.

Methanol is the main raw material used in the intermediate chemicals division. The Group maintains supply agreements with several international suppliers located in different geographical areas. These agreements are renewed on a staggered basis to avoid the risk of supplier concentration and simultaneous contract expiries. In 2024, the European Union maintained the suspension of the import tariff on methanol, the reinstatement of which would otherwise have negatively impacted the Group by increasing the cost of importing this raw material.

Since the termination, in December 2022, of the chlorine supply agreement the Group had with what was previously its main chlorine customer, the Group has redirected the increased availability of chlorine to: (i) ramp up production of its own EDC —an intermediate product used in PVC production— thereby reducing purchases of externally sourced EDC and the related dependency; and (ii) increase output of other chlorine derivatives (sodium hypochlorite, hydrochloric acid, TCCA, etc.).

(iv) Loss of competitiveness risk (relevant)

Ercros operates in a globalised environment where new competitors may emerge, having benefited in their countries of origin from development support measures, lower labour costs or less stringent environmental regulations than those imposed on production facilities in Europe.

In 2024, the sustained high local energy costs faced by European producers compared to other regions of the world, together with greater intensity of state aid for electro-intensive industry in some EU Member States (notably Germany and France), undermined the Group's competitiveness both globally (Europe vs Asia and the US) and regionally (within Europe). The cost differential becomes a key factor in setting the final price of commodity-type products —which represent the bulk of the Group's portfolio.

The Group mitigates the risk of loss of competitiveness by:
(i) entering into supply hedging agreements; (ii) negotiating product sales contracts that include price review clauses based on variations in raw material and energy prices published in official and/or sector-recognised sources; (iii) carrying out investments to improve the technological capabilities of its facilities; and (iv) implementing enhancements to its operational and control processes.

The technological upgrading of production processes undertaken by the Group has led to greater energy efficiency and a higher utilisation ratio, which has improved the profitability of its products.

In the same line of improvement competitiveness, the Ercros Group is implementing strategic plan —the 3D Plan (2021–2029)— based on three pillars: Diversification, Digitalisation, and Decarbonisation.

The objective of the digitalisation strategy is precisely to improve Ercros' competitiveness by (i) reducing operating costs; (ii) increasing production and sales volumes through improvements in the reliability of the processes of its production facilities; a; and (iii) strengthening customer loyalty by improving service quality.

Meanwhile, the decarbonisation strategy seeks, among other things, to reduce manufacturing costs through efficiency improvements in the consumption of energy and raw materials, as well as the replacement of fossil fuels with others of renewable origin and les volatile in Price

(v) Loss of market share risk (relevant)

Another relevant risk related to the Group's competitiveness is the potential loss of market share due to the emergence of new competitors or the increase in production capacity by existing competitors in some of the products manufactured by the company.

The Group addresses these risks by: (i) the continuous search for new markets and customers (ii) improving its competitive position through investment in modernising its facilities; (iii) operational improvements resulting in lower manufacturing and transport costs; (iv) improving customer service to strengthen commercial ties; and (v) developing new specialties.

Another traditional factor that affects the Group's competitiveness is the euro/US dollar exchange rate. In 2024, the average exchange rate was 1.08 US dollars to the euro (the same as in 2023). A potential appreciation of the euro (depreciation of the dollar) would lead to some loss of competitiveness for the Group's products. Should the dollar weaken in 2025, this would negatively impact the Group by worsening the competitive position and reducing the profitability of its products. Conversely, if the dollar strengthens, this would improve the Group's competitiveness and profitability.

(vi) Product concentration risk

About 65% of the Group's activity revolves around the production of chlorine, caustic soda and its derivatives. Chlorine and caustic soda are produced in the same process; however, while chlorine for safety, efficiency, and application reasons, is consumed almost totally at the production facility during the manufacture of chlorine derivatives, caustic soda is sold across Europe.

The most significant product manufactured from chlorine is PVC, whose evolution is closely linked to the construction and automotive sectors. This fact lends an element of volatility to the price of both PVC and caustic soda (a chlorine co-product) that must be taken into account in the Group's projected results. In 2024, sales revenue from PVC and caustic soda (liquid and solid) represented approximately 35% of the Group's turnover in 2024.

In order to minimise this risk of product concentration, the Group is carrying out, within the framework of the 3D Plan (2021-2029), various projects to expand the capacity of other products already in the Ercros portfolio, such as polyols, technical resins or sodium chlorite; or to incorporate other active ingredients such as gentamycin or vancomycin.

(vii) Product cyclicality risk

In general terms, the markets in which the Group operates experience more activity in the second and third quarters of the year, with the exception of August. In recent years, the trend among clients of reducing orders at the end of the year as a result of Christmas holidays, including the general desire to reduce warehouse stocks at year-end, has become more pronounced, causing activity to drop in December.

The products with the most notable seasonal shifts are those used for treating and disinfecting water for human use —sodium hypochlorite, sodium chlorite and TCCA— the use of which peaks in spring and summer, and PVC, with lower consumption in the cold months of the year due to construction stoppages. Demand for their products is steady throughout the year, except in August and December.

As previously explained, the chemical sector in which the Group operates is characterised by cyclicality. The Group is therefore exposed to market uncertainties arising from shifts in supply and demand, which can affect its product margins and overall profitability, sometimes with greater speed and intensity than in other sectors, due to the commodity nature of its product portfolio. To offset this cyclical volatility, the Group presented, on 28 January 2021, its 3D Plan.

The goal of the diversification strategy is to manage and, where possible, reduce Ercros' high dependency on the chlorine-caustic soda business cycle. The four investment projects included in this dimension of the 3D Plan focus on strengthening the intermediate chemicals and pharmaceuticals divisions, as well as the water purification segment —which, although part of the chlorine derivatives division, is not subject to the chlorine-caustic soda cycle.

The 3D Plan encompasses 20 projects that, over the 2021-2029 period, will involve a total investment of EUR 126 million and generate additional cumulative ebitda of EUR 164 million. The implementation of these investments is progressing in line with the planned schedule.

Under the diversification pillar, during the 2021–2023 period, the Group commissioned capacity expansions for polyols at the Tortosa facility, moulding compounds at the Cerdanyola facility, and fosfomycin trometamol, as well as sterile micronised fusidic acid, at Aranjuez. In 2024, the ErcrosTech resins production capacity was expanded at Almussafes, and extraction of two new antibiotics (gentamicin and vancomycin), as well as erythromycin base, base dihydrate and erythromycin salts (ethylsuccinate, estolate and stearate), was commissioned at the Aranjuez facility.

In 2024, the Group obtained ISCC PLUS international sustainability and carbon certification for the marketing of chlorine, caustic soda (liquid and pearls), hydrogen, hydrochloric acid and sodium hypochlorite produced at the Vila-seca I (Tarragona) plant, due to their manufacture using renewable energy sources. This certificate had already been obtained for the polyols produced at the Tortosa facility. The manufacture of these products will allow the Company to offer a more sustainable portfolio, aligned with the needs of its customers.

(viii) Market risk due to geopolitical tensions

In 2024, the Group exported more than 54% of its sales to over 101 countries. Given its exposure to the foreign market, in the Group can sometimes be influenced by political or geostrategic conflicts, which create tensions in the markets in which it purchases or markets its products.

During the year, the restrictions imposed by the European Commission on trade transactions with Russia and allied countries continued, which is why sales to these countries were limited. The Group has procedures and control systems in place to prevent non-compliance with the conditions established in commercial transactions with these countries.

In 2024, the shipping route between Asia and Europe via the Red Sea remained blocked, requiring all vessels to be diverted via the Cape of Good Hope. Among other causes, this situation led to a significant increase in freight rates compared to the previous year. However, anticipating this rise, the Group concluded agreements with major shipping companies to secure competitive transport rates, which helped keep these costs stable compared to the previous year, despite the significant increase in freight prices.

For 2025, and notwithstanding the latest reports of a ceasefire reached in the Middle East in January, the situation is not expected to return to normal in the short term.

Additionally, in 2025, the potential imposition of tariffs by the US on imports from certain countries could impact international trade.

The Group is focusing its efforts on the qualification of new sources of supply to minimise the risk that any political decision or new conflict may have on the Company. It also monitors tariff policies that may hinder or limit its supply chain or that could give rise to changes in trade flows, new maritime routes or significant cost increases.

Another factor that drove up maritime transport costs in 2024 —and will likely continue to do so in 2025— was the inclusion of maritime transport within the Emissions Trading System ("ETS"), Under this system, vessels calling at European ports must pay for the CO_2 emissions generated during their voyages. In 2024, 40% of the charge was payable, rising to 70% in 2025 and 100% in 2026, when nitrous oxide and methane emissions will also be included.

(ix) Technological and cybersecurity risk

The Group is exposed to cybersecurity risks that could lead to an interruption of its business processes, which would temporarily compromise normal operations.

To minimise the risk of operational disruption —arising from failures or incidents in the information systems— the Group has in place a specific protection plan for its technological infrastructures, which is part of the operational security plan.

This plan includes measures to safeguard against both internal and external cyber threats —whether accidental or intentional. The Group continuously allocates the necessary resources to prevent, detect and, where necessary, eliminate such threats. The plan has been reviewed and updated to reflect risks associated with increased remote working and digitalisation.

As a preventive measure, external specialist consultants regularly perform penetration tests, enabling continuous improvements to the security system. Should an incident occur that partially or totally disrupts normal business operations, the Group has a disaster recovery plan in place that would enable it to resume its critical processes within a reasonable timeframe.

