BONDALTI

BONDALTI

TOMORROW MATTERS

# 2023

## CONSOLIDATED ANNUAL REPORT

## BONDALTI CHEMICALS, SA

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BONDALTI

# Management report

2023 FINANCIAL YEAR

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Dear Shareholders

In accordance with the provisions of the Law and the Articles of Association, the Board of Directors hereby submits the Management Report and Accounts for the year 2023 to the General Meeting.

# 1. Most significant events

The year 2023 was characterised by various opportunities and was shrouded in a lot of uncertainty as a result of the international context. The economic indicators achieved by Bondalti Chemicals were very positive, with an individual EBITDA of 91.8 million euros and best ever net earnings: 58.2 million euros.

The year 2023 was marked by an increase in sales volume in the organic segment and in most of the inorganic segment, a particular highlight being the entry of new customers and new markets, contributing to the consolidation of activities at Bondalti Cantabria. Sales prices were corrected compared to 2022, although it was possible to protect margins through careful management of production costs.

In relation to investments made by Bondalti Chemicals, these totalled around 25 million euros. In 2023, the project to convert electrolysis of NaCl was started, with a significant impact on the volume of investment for the year.

On the operations side, in Estarreja, the generally good performance of the production units should be mentioned. This year was marked by a high production load at all production units, for which effective coordination is necessary at all times between all areas of the company, including Sales, Supply Chain, Operations, Maintenance and Production Planning.

In Spain, 2023 was marked by record production at the Torrelavega unit, generally in line with 2022, a plant where various operational improvements continue to be made.

The effort of all employees, combined with management and decision-making skills in this difficult and uncertain environment, allowed Bondalti Chemicals to achieve very positive results.

## 2. Movement of key indicators

| | Unit | 2019 | 2020 | 2021 | 2022* | 2023* |
|---|---|---|---|---|---|---|
| Turnover | M€ | 276 | 237 | 421 | 558 | 468 |
| Operating Cash Flow (EBITDA) | M€ | 44 | 41 | 63 | 109 | 103 |
| Net Operating Income (EBIT) | M€ | 26 | 22 | 43 | 86 | 79 |
| Net Operating Income / Sales | % | 9.4 | 9.3 | 10.2 | 15.3 | 16.9 |
| Financial Costs | M€ | 6.9 | 3.0 | 15.3 | 12.2 | -0.2 |
| Earnings Before Taxes | M€ | 21 | 19 | 27 | 73 | 79 |
| Net Earnings | M€ | 16 | 15 | 21 | 57 | 58 |
| Cash Flow (NE+Amort.+Provisions) | M€ | 35 | 34 | 43 | 33 | 83 |
| Equity | M€ | 85 | 89 | 100 | 139 | 161 |
| Net Assets | M€ | 324 | 297 | 319 | 358 | 375 |
| Financial Liabilities | M€ | 165 | 142 | 125 | 101 | 77 |
| Net Financial Liabilities | M€ | 130 | 113 | 106 | 70 | 21 |
| Financial Liabilities / EBITDA | No. of times | 3.8 | 3.5 | 2.0 | 0.9 | 9.7 |
| Net Financial Liabilities / EBITDA | No. of times | 3.0 | 2.8 | 1.7 | 0.6 | 0.2 |
| Financial Autonomy (Equity/Assets) | % | 26 | 30 | 31 | 39 | 43 |
| Average Number of Staff | No. | 302 | 295 | 307 | 307 | 332 |
| Sales per Number of Staff | m€ | 914 | 803 | 1371 | 1817 | 1409 |

* In 2022 and 2023, Leasing Expenses were not considered - IFRS 16
(Consolidated amounts)

## 3. Companies included in the consolidation

| Companies | Holding | Consolidation Method |
|---|---|---|
| Bondalti Chemicals, SA | 100% | Full |
| Elnosa - Electroquímica del Noroeste, SAU | 100% | Full |
| Nutriquim - Produtos Químicos, SA | 100% | Full |
| Renoeste - Valorização de Recursos Naturais, SA | 100% | Full |
| Bondalti Cantabria, SA | 100% | Full |
| Miralcalis - Activos de Produção de Cloro, SA | 100% | Full |
| Bondalti H2, SA | 100% | Full |
| AQP - Aliada Química de Portugal, SA | 49.9% | Equity |

# 4. Activities and results of Bondalti Chemicals, SA.

## 4.1. Business activity

The year 2023 stood out as a year of increased sales volumes. Despite the difficulties encountered in local and international supply chains, Bondalti managed to ensure constant supply to its customers, also signing new short, medium and long-term supply contracts.

It should be noted that the majority of Bondalti's customers operate in such important value chains as water treatment, disinfection and detergents, the pharmaceutical industry, the automotive industry and mobility, the production of electricity, the production of paper, construction, energy efficiency and the production of appliances or household items, as a result of which it is very important to ensure their regular and secure supply for the normal functioning of the economy.