In 2024, the Group certified its information security management system by obtaining the ISO 27001:2022 international standard, awarded by Applus+. With this certification, the Company affirms its commitment to protecting data and information security for its clients, suppliers, employees and partners; it provides a secure and trusted environment and demonstrates its ability to identify, manage and mitigate information security risks effectively.

b) Non-financial risks

(i) Environmental risks: pollution, water and marine resources and circular economy

All Ercros factories have environmental management systems in order to minimise the potential impact of the industrial activity on the environment. Furthermore, Ercros —because of the industry in which it operates— is subject to strict environmental regulations, mainly regarding emissions, discharges, waste, noise, light pollution, and soil and underground water remediation. Nevertheless, the centers are exposed to risks in the course of their activities that could cause environmental damage, such as accidental emissions or spills or fires, so the impacts derived from this risk are directly related to Ercros' production activities and materialise in the short term.

Negative human impacts include exposure to toxic substances that can cause health problems, while environmental impacts include contamination of the receiving environment (air, water, soil).

Ercros uses a comprehensive process to identify, assess and manage environmental IROs, taking into account material aspects related to air, water and soil pollution, sustainable use of water resources and the transition to a circular economy in its direct operations and value chain.

Ercros uses various methods and tools to identify and manage environmental impacts and dependencies.[1]

- **Environmental risk analysis:** all Ercros' centers have completed an environmental risk analysis study, which is regularly reviewed or in the event of a significant change.

- **Continuous monitoring of production sites:** Ercros systematically monitors all of its facilities and activities, identifying new impacts and dependencies as well as monitoring existing ones. The focus of monitoring is on indirect effects, such as emissions into the air or changes in the quality and availability of water. Industrial waste generation and management is also monitored, with priority given to reducing and recycling, ensuring that the most appropriate treatment is applied, and soil and groundwater quality is monitored.

- **Double materiality assessment:** in 2024, Ercros conducted a double materiality study that identified the most important impacts and dependencies at the corporate level. The results have been integrated to help guide Ercros' strategy for analysing environmental and sustainability risks.

- **Efficient management of water resources:** Ercros has implemented various closed-loop cooling systems to optimise water consumption. It has also implemented projects to increase the proportion of reused water in production processes.

- **Circular economy initiatives:** Ercros promotes reduction, reuse and recycling in the value chain through actions that reflect its commitment to sustainability.

To minimise and, if possible, eliminate its environmental impacts, Ercros:

- Carries out its activities in accordance with the provisions of its environmental authorisations and the requirements deriving from the regulations in force and the voluntary agreements signed.

- Officially monitors its environmental performance.

- Has implemented a sustainability management system certified by Aenor, which is audited annually.

- Has indicators in place to assess its environmental performance and adopt a sustainable approach to the use of natural and energy resources, and to collaborate in the protection of biodiversity in protected areas near its sites.[2]

- Ercros has taken out an Environmental protection policy to cover possible environmental damage.

(ii) Environmental risks: past activities

In its risk management process, Ercros includes the risk of claims for soil remediation or closure of activities as an integral part of the company's potential risks related to contamination and considers them as specific and significant risks within this group of risks.

a) Soil remediation claims

Ercros has a long history of industrial activity and has always complied with and implemented the legislation in force. However, recent legal requirements and their partly retroactive application have increased the risk of liability claims for the costs of remediation or decontamination of affected soils and environments.

In order to mitigate the risk of claims, Ercros has submitted projects to the relevant authorities for controlling and rehabilitating or improving the quality of the soil in all those areas found to be affected. Remediation projects aim to meet stricter environmental regulations that promote sustainability, reduce risks to human health and restore damaged ecosystems. However,

[1] Dependency refers to the natural, human or social resources on which a company relies in order to carry out its processes.

[2] Ercros only has two non-productive and inactive facilities located near or in areas of natural interest.

legal requirements are a major cost factor for Ercros and can be a constraint on its ability to act. Therefore, each year Ercros estimates the value of the remediation obligations and makes the corresponding provisions for remediation.

El Hondón

Specifically, with regard to the former site in El Hondón (Cartagena), in 2019 the Directorate-General for the Environment of the Region of Murcia declared the El Hondón sector to be a contaminated site. Although Ercros challenged this decision through judicial review, the company submitted a technical remediation project on 1 July 2020 to comply with the obligation established by the authorities.

The Directorate-General for the Environment subsequently demanded that the technical remediation project be rectified by issuing instructions to that effect in 2020 and 2021. Ercros appealed these instructions by means of an appeal, which was rejected, leading to a second appeal for judicial review.

During 2024, the two judicial review appeals filed by Ercros were dismissed. Ercros has appealed the dismissal of the first judicial review appeal by means of an appeal in cassation before the Supreme Court, which was admitted for processing on 15 January 2025, while in the second appeal, a request to supplement the judgment had already been filed before the appeal in cassation was lodged.

In addition to the appeals filed, in 2021 Ercros presented a new, updated version of the technical project for the remediation of El Hondón, in response to the instructions to correct its project, incorporating the points raised by the various experts and academic centers that evaluated it. This project includes specific measures to safely manage the waste, minimise the massive extraction of materials and prioritise on-site containment techniques.

Both the Nuclear Safety Council and the Confederación Hidrográfica del Segura have issued favourable reports on Ercros' proposal. However, the Directorate-General for the Environment of the Region of Murcia reported unfavourably on the proposal in August 2024. Ercros challenged this decision by means of an appeal, which was dismissed. Subsequently, on 23 January 2025, the Director General of the Environment of the Region of Murcia issued instructions to proceed and a subsidiary enforcement warning to present a new technical decontamination project.

Meanwhile, and as part of the actions proposed by Ercros in its project, in 2024 Ercros transferred 30 m^3 of waste from El Hondón with a high concentration of radionuclides to the El Cabril waste storage facility, under the supervision of the National Radioactive Waste Company ("Enresa"). This relocation was carried out under an agreement with the relevant authorities and is the first of ten actions envisaged in the recovery plan submitted by the company.

b) Claim for closure of activities

Terrera Vella in Cardona

As for the situation of the Terrera Vella de Cardona tailings dump, this is classified as a mining resource under Section B) of the Mining Act, which Ercros operated between 2007 and 2017, the year in which Ercros proposed that operations be suspended.

In 2017, the obligation arising from the Chlor-Alkali BREF to switch to membrane technology in electrolysis, with the consequent need to use high purity salt, forced Ercros to suspend extraction activities.

In the light of this situation, Ercros proposed a modified rehabilitation programme to the competent authorities, to be applied during the production suspension period, consisting of surface water management compatible with the environment and consistent with the integral Valle Salino rehabilitation project.

The proposal aimed to reinforce the maintenance of the Terrera Vella during the period when the works were suspended. The Directorate-General for Environmental Quality and Climate Change of the Autonomous Government of Catalonia ("DGQA") did not deliver a favourable opinion on the plan and instead approved an Environmental Impact Statement which reclassified Terrera Vella as a mining waste facility.

In February 2024, the DGQA instructed Ercros to submit a closure and decommissioning project for Terrera Vella, as if it were a mining waste facility. Ercros appealed this decision in judicial review proceedings (September 2024).

In addition, in 2022, the Mining Authority announced the expiry of the operating licence for the Terrera Vella site, owned by Ercros, and established Ercros's obligation to leave the site in safe conditions for people and property. Ercros has asked the Administration on several occasions to verify the correct safety status of the Terrera.

In July 2024, Ercros obtained a favourable report from the control entity Bureau Veritas regarding the correct safety of the site. In September 2024, Ercros filed an appeal for judicial review in order to obtain permission to permanently cease operations.

(iii) Social risks

Ercros is exposed to social risks arising from the management and conditions of both its employees and the workers in its value chain. These risks are mainly related to:

- Low productivity.
- Losing talent.
- Operational aspects, such as industrial accidents or occupational illnesses.
- Ethical and sustainability aspects in the value chain.

a) Risks, impacts and dependencies arising from the own workforce

Ercros is exposed to risks arising from the impacts and dependencies associated with its own workforce. These can be grouped into the following categories:

(i) Low productivity risk

The risk of low productivity due to the rate of staff absenteeism of its workforce (6.3 in 2024), which in some workplaces can occasionally make it difficult to cover all production shifts.

To mitigate the impact of this risk, Ercros has taken specific measures, including the following:

- Implementing relief contracts to ensure operational coverage.
- Establishing absenteeism committees in the facilities where this risk is greatest, with the authority to adopt measures to reduce it.

(ii) Risk of losing talent due to the departure of key employees

The performance and continuity of Ercros' operations may be affected by the departure of strategic or highly qualified personnel.

To retain talent and mitigate this risk, Ercros has developed a number of measures:

- Social measures to promote work-life balance and flexible working hours.
- Strengthening training plans and internal promotion initiatives.
- Implementing a talent management model and performance review system.
- Encouraging loyalty through rewards, defined contribution pension plans and life and health insurance.

(iii) Risk of occupational accidents among personnel operating in Ercros factories

The technical and operational nature of the activities carried out in the company's factories creates an inherent risk of occupational accidents for employees.

To mitigate and, where possible, eliminate this risk, Ercros:

- Has implemented and certified, since 2007, a safety management system in accordance with ISO 45001:2018 (formerly OHSAS 18001).
- Offers initial occupational risk prevention training.
- Monitors and upgrades all its facilities to meet the highest safety standards.
- Analyses all accidents and incidents that have occurred at its facilities to prevent their future recurrence.
- Establishes three-year accident reduction plans, with actions in all the fields described above.

b) Risks and opportunities arising from the impacts and dependencies of value chain workers

Ercros is also exposed to risks arising from the impacts and dependencies associated with workers in the value chain who provide services at its facilities, such as employees of external companies, suppliers or transporters. These risks can be grouped into two main categories:

(i) Employees of external companies, whose main risks include:

- Shortage of skilled labour: A lack of skilled workers in certain sectors may slow down production or increase recruitment and training costs.
- Poor working conditions in the value chain: Failure by suppliers or subcontractors to provide adequate working conditions could result in failure to comply with regulatory requirements, legal sanctions or reputational damage.

In addition, Ercros has identified specific risks associated with groups of workers from external companies who carry out activities in certain contexts. These include:

- Factory maintenance workers who are at increased risk of occupational accidents and exposure to hazardous substances due to the technical and potentially dangerous nature of their work, such as repairing industrial equipment.

To mitigate these specific risks, Ercros has implemented strict health and safety protocols, complies with legislation on the coordination of activities, provides specific and regular training on the safe use of tools and materials, constantly monitors the activities carried out and establishes the mandatory use of personal protective equipment ("PPE").

- Lorry drivers who carry out loading and unloading activities at Ercros factories. These workers are exposed to risks related to the handling of chemicals, accidents while manoeuvring around the facilities and fatigue due to long working hours.

  Ercros provides mandatory pre-training on loading and unloading safety protocols, delivered via an electronic platform available in 11 languages, to reduce the risks faced by transport operators. The company has also introduced a sanctioning procedure for drivers who do not comply with the company's internal rules. In 2024, 14 drivers were sanctioned as a result of this procedure.

(ii) Suppliers, for which the following risks have been identified:

- Failure to meet ethical and sustainability standards: if a supplier does not comply with Ercros' ethical or environmental requirements, the business relationship may be interrupted, affecting the sustainability of the business and generating costs associated with the search for new suppliers.

- Social or economic instability in countries of origin: social change, conflict or economic crises can disrupt the operations of key suppliers.

- Regulatory changes: Tighter regulations can potentially increase operational costs for the company and its suppliers.

In addition to risks, Ercros has identified opportunities arising from the impacts and dependencies of workers in the value chain:

- Strengthening supplier relationships: by prioritising local suppliers and establishing trusting relationships, Ercros fosters sustainable economies and ensures the stability of its supply chain.

- Innovation and sustainable development: collaborating with suppliers to develop more sustainable products and processes creates competitive advantages and reduces environmental impact.

- Access to regulatory and financial incentives: adopting sustainable practices can open up funding opportunities and access to government support programmes.

(iv) Governance risk

Governance risks include those arising from regulatory changes and from market and macroeconomic trends. These two aspects have been identified as material and are classified as governance aspects under ESRS G1 "Business Conduct".

a) Risks arising from regulatory changes

(i) Changes in environmental regulations

In recent years legal requirements in relation to environmental matters have become increasingly demanding and have given rise to significant changes in the chemical industry, in Europe, Spain and at the autonomous community level. Ercros makes significant efforts to adapt to this new regulatory framework, making the necessary investments to adapt to the regulations in force and developing the activities and measures required to comply with the requirements of the various regulations, particularly those relating to plant and staff safety, occupational health, environmental protection and climate change, as well as the transport, packaging and handling of hazardous goods.

Given that regulatory changes in environmental matters are partly derived from the new climate change regulation, this risk was analysed as part of the identified transition risks by means of a climate scenario analysis in accordance with the recommendations of the TCFD [see section 7.1 Climate change-related risks].

(ii) New taxes and charges

On 1 January 2023, the "plastics tax" on the use of plastics in the supply of containers and packaging began to be applied. The application of this tax has not had a major impact on Ercros, as the company has taken steps in recent years to incorporate recycled material into its packaging, to reuse it and to reduce its thickness.

On the other hand, the gradual introduction in some European Union countries of a tax on CO_2 emissions from lorries based on the number of kilometres travelled and the possible inclusion of road transport in the European Union emissions trading system in 2027 may increase the cost of road transport. Maritime transport is in a similar situation. In Europe, the ETS levy has been introduced, which requires shipping companies to compensate for the CO_2 emissions generated on their routes.

b) Risks arising from market and macroeconomic trends

The main risk for Ercros in this area is the uncertainty arising from the lack of a stable and predictable legal framework for the energy market. This uncertainty makes it impossible to know the level of remuneration and administrative exemptions for electricityintensive companies in the medium term, and prevents Ercros from making accurate forecasts about the price of electricity in the future.

To mitigate the impact of this risk, Ercros:

- Monitors the sector and calls for decarbonisation grants through its participation in sectoral groups and associations.

- Implements actions to improve energy efficiency and the gradual reduction of the use of fossil fuels.

- Enters into long-term contracts for the supply of electricity from renewable energy sources to reduce price volatility and environmental impact.

c) Financial risks

In the ordinary course of business, the Group is exposed to credit risk, market risk (foreign exchange and interest rate risk), liquidity risk and tax risk.

The Group's main financial instruments include the syndicated factoring agreement, the revolving credit facility, loans with public financial institutions, bank borrowings, working capital credit lines, credit policies, lease liabilities, and cash and short-term deposits.

The Group does not currently have any derivative contracts in place to hedge against foreign exchange or interest rate risks.

For 2025 and subsequent years, the Group has entered into long-term contracts for the supply of part of the electricity and natural gas it expects to consume in its industrial processes.

The Group's policy, which has remained unchanged in recent years, is not to trade in financial instruments.

The Group aims to maintain financial risk within acceptable parameters for a cyclical company. At 31 December 2024, the solvency ratio (net consolidated financial debt to ordinary consolidated ebitda) stood at 4.8 times, a figure above the Group's target of 2 times, although it is expected to decrease over the coming quarters as the sector exits the current downturn phase of the cycle.

Likewise, at the end of 2024, the minimum earnings and financial solvency thresholds required under the Group's shareholder remuneration policy were not met, and therefore no distributions were made.

(i) Exchange rate risk

The US dollar is by far the most significant foreign currency to which the Group is exposed. As previously mentioned, the Group does not use derivative instruments to hedge this risk due to their limited effectiveness and high cost.

In 2024, the average euro/dollar exchange rate was 1.081 USD per EUR (very similar to that of 2023).

For 2025, an average rate of 1.13 USD per EUR has been forecast; however, the average exchange rate observed so far this year has been below that level. The appreciation of the US dollar against the euro observed in 2025 improves the Group's competitive position and profitability on its exports.

Below is a summary of the Group's transactions in US dollars:

	FY 2024	FY 2023
Sales in USD (thousands)	**144,061**	**134,538**
Exchange rate (USD/EUR)	*1.081*	*1.083*
Equivalent in EUR (thousands)	133,334	124,201
Purchases in USD (thousands)	**47,174**	**31,201**
Exchange rate (USD/EUR)	*1.0825*	*1.085*
Equivalent in EUR (thousands)	43,578	24,750
Net USD exposure (thousands)	**96,887**	**103,336**
Equivalent in EUR (thousands)	89,756	95,451

Based on the above transactions, the following table shows a sensitivity analysis of the Group's 2025 operating profit to reasonably possible changes in the average exchange rate of the US dollar for Ercros Group's sales and purchases, taking 1.08 as the base average exchange rate for 2024 and keeping all other variables constant:

US dollars per euro ($/€)	Impact on operating profit (thousands of euros)
1.20	-8,971
1.15	-5,461
1.10	-1,631
1.08	0
1.05	2,563
1.00	7,177
0.95	12,276

(ii) Credit risk (relevant)

The Group has implemented a credit management policy for customers, which is managed in the ordinary course of business. During the year, this risk materialised as a result of weakened demand, particularly in the construction sector. This led to insolvency proceedings for some of our customers.

The Group seeks to minimise the risk of customer default by carrying out creditworthiness assessments for all customers whose credit limit exceeds a certain threshold. Additionally, in some cases, the Group requires customers to provide a letter of credit or a bank guarantee. There is no significant concentration in the Group's customer portfolio.

Since January 2020, the Group has held a credit insurance policy with the Spanish Export Credit Insurance Company (Compañía Española de Seguros de Crédito a la Exportación, "CESCE"), covering 95% of the balance of customers insured under the policy. The amount insured accounts for approximately half of the outstanding customer balance. This policy guarantees the collection of invoices assigned without recourse under the syndicated factoring facility. Invoices assigned without recourse are derecognised from the statement of financial position.

With regard to the rest of the Group's financial assets —such as cash, cash equivalents, loans and financial assets available for sale— the maximum exposure to credit risk is equivalent to their carrying amount at the end of the reporting period.

(iii) Interest rate risk

The Group's external financing consists of a syndicated factoring facility, a syndicated credit agreement including a revolving tranche and another tranche in the form of a loan for financing investments, bank working capital facilities, and long-term loans from public institutions and banks.

Part of the financing is contracted at fixed interest rates and the remainder at variable rates, usually referenced to Euribor at different maturities. In 2024, in a context of higher interest rates compared to previous periods, these levels of Euribor reference rates have resulted in an increased financial cost for the Group.

Since mid-2024, the European Central Bank (ECB) initiated a new interest rate reduction path, which has led to a decrease in the Euribor reference rate, expected to continue into 2025, thereby reducing the Group's average cost of debt.

The following table provides a sensitivity analysis of the impact of reasonably possible changes in interest rates, assuming all other variables remain constant:

	Increase/decrease in basis points	Impact on finance costs (thousands of euros)
2024:		
	200	-3,315
	100	-1,658
	-100	1,658
	-200	3,315
2023:		
	200	-2,384
	100	-1,192
	-100	1,192
	-200	2,384

(iv) Liquidity risk (relevant)

The Group manages its liquidity risk using financial planning techniques. These techniques take into account cash inflows and outflows from operating, investing, financing, and shareholder remuneration activities.

The Group's objective is to maintain a balance between flexibility, maturity, and the terms of the sources of financing contracted according to the anticipated short-, medium-, and long-term needs.

In 2024, net financial debt increased due to a weaker economic environment, which led to a reduction in the cash flow generated by operating activities.

The syndicated financing (which includes factoring with and without recourse, the revolving credit facility, and the investment loan), the European Investment Bank (EIB) loan, and the loan from the Spanish Official Credit Institute (Instituto de Crédito Oficial, "ICO") are subject to compliance with certain covenants, verified on a semi-annual basis, relating to leverage levels, finance costs, and maximum capital expenditure.

During the 2024 financial year, the Group breached some of these covenants, a situation that also persisted at year-end 2024, having obtained the corresponding waivers from the financial institutions.

Given the continuation of the downturn in the chemical sector, it is possible that some of these covenants may be breached again during 2025.

Historically, in all instances where a breach of covenants has occurred, the Company has obtained the corresponding waiver from financial institutions. Consequently, it expects to obtain the relevant waivers in the event of any covenant breach in the future.

With regard to the loans granted by the EIB and ICO and pursuant to international accounting standards, the outstanding balance as at 31 December 2024 has been classified entirely as a current liability, as Ercros had breached certain agreed covenants and had not obtained the corresponding waiver as at the reporting date. However, Ercros subsequently obtained the waiver for the covenants in force as at 31 December 2024.

As at 31 December 2024, the Group had available financing in the form of: (i) the syndicated capex tranche for an amount of EUR 29,375 thousand, free of any conditions, and an additional EUR 15 million, subject to the accumulated ebitda over the four previous quarters reaching EUR 55 million; (ii) the undrawn amount of the syndicated factoring facilities, both with and without recourse, up to a combined limit of EUR 102 million; (iii) EUR 20 million from the undrawn amount of the syndicated revolving credit facility; (iv) EUR 24 million from bilateral credit lines; and (v) a cash position of EUR 37 million.

(v) Tax risk

The Group aims to minimise tax risk arising from its activities and is committed to fully complying with its tax obligations, avoiding decisions based on aggressive or controversial interpretations of applicable tax legislation.

Moreover, it does not engage in tax planning strategies aimed at reducing its tax burden through companies located outside the national territory. The Ercros Group relies on the advice of external tax experts to ensure compliance with the relevant regulations and to avoid incurring risks in their interpretation.

The vast majority of the Group's operations are carried out by the parent company, Ercros, S.A., which is domiciled in Spain and pays tax entirely in Spain. Nevertheless, tax authorities may sometimes apply interpretative criteria to the applicable legislation that differ from those used by the Group, giving rise to disputes.

With regard to the assessment issued in disagreement concerning personal income tax ("IRPF") for the 2012 and 2013 financial years, in which the tax authorities propose a charge of EUR 312 thousand and late payment interest of EUR 70 thousand —an amount that has been fully provisioned— the Group is awaiting notification of the date for a vote and resolution by the National High Court.

Finally, in relation to the assessment issued in disagreement concerning Corporate Income Tax for the financial years 2011, 2012 and 2013, which after various estimates proposes a reduction of deductions for reinvestment totalling EUR 921 thousand, the case is likewise pending a court hearing and judgment by the National High Court. In 2022, the Company derecognised the deferred tax asset related to those deductions as a matter of prudence.

Since 2019, the Group has adhered to the Code of Best Tax Practices.

In the opinion of the Company's directors, there are no significant tax contingencies that could arise from possible differing interpretations of the tax regulations applicable to the Group's operations.

6 / Subsequent events

On 12 February 2025, the Group received the proposed provisional resolution on aid awarded for decarbonisation projects in the manufacturing industry in 2024 for the Vila-seca II plant project. The proposed grant amount is EUR 14,063 thousand.

7 / Risks and opportunities associated with climate change

Ercros has integrated the identification, assessment and management of the impacts, risks and opportunities associated with climate change into its multi-disciplinary corporate risk management process. The assessment is carried out annually at a company-wide level, differentiating the three business divisions, and covers the entire value chain.

The process of identifying climate change impacts begins with the development of a greenhouse gas ("GHG") emissions inventory, managed at the organisational level in accordance with ISO 14064-1:2018 ("ISO 14064") and ISO 14067: 2018 ("14067") at product level. The control approach ensures that the inventory includes emissions from facilities over which Ercros has operational control. This inventory is regularly reviewed to ensure that it reflects the actual boundaries of the organisation.

In 2024, Ercros conducted a climate-related risk and opportunity analysis in line with the TCFD guidelines. The analysis is qualitative and is based on risk matrices that take into account the probability and magnitude of the consequences at corporate level, differentiating between the various business segments.

Based on the recommendations of the TCFD, Ercros has divided the risks associated with climate change into two dimensions: transition risks and physical risks.

Transition risks are those that arise from adapting to a low-carbon economy, taking into account climate change-related issues such as technology, market, reputation and policy. In this regard, Ercros is implementing the 3D strategic plan and its Climate transition plan, which include key projects under the following general action levers:

- Promoting energy efficiency, increasing the use of renewable energy, and improving processes.
- Maximising the use of hydrogen produced in electrolytic processes.
- Intensifying the circular economy and reducing water consumption.
- Sustainable mobility.
- Company adaptation to climate change.

Physical risks are those arising from the direct impact of climate change on Ercros' operations. These include extreme weather events, changes in weather patterns and increases in average temperatures.

The company has established protocols and action plans to manage potential adverse weather events, such as floods, droughts and other extreme weather events, to build resilience and ensure business continuity.

In addition, given the impact of global warming on water availability and the importance of the circular water economy within climate change adaptation strategies, the Ercros Climate transition plan includes among its actions a set of measures aimed at reducing water consumption.

Ercros also invests in improving efficiency, leveraging resources and strengthening external infrastructure in collaboration with the authorities.

Transition risks are a consequence of the shift to a low-carbon economy, while physical risks are exacerbated by changing weather patterns due to global warming. These risks have been analysed for the short, medium and long term.

a) Scenario analysis

An RCP climate scenario analysis, as recommended by the TCFD, is used to identify risks and opportunities associated with climate change. In addition, a benchmarking analysis of the sector has been carried out for each of the business areas of Ercros. In total, 37 risks and opportunities were identified, of which seven priority risks (four transition risks and three physical risks) and seven priority opportunities were selected as the most relevant.

RCPs are a standard set of modelled possible future climate change scenarios that are used to normalise and harmonise reference conditions, historical data and future projections. Ercros has chosen to use the RCP scenarios in order to have a comprehensive and comparable structural study base.

Of the four RCP scenarios defined by the IPCC, Ercros' risk and opportunity analysis assesses the following scenarios:

- RCP 4.5, representing a medium emissions path, associated with a temperature increase of between 2.0°C and 2.5°C by 2100. Global emissions peak in 2040 and then gradually decline.
- RCP 8.5, which represents a high emissions path without mitigation, associated with a temperature increase of between 3.0°C and 4.5°C by 2100. It causes emissions to rise steadily throughout the century.

In the first scenario, RCP 4.5, the impact of transition risks is the most significant. In the second scenario, RCP 8.5, the greatest impact comes from the physical risks associated with climate change.

The climate scenarios used in this analysis are in line with the key climate-related assumptions on which the financial statements are based. In particular, the scenarios are based on assumptions about the long-term economic impact of decarbonisation, regulatory developments and expected market shifts towards sustainability.

This ensures that the scenarios analysed and the underlying financial projections remain consistent.

Once identified, and in accordance with the risk analysis methodology established by Ercros for each business area, the risks and opportunities have been assessed according to various criteria. These criteria are assessed for all identified risks and opportunities (37) and for the two RCP scenarios selected.

The criteria for assessing climate risks and opportunities are consistent with Ercros' overall risk assessment. These include the probability of occurrence, the time horizon, the financial impact and the impact area.

Criterion	Subcategories	Value / Range
Probability of occurrence	Remote	< 15%
	Possible	≥ 15% and < 50%
	Likely	≥ 50% and < 90%
	Certain	≥ 90%
Horizon	Short term	< 3 years
	Medium term	3 – 10 years
	Long term	> 10 years
Financial impact	Mild	< €6 million
	Moderate	≥ €6 and < €15 million
	High	≥ €15 million and < €30 million
	Strong	≥ €30 million
Impact area of the financial strategy	Operational costs ("Opex")	–
	Capital expenditure ("Capex")	–
	Assets and liabilities	–
	Capital and financing	–

8 / Foreseeable evolution

The general consensus among trade publications is that the recovery in demand in the European chemical sector will not begin until the second half of 2025.

In this context of high uncertainty, weak demand, elevated energy costs and strong international competition, it cannot be ruled out that both the margins and sales volumes of Ercros may continue to be adversely affected throughout the year.

The level of uncertainty could increase significantly due to the anticipated tariff policy of the United States, although it could also ease considerably —at least in terms of energy prices— if the war in Ukraine were to come to an end.

In any event, Ercros will continue to implement the 3D Plan, maintain its presence in its operating markets and capitalise on any opportunities that may arise in order to protect its margins.

9 / R&D&i activities

9.1. Activities

The Group has four of its own R&D&i centers in Aranjuez, Monzón, Sabiñánigo and Tortosa, which support the Pharmaceuticals, Chlorine Derivatives and Intermediate Chemicals Divisions, and collaborates with several universities and technology centers. In 2024, it has incurred expenses and investments in innovation amounting 6,688 thousand euros (6,552 thousand euros in 2023).

Ercros has five registred patents, on both products and manufacturing processes, and has submitted two additional applications.

The Group's research and development activity in 2024, focused mainly on seven projects. Five of these were carried out in collaboration with the Centre for the Development of Industrial Technology (CDTI): (i) research into environmentally sustainable alternatives to the use of intentionally added microplastics in detergent and cosmetic applications; (ii) development of thermally insulating PVC profiles made from recycled material;(iii) study of a new polymerisation system for moulding compounds;

(iv) development of a synthesis process for dipentaerythritol; and (v) synthesis of new antibiotic salts.

Additionally, the development of bio-based and biodegradable antifouling paints for marine applications was undertaken under the public-private partnership programme of the Spanish State Research Agency; and the development of more sustainable moulding compounds was carried out under the "Nuclis R&D" programme of the Government of Catalonia.

9.2. Product Development

The most important projects in 2024 in relation to the development of new products and the expansion of applications and performance of existing products are described below.

a) In the chlorine derivatives division

- Improvement of TCCA's own tablet formulations and developmentof customer-specific formulations.
- Anode activations specifically developed for oxygen discharge applicable to customer electrolytic processes.
- Expansion of the range of PVC composite products for the manufacture of rigid parts by injection moulding.
- Development of new PVC compound formulations incorporating recycled materials (post-industrial and post-consumer).
- Development of bioplastic formulations for packaging, antifouling paints, and catering products.
- Development of biopolymer suspensions for use in surface treatment applications.
- Certification of compostability (domestic and industrial) and marine biodegradability for various materials.

b) In the intermediate chemicals division

- New resins from the ErcrosGreen+ and ErcrosTech families to extend their field of application to more value-added sectors.
- Development of new grades of moulding compound with improved stability under extreme climate conditions.
- Study for the manufacture of more sustainable moulding compounds with a lower carbon footprint.

c) In the pharmaceuticals division

- Development of manufacturing processes for new antibiotic active ingredients obtained through fermentation, and for existing products.
- Development of industrial synthesis of new antibiotic salts.

9.3. Process improvement

Among the most relevant actions carried out in the improvement of processes, the following should be highlighted:

- Industrial-scale operation of electrode elements with in-house anode activation technology at the chlorine-caustic soda plant in Vila-seca I.
- Commissioning of a salt crystallisation plant using mechanical vapour recompression, based on residual brine.
- Basic Engineering for a new TCCA's production plant.
- Pilot-scale testing of electrolyser anodes and cathodes from various sources, particularly in-house developed anodic activations.

– Reduction of production costs in the PVC polymerisation process through modification of additives.

– Plan for the decarbonisation of the Vila-seca I and Vila-seca II facilities through electrification, the recovery and use of low-grade thermal energy, and the substitution of fossil fuels with renewable fuels; and of the Almussafes and Cerdanyola facilities through the installation of new equipment with higher energy efficiency, which will reduce production costs and lower CO_2 emissions.

– Various activities aimed at improving production process management at the different Ercros factories, as part of the digital transformation under the 3D Plan.

– Implementation of actions to minimise microplastic emissions (Operation Clean Sweep).

9.4. In the research field

In 2024, the Group has developed several lines of research in collaboration with various leading research centers, including the following:

– Collaboration programmes with the CDTI for the development of sustainable solutions for manufacturing biopolymers and PVC profiles with recycled insulating materials (Pinremat), research into eco-sustainable alternatives to the use of intentionally added microplastics in detergent and cosmetic applications (Atlántida), the study of a new system for the polymerisation of moulding compounds, research into a process for the synthesis of dipentaerythritol and the synthesis of new antibiotic salts.

– The public-private partnership programme with the State Research Agency for the development of bio-based and biodegradable anti-fouling paints for marine applications (Nautilus).

– The Nuclis R+D collaboration programme with the Generalitat de Catalunya to obtain more sustainable moulding compounds, and with Sincrotrón Alba to develop tests for their characterisation.

– The contract with Polymat, a technology center of the University of the Basque Country, for the characterisation and development of biopolymers.

– Contracts with the Centre Tecnològic de Catalunya ("Eurecat") and the Universitat Rovira i Virgili, for a project to develop and characterise new resins, related to the new range of ErcrosTech resins, as well as in the search for eco-sustainable alternatives for packaging in detergent and cosmetics applications.

– Contracts with the Chemical Institute of Sarria ("IQS"), for conducting several studies on the development of industrial processes for active pharmaceutical ingredients; as well as for the characterisation of different properties of biopolymer suspensions.

– Contracts with Leitat for conducting a study on new high added-value applications for moulding compounds and for the development of compounds to produce an insulating foam made from post-consumer recycled PVC.

– The contract with the AINIA technology center to study the inhibition of the growth of unwanted microorganisms in polymers.

– Contracts with AIMPLAS and WESSLING France for certification of biodegradability of ErcrosBio® materials under domestic compostability conditions.

– The sponsorship of the UAM-Ercros Chair of the Autonomous University of Madrid, for the promotion of research, teaching and study activities in the field of pharmaceutical chemistry.

– Collaboration with the board of trustees of the Foundation for the development of new hydrogen technologies in Aragon.

– Collaboration with the Polytechnic University of Catalonia (UPC) in the subject "Integrated Artificial Intelligence Project" of the Artificial Intelligence degree at the Faculty of Computer Science in Barcelona.

10 / Acquisition and disposal of treasury shares

In 2024, there were no share capital reductions associated with share buy-backs and redemption of treasury shares provided for in the shareholder remuneration policy, given that proposal submitted by the board of directors to the General Shareholders' Meeting called for allocating the entire shareholder remuneration amount charged to profit for 2023 to a dividend payment to these consolidated financial statements and therefore no shares were bought back under the eighth buy-back programme, which was valid until 31 December 2024.

11 / Other relevant information

11.1. Shareholder remuneration

(i) Shareholder remuneration policy

The Ercros General Shareholders' Meeting held on 11 June 2021 ratified the shareholder remuneration policy proposed by the Board of Directors for the 2021-2024 period.

The maximum payout for this period was 50% of the profit from each of the four financial years, subject to: i) obtaining a minimum profit of EUR 10 million, and ii) that at each year-end the solvency ratio (net financial debt/ordinary ebitda) is less than or equal to 2.0 and the indebtedness ratio (net financial debt/equity) is less than or equal to 0.5.

At 31 December 2024, two of the conditions of the shareholder remuneration policy were not met, as Ercros had incurred losses in 2024 and there was therefore no profit to be distributed, and the NFD/ebitda ratio, which stood at 4.67 times at the end of 2024, well above the required maximum of 2 times, was not met either.

The policy stipulated that shareholder remuneration would be carried out by buying back treasury shares for redemption and payment of a dividend. The treasury shares would be bought back as long as a dividend of at least 18% of profit in 2021, 20% of profit in 2022, 22% of profit in 2023, and 24% of profit in 2024 was foreseen.

Shareholder remuneration was carried out by buying back treasury shares for redemption and payment of a dividend according to the following table:

	2021	2022	2023	2024
Minimum dividend	18%	20%	22%	24%
Maximum share buy-back	32%	30%	28%	26%
Maximum payout	**50%**	**50%**	**50%**	**50%**

At its meeting held on 16 June 2023, the Board of Directors of the Company approved the eighth treasury share buy-back programme, under the authorisation granted to it by the Ordinary General Shareholders' Meeting held on 10 June 2022. This programme was valid until 31 December 2024 and provided for a maximum buy-back of EUR 25 million or 8% of the share capital existing at the time of approval.

Due to the voluntary takeover bid launched by Bondalti in March 2024 for 100% of Ercros shares, the Board of Directors proposed to the General Shareholders' Meeting that a dividend of just 0.096 euros/share be paid out of the 2023 profits, and that no treasury share buy-back be carried out in order not to interfere with the takeover bid process.

Thus, no treasury shares were purchased under the eighth treasury share buy-back programme.

(ii) Proposed distribution of profit/(loss) from 2024

Since the parent company has incurred losses in 2024 amounting to EUR 11,610 thousand, no profits from 2024 can be distributed and the losses will be applied against the Company's accumulated reserves according to the directors' proposal, to be ratified at the General Meeting.

(iii) Dividends paid

The summary of dividends paid and proposed in 2024 and 2023 is as follows:

THOUSANDS OF EUROS

	Financial year 2024	Financial year 2023
Cash dividends on ordinary shares, approved and paid	**8,778**	**13,715**
Charged to 2022 profit (0.15 euro/share)	–	13,175
Charged to 2023 profit (0.096 euro/share)	8,778	–
Proposed cash dividend on ordinary shares	**–**	**6,401**
Charged to 2023 profit (0.07 euro/share)	–	6,401

11.2. Stock market information

a) Share capital

In 2024, Ercros' share capital remained unchanged. At 31 December 2024, the share capital amounted to EUR 27,430,859.70 and was represented by 91,436,199 ordinary shares with a par value of EUR 0.30.

Voluntary takeover bids for 100% of the shares of Ercros, S.A.

On 5 March 2024, Bondalti Ibérica, S.L.U. (Bondalti) launched a voluntary takeover bid for 100% of the shares of Ercros, S.A. at a price of EUR 3.60 per share, which was adjusted to EUR 3.505 per share after the dividend payment of EUR 0.096/share charged to 2023 profits was carried out.

In turn, on 28 June, Esseco Industrial, S.P.A. (Esseco) submitted a competing voluntary takeover bid, also for 100% of the shares of Ercros, S.A., at a price of EUR 3.84 per share, which was also adjusted after the dividend payment to EUR 3.745 per share.

In accordance with regulations governing takeover bids, the takeover bid by Esseco cannot be processed by the Spanish Securities Market Commission (CNMV) until the administrative procedures for the takeover bid by Bondalti Ibérica, S.L.U. have been completed.

Both bids are subject to the approval of the competent authorities and acceptance by 75% of the share capital plus one share.

On 18 December 2024, the Spanish Commission on Markets and Competition (CNMC) agreed to start the second phase of analysis of the Bondalti and Ercros merger, and on 7 February 2025 it resolved to start the second phase of analysis of the Esseco and Ercros merger.

These decisions are expected to result in an extension of the deadline for the resolution of both cases.

If either of the aforementioned takeover bids, or any other that may arise, is successful and results in a change of control over Ercros, certain financing facilities, as well as supply agreements with vendors and sales agreements with customers, could be terminated or, as the case may be, could require the provision of guarantees or explicit approval for the continuity of the agreements by said parties.

b) Share price evolution

In 2024, following the filing of two takeover bids with the Spanish Securities Market Commission (CNMV), the first on 5 March by the Portuguese chemical company Bondalti Ibérica and the second on 28 June by the Italian company Esseco Industrial, Ercros' share price rose by 34% (-19% in 2023). This increase is significant when compared to the moderate increase experienced during the year on the main indices –IBEX-35 (15%), Madrid Stock Exchange General Index ("IGBM") (14%), and Industrial Basic Materials and Construction Index ("ICNS") (11%).

Ercros thus closed 2024 with a market capitalisation of EUR 322,770 thousand (EUR 241,392 thousand at year-end 2023). At 31 December, the Company's share price reached EUR 3.53 (EUR 2.64 at the end of 2023).

For the year overall, the volume of cash traded amounted to EUR 79,834 thousand (EUR 118,754 thousand in 2023), while the number of shares changing hands was 23,558 thousand (34,243 thousand in 2023).

Main parameters related to the share

	31/12/2024	31/12/2023	31/12/2022	31/12/2021	31/12/2020
Shares on the market	**91,436,199**	**91,436,199** [1]	**96,599,189** [2]	**100,971,237** [3]	**100,971,237** [4]
Capitalisation (EUR)	**322,769,782**	**241,391,565**	**312,981,372**	**299,884,573**	**217,593,015**
Traded shares:					
During the year	23,557,869	34,243,015	44,958,441	59,865,606	64,917,707
Maximum in one day	4,492,536	1,156,304	750,362	2,443,430	1,856,361
Minimum in one day	1,682	21,003	42,483	40,160	21,994
Daily average	92,022	134,286	174,935	233,850	252,598
Volume traded (EUR):					
During the year	79,834,109	118,753,832	144,495,425	187,836,695	143,021,336
Daily average	311,852	465,701	562,239	733,737	556,503
Share price (EUR):					
Maximum	3.98	4.81	3.91	3.98	2.89
Minimum	2.26	2.40	2.60	2.08	1.41
Medium	3.39	3.47	3.21	3.14	2.20
Latest	3.53	2.64	3.24	2.97	2.16
Frequency rate (%)	**100**	**100**	**100**	**100**	**100**
Liquidity ratio (%)	**25.76**	**37.45**	**46.54**	**59.29**	**64.29**

[1] Annual average 2023 = 93,587,445 shares.

[2] Annual average 2022 = 98,420,876 shares.

[3] Annual average 2021 = 100,971,237 shares.

[4] Annual average 2020 = 102,614,814 shares.

5 March was the day on which greatest number of shares were traded: 4,493 thousand shares. The average daily turnover for the year was 92,022 shares.

Indicators stock market	Financial year 2024	Financial year 2023
Share price (euros/share)	3.53	2.64
Capitalisation (thousands of euros)	322,770	241,392
EPS (euros)	-0.13	0.29
CFA (euros)	0.10	0.60
PER	n/a	8.75
P/BV	0.95	0.66

c) Key stock market ratios

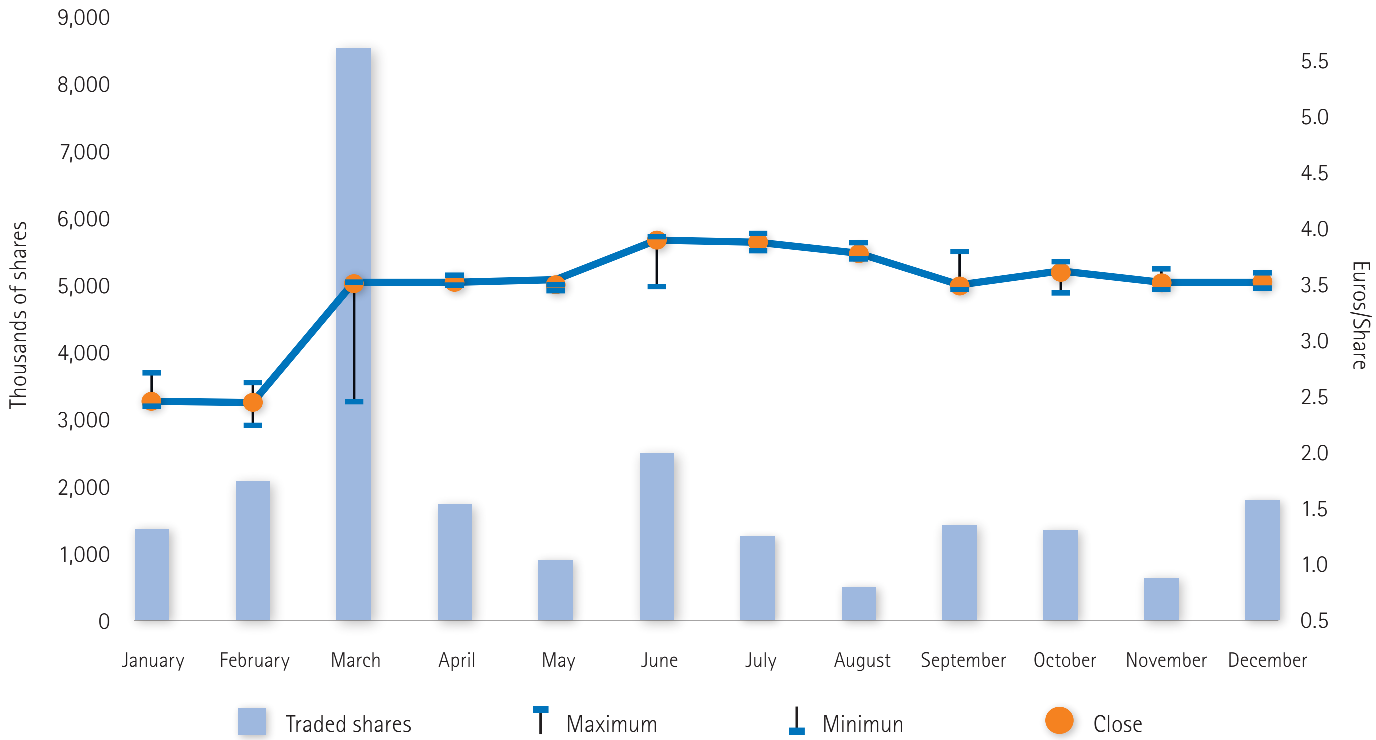
Between 2023 and 2024, the CFA —calculated as the operating cash flow divided by the number of shares— decreased from 0.60 to 0.10. The CFA is a ratio that measures the cash flow generated by each share.

This negative trend has had a direct impact, reducing EPS from EUR 0.295/share in 2023 to EUR -0.13/share in 2024. This ratio is the quotient of the profit for the year by the weighted average number of shares outstanding and is used to measure the profit corresponding to each share.

In 2024, the PER ratio —calculated as the number of times capitalisation to profit for the year— which was 8.75 times in 2023, is not applicable in 2024 because the company incurred losses.

In the reporting period, the P/BV —calculated as the ratio of capitalisation to total equity and relating the value of the Company's shares on the stock exchange to their underlying book value— went from 0.66 in 2023 to 0.95 in 2024 [see section 2.2 of this CMR].

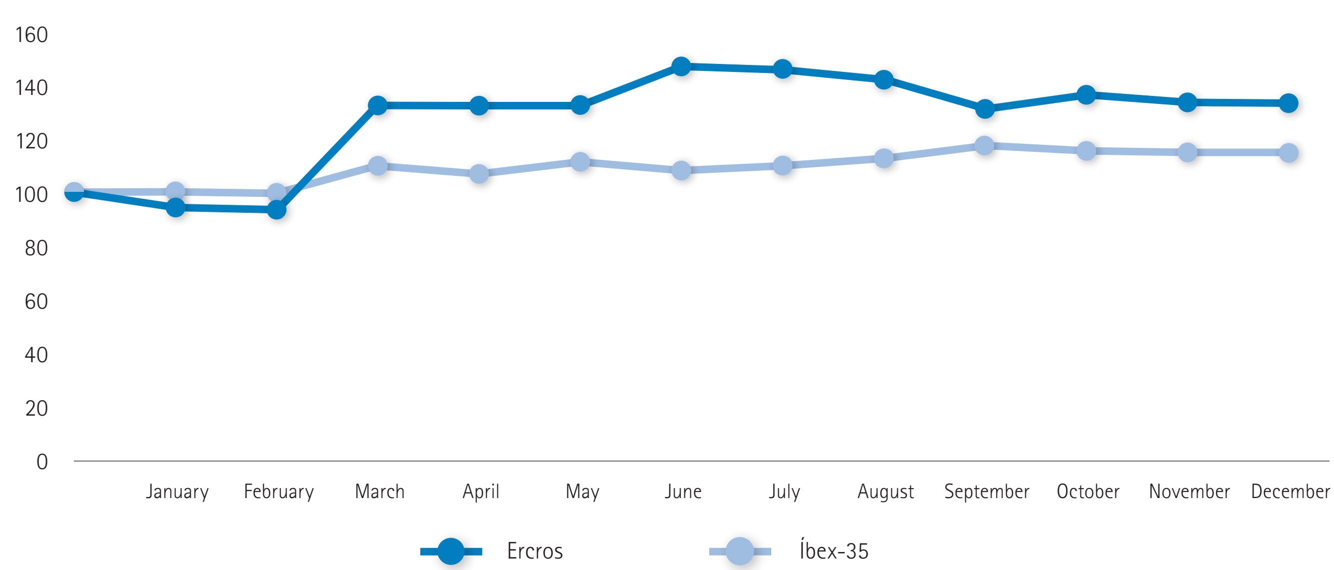
Evolution of share and traded volume in 2024



Source: Bolsas y Mercados Españoles ("BME").

Comparison between Ercros and Ibex 35

BASE 100 = 31-12-23 2024



Source: Bolsas y Mercados Españoles ("BME").

d) Significant shareholders

On 11 March 2024, the shareholder Víctor Manuel Rodríguez Martín notified the Spanish Securities Market Commission (CNMV) of a 1% increase in his direct shareholding, reaching 6.092%.

On 28 June 2024, Raphael Kain, parent and controlling company of Samson Rock Capital LLP, and Samson Rock's subordinated fund Even Driven Master Fund Limited crossed the 1% shareholding threshold through an equity swap financial instrument maturing on 3 April 2025, reaching 1.391% respectively.

On 27 December 2024, the shareholder Blackrock INC. crossed the 1% shareholding threshold through a contract for difference ("CFD") financial instrument, reaching 1.009%.

According to the notifications made by the shareholders to the CNMV, at 31 December 2024, shareholders with significant holdings directly and indirectly own 22,399 thousand shares in the share capital of Ercros, representing 24.50% of the share capital.

As a result of the takeover bids launched over 100% of the share capital of Ercros, S.A., the threshold above which the CNMV must be notified of the shareholding is reduced from 3% to 1%.

The Company's free float at 31 December 2024 is 76.89% (79.86% in 2023), calculated by excluding the declared significant shareholdings.

The movements of significant shareholdings in the capital of Ercros during the financial years 2024 and 2023 can be consulted in the CNMV records (www.cnmv.es).

Performance of the main stock market indicators

Shareholder name or company name	No. of direct shares (thousands)	No. of indirect shares (thousands)	Voting rights linked to financial instruments (thousands)	Shareholding of share capital [1] (%)
Víctor M. Rodríguez Martín [2]	5,570	–	–	6.09
Joan Casas Galofré [3]	5,500	–	–	6.02
Dimensional Fund Advisors LP	–	4,563 [4]	–	4.99
Montserrat García Pruns	3,300	–	–	3.61
Samson Rock Even Driven Fund Limited [5]	–	–	1,272	1.39
Blackrock INC. [6]	–	–	922	1.01

[1] Percentages are calculated on the number of shares in circulation at 31 December 2024.

[2] On 11 March 2024, this shareholder reported a 1% increase in its shareholding, reaching 6.092%.

[3] Mr. Casas Galofré has been a proprietary director of the Company since 5 June 2020.

[4] Includes the direct interests of its subsidiary, DFA International Small Cap Value Portfolio.

[5] On 28 June 2024, this shareholder, a subordinated fund of Samson Rock Even Driven Master Fund Limited, exceeded the 1% threshold of its shareholding through an equity swap financial instrument maturing on 3 April 2025.

[6] On 27 December 2024, this shareholder exceeded the 1% threshold through a contract for difference (CFD) financial instrument.

12 / Annual director's remuneration report

The Ercros Group publishes an annual directors' remuneration report ("ADRR") in compliance with Article 541 of the Spanish Corporate Enterprises Act ("CEA"). The ADRR forms part of this CMR but is presented in a separate document as permitted by the regulations.

This report is prepared in accordance with the provisions of Article 541 of the Capital Companies Act and follows the model established in Circular 3/2021, of 28 September, of the Spanish Securities Market Commission (CNMV) amending Circular 5/2013, of 12 June.

The ADRR provides information on the directors' remuneration policy applicable to the current financial year, including an overall summary of the application of the remuneration policy during the financial year ended, as well as details of the individual remuneration accrued for all items by each of the directors in that financial year.

The Ercros Group ADRR for the year ended 31 December 2024 is available on the Ercros (www.ercros.es) and CNMV (www.cnmv.es) websites.

13 / Annual corporate governance report

The Ercros Group publishes an annual corporate governance report ("CGR") in compliance with Article 540 of the Spanish Corporate Enterprises Act ("CEA"). The CGR forms part of this CMR but is presented in a separate document as permitted by the regulations.

This report is prepared in accordance with the provisions of Article 540 of the Capital Companies Act and follows the model established in Circular 3/2021, of 28 September, of the Spanish Securities Market Commission (CNMV) amending Circular 5/2013, of 12 June.

The CGR provides information on the corporate governance practices applied, including a description of the main features of the risk management and internal control systems in place related to the financial reporting process.

The Ercros Group CGR for the year ended 31 December 2024 is available on the Ercros (www.ercros.es) and CNMV (www.cnmv.es) websites.

14 / Non-financial information statement

The Ercros Group publishes a non-financial statement ("NFS") in compliance with articles 44 of the Commercial Code and 253 and 262 of the Spanish Corporate Enterprises Act ("CEA"). The NFS forms part of this CMR but is presented in a separate document as permitted by the regulations.

The Non-Financial Statement of Ercros S.A. and its consolidated group for 2024 has been prepared in accordance with:

– Law 11/2018, of 28 December, amending the Commercial Code, the consolidated text of the Capital Companies Act passed under Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Accounts Auditing relating to non-financial reporting and diversity.

– Regulation (EU) 2020/852, known as the EU Taxonomy Regulation, and its delegated regulations,[1] the main objective of which is to provide a uniform classification system to identify which business activities can be considered environmentally sustainable.

– Directive 2013/34/EU of the European Parliament and of the Council, as regards sustainability reporting standards (Corporate Sustainability Reporting Directive - CSRD).

In accordance with Article 49 of the French Commercial Code, the NFS has been verified by Bureau Veritas.

The Ercros Group NFS for the year ended 31 December 2024 is available on the Ercros (www.ercros.es) and CNMV (www.cnmv.es) websites.

[1] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021; Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021; and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023.

15
CONSOLIDATED FINANCIAL STATEMENTS OF THE ERCROS GROUP

15.1 / Consolidated statement of financial position

THOUSANDS OF EUROS

Assets	31/12/2024	31/12/2023
Non-current assets	**453,696**	**473,866**
Property, plant and equipment	343,647	345,106
Investment property	25,568	26,838
Intangible assets	16,846	19,964
Rights of use of leased assets	13,823	9,194
Investments accounted for using the equity method	7,831	7,553
Financial assets	4,479	24,571
Deferred tax assets	41,502	40,640
Current assets	**245,494**	**209,449**
Inventories	115,362	104,278
Trade and other accounts receivable	57,972	55,108
Exchange rate hedging financial derivative	–	118
Other current assets	34,718	7,860
Current tax assets	713	2,940
Cash and cash equivalents	36,729	39,145
Total assets	**699,190**	**683,315**

THOUSANDS OF EUROS

Equity and liabilities	31/12/2024	31/12/2023
Profit/(loss) attributable to owners of the parent company	**341,157**	**363,115**
Total liabilities	**358,033**	**320,200**
Non-current liabilities	**144,467**	**156,202**
Loans	83,200	94,642
Lease creditors	7,924	4,875
Deferred tax liabilities	22,895	23,665
Provisions for environmental remediation	13,634	15,253
Other provisions	2,951	2,091
Obligations to active staff	1,989	2,342
Deferred income and grants	11,874	13,334
Current liabilities	**213,566**	**163,998**
Loans	55,050	7,803
Current portion of non-current loans	20,104	19,544
Lease creditors	6,057	4,385
Trade payables	95,188	90,909
Provisions for environmental remediation	7,185	6,259
Other provisions	15,164	20,698
Other liabilities	14,818	14,400
Total equity and liabilities	**699,190**	**683,315**

15.2 / Consolidated income statement

THOUSANDS OF EUROS

Continuing operations	Year 2024	Year 2023
Income	**700,358**	**757,626**
Sale of finished products	643,426	707,214
Rendering of services	23,989	18,080
Other revenue	26,177	31,143
Reversal of provisions and other extraordinary income	5,378	1,189
Increase in finished goods and work in process inventories	1,388	–
Charges	**-670,982**	**-713,320**
Consumption of raw and secondary materials	-326,838	-348,324
Reduction in finished goods and work in process inventories	–	-8,880
Utilities	-117,341	-137,469
Transport costs	-43,274	-42,965
Staff expenses	-100,966	-91,627
Other expenses	-77,935	-79,065
Reversal of provisions and other extraordinary expenses	-4,628	-4,990
Gross operating profit ("ebitda")	**29,376**	**44,306**
Depreciation and amortisation expense	-31,460	-32,273
Impairment/(Reversal) of impairment of non-current assets	-1,055	1,006
Operating profit/(loss)	**-3,139**	**13,039**
Finance income	1,179	1,035
Financial costs	-12,626	-9,793
Impairment loss/(reversal of) impairment of financial assets (receivables)	-468	-13
Net exchange differences	1,205	-805
Share of profits in associates	1,595	1,571
Financial result	**-9,115**	**-8,005**
Profit/(loss) before tax	**-12,254**	**5,034**
Income on income tax	597	23,764
Profit/(loss) for the year from continuing operations	**-11,657**	**28,798**
Loss net of tax for the year from discontinued operations	**–**	**-1,213**
Total comprehensive profit/(loss) attributable to owners of the parent company	**-11,657**	**27,585**
Basic and diluted earnings/(losses) per share (euros)	**-0.1275**	**0.2948**

15.3 / Consolidated statement of total comprehensive income

THOUSANDS OF EUROS

	Year 2024	Year 2023
Profit for the year	–11,657	27,585
Other comprehensive income (net of taxes)	–	–
Total comprehensive profit/(loss) attributable to owners of the parent company	–11,657	27,585

15.4 / Consolidated statement of changes in total equity

THOUSANDS OF EUROS

	Share capital	Other reserves	Treasury stock purchased	Profit for the year	Total equity
Balance at 31 December 2022	**28,980**	**276,377**	**-7,636**	**62,989**	**360,710**
Transfer of retained earnings from 2022	–	49,274	–	-49,274	–
Dividends	–	–	–	-13,715	-13,715
2023 comprehensive income	–	–	–	27,585	27,585
Operations with shareholders or owners:					
Board attendance bonus	–	-331	–	–	-331
Purchase of own shares	–	–	-11,134	–	-11,134
Amortisation of treasury shares	-1,549	-17,221	18,770	–	–
Balance at 31 December 2023	**27,431**	**308,099**	**–**	**27,585**	**363,115**
Transfer of retained earnings from 2023	–	18,807	–	-18,807	–
Dividends	–	–	–	-8,778	-8,778
2024 comprehensive income	–	–	–	-11,657	-11,657
Operations with shareholders or owners:					
Board attendance bonus	–	-325	–	–	-325
Other movements	–	-1,198	–	–	-1,198
Balance at 31 December 2024	**27,431**	**325,383**	**–**	**-11,657**	**341,157**

15.5 / Consolidated cash flow statement

THOUSANDS OF EUROS

	Year 2024	Year 2023
A) Cash flows from operating activities	**9,514**	**54,578**
Customer collections, including VAT	736,270	871,048
Proceeds from the net change in the non-recourse tranche of factoring	420	-21,256
Supplier payments, including VAT	-634,890	-692,976
Recovery of VAT settlements	17,365	8,797
Regular payments to and for the account of staff	-100,693	-92,940
Payments to and on behalf of retired staff and for collective redundancies	-134	-2,334
Payments against environmental remediation provisions	-3,124	-6,186
Payments of other provisions	-955	-473
Other operating receipts/payments	-4,893	-5,877
Charging of indirect CO_2 emission subsidies	7,874	7,214
Receipt of other subsidies	905	4,879
Interest and commission payments	-9,183	-9,647
Interest received	601	288
Net foreign exchange payments/receivables	290	-1,413
Dividend receipts	1,320	720
Collection of income tax refund from previous years	3,009	1,926
Payment on account of income tax for the year	-713	-3,344
Payments for local taxes and other levies	-3,955	-3,848
B) Cash flows from investment activities	**-26,666**	**-33,835**
Acquisitions of property plant and equipment:		
Capacity expansion investments	-3,267	-5,277
Energy efficiency investments	-10,291	-8,917
Other investments	-13,108	-19,641
C) Cash flows from discontinued operations	**—**	**-3,438**
Free cash flows (A+B+C)	**-17,152**	**17,305**
D) Shareholder remuneration	**-9,103**	**-25,180**
Purchase of own shares	—	-11,134
Payment of shareholder's meeting attendance bonus	-325	-331
Dividend payment	-8,778	-13,715
E) E) Financing flows	**23,432**	**-10,731**
Long-term provision of loans	31,819	46,266
Repayment and amortisation of long-term loans	-24,017	-45,352
Net change in short-term revolving lines	23,936	-3,505
Payments to creditors from financial lease	-8,312	-8,140
Cancellation of taxes and deposits	6	—
F) F) Net increase/decrease in cash and cash equivalents (A+B+C+D+E)	**-2,823**	**-18,606**
Cash and cash equivalents at the beginning of the year	39,145	58,283
Exchange rate effect	407	-532
Cash and cash equivalents at the end of the period	36,729	39,145

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ERCROS GROUP HISTORICAL DATA SERIES

16.1 / Consolidated statement of financial position

THOUSANDS OF EUROS

Assets	12/31/24	12/31/23	12/31/22	12/31/21	12/31/20	12/31/19
Non-current assets	**453,696**	**473,866**	**446,372**	**408,176**	**399,202**	**405,035**
Property, plant and equipment	343,647	345,106	341,495	324,517	311,291	296,937
Other non-current assets	110,049	128,760	104,877	83,659	87,911	108,098
Current assets	**245,494**	**209,449**	**300,179**	**301,780**	**191,017**	**251,380**
Inventories	115,362	104,278	134,773	122,696	82,278	82,244
Trade accounts receivable	57,972	55,108	98,507	99,232	56,070	86,595
Other current assets and cash	72,160	50,063	66,899	79,852	52,669	82,541
Total assets	**699,190**	**683,315**	**746,551**	**709,956**	**590,219**	**656,415**

Equity and liabilities						
Equity	**341,157**	**363,115**	**360,710**	**331,613**	**284,215**	**292,083**
Non-current liabilities	**144,467**	**156,202**	**163,283**	**146,057**	**142,189**	**120,937**
Long-term loans	83,200	94,642	97,151	92,793	93,553	65,984
Long-term provisions	18,574	19,686	23,080	12,893	11,788	13,261
Deferred tax liabilities and other non-current liabilities	42,693	41,874	43,052	40,371	36,848	41,692
Current liabilities	**213,566**	**163,998**	**222,558**	**232,286**	**163,815**	**243,395**
Short-term loans	75,154	27,347	25,952	20,983	28,712	103,173
Trade accounts payable and other accounts payable	95,188	90,909	139,027	169,905	102,447	101,226
Provisions and other current liabilities	43,224	45,742	57,579	41,398	32,656	38,996
Equity and total liabilities	**699,190**	**683,315**	**746,551**	**709,956**	**590,219**	**656,415**

16.2 / Consolidated statement of comprehensive income

THOUSANDS OF EUROS

Assets	Year 2024	Year 2023	Year 2022	Year 2021	Year 2020	Year 2019
Income	**700,358**	**757,626**	**1,059,685**	**829,964**	**585,320**	**689,073**
Turnover	667,415	725,294	1,024,902	800,055	568,797	669,782
Other operating income and changes in inventories	32,943	32,332	34,783	29,909	16,523	19,291
Expenses	**-670,982**	**-713,320**	**-937,024**	**-744,284**	**-535,719**	**-628,169**
Supplies	-326,838	-348,324	-470,572	-400,012	-267,946	-343,573
Staff	-100,966	-91,627	-89,582	-86,965	-84,296	-83,127
Other operating expenses	-243,178	-273,369	-376,870	-257,307	-183,477	-201,469
Ebitda	**29,376**	**44,306**	**122,661**	**85,680**	**49,601**	**60,904**
Amortization	-31,460	-32,273	-29,966	-28,549	-30,329	-26,576
Profit/loss due to impairment of assets	-1,055	1,006	-539	-3,450	-4,335	-5,615
Ebit	**-3,139**	**13,039**	**92,156**	**53,681**	**14,937**	**28,713**
Financial result	-9,115	-8,005	-4,198	-2,525	-7,952	-6,088
Earnings before taxes	**-12,254**	**5,034**	**87,958**	**51,156**	**6,985**	**22,625**
Income taxes and non-controlling interests	597	23,764	-17,314	-7,859	-728	8,418
Discontinuing operations results	—	-1,213	-7,655	—	—	—
Profit of the year	**-11,657**	**27,585**	**62,989**	**43,297**	**6,257**	**31,043**

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