### MACROECONOMIC BACKGROUND

The year 2023 was marked by various significant geopolitical events, in particular the ongoing war in Ukraine and, on 7 October, the outbreak of a new conflict in the Middle East, with Hamas' attack on Israel. In the wake of this conflict, Houthi rebels, supported by Iran, started launching attacks on shipping and freighters in the Bab el-Mandeb Strait, in the Red Sea, causing large shipping companies to redirect their container vessels around Africa (extending their voyages by up to 25%) and substantially affecting global supply chains.

The year 2023 was also marked by significant advances in the development of generative artificial intelligence (AI). The launch of the new version of ChatGPT, in March 2023, as well as the development of various alternatives, provoked great interest, due to their positive potential, but also major concerns.

On the environmental front, 2023 was historic as the hottest year on record, triggering extreme climate events in various regions of the globe, in particular the Iberian Peninsula, which suffered intense drought, especially in Spain.

At global level, in 2023, economic growth was affected in various regions by high inflation and rises in interest rates. Due to post-pandemic effects - the WHO having officially declared the end of the Covid-19 pandemic last year - demand for goods recovered more slowly than demand for services, with industrial production - and, in particular, chemical production, which is highly dependent on durable goods - being substantially affected.

In the European Union (EU) and the Euro Area (EA), GDP grew only 0.5% in 2023, a significant deceleration compared to 2022 (+3.6%). As in the previous year, there are considerable differences between the countries more focused on the external sector, particularly on tourism (such as Portugal and Spain), and the economies more oriented towards industries producing goods. Germany, in particular, the great engine of the European economy, saw GDP fall 0.1% as a result of a fall in private consumption and high inflation and a consequent fall in household purchasing power, as well as a decline in the production of electro-intensive industries and construction, with German industrial production dropping by around 1%.

In the year 2023, it is estimated that Portuguese GDP grew by 2.3% in real terms, a significant slowdown compared to the growth of 6.8% in 2022, but still well above the estimates of various institutions. In Q4, Portuguese GDP recorded the highest quarter-on-quarter growth (0.8%) in the Euro Area, with domestic demand making a major contribution.

The Spanish economy also recorded solid growth in 2023, estimated at 2.5%, following growth of 5.8% in the previous year. In the last quarter of the year, the Spanish economy grew by 0.6%. The great engine of the Spanish economy, in 2023, was also domestic demand (consumption and investment).

Several sectors that generate demand for Bondalti continued to be affected by the adverse global context of high (albeit decreasing) energy costs, high interest rates and growing global geopolitical tensions, showing a stagnation or even a contraction in production.

Analysing the development of the chemical industry, in particular the European chemical industry, the year 2023 was particularly hard for this region. After a fall of more than 5% in 2022, European chemical production fell again by 7.6% in 2023, particularly pressured by the performance of the German chemical industry (-9.7%). Weak global demand for industrial goods, the still high costs of energy and factors of production and the ongoing pressure of imports from China led to a loss in the competitiveness of the European chemical industry compared to other regions.

The construction sector in Europe, particularly relevant for MDI consumption, fell by around 2% in 2023. High interest rates, in conjunction with the difficult economic environment and geopolitical uncertainty, led to a reduction in demand in which various real estate projects were postponed or even cancelled.

The automotive sector remains one of the main European industries and also an important sector generating demand for MDI and chemicals used in the processing of metal. The year 2023 marked a return to growth in European automotive production, after 3 consecutive years of decline, with growth estimated to be around 12%. Despite everything, the industry remains at levels well below those witnessed in 2019, before the Covid-19 pandemic.

The consumption of chemicals for the water treatment sector, particularly significant in the chlorine and derivatives business, increased slightly in 2023. The severe drought, particularly in Spain, increased consumption of desalinated water and the need to treat wastewater, increasing the consumption of chemicals for that purpose.

In the Iberian paper pulp sector, where there is significant consumption of caustic soda, the economic uncertainty and high energy costs were factors that hampered the production of paper and cardboard in Spain and Portugal last year, with an estimated decrease of 5%. However, at the end of the year, the sector began to see some recovery, reversing the trend of falling pulp prices, with increases announced by various producers, which were maintained at the beginning of 2024.

Finally, the tourism sector on the Iberian Peninsula, an important driver of consumption of chemicals for disinfection, in particular sodium hypochlorite, had its best year ever in 2023, even surpassing pre-pandemic levels. In Spain, more than 85 million tourists visited the country, spending over 108 billion euros. Portugal saw a record 30 million visitors, 77 million overnight stays and 25 billion euros in revenue.

### ORGANIC products

Mononitrobenzene (MNB): This year was marked by problems in various sectors, mainly in the Rubber Chemicals sector, where the import of cars, tyres and additives into Europe, from China, caused a reduction in the production of Bondalti customers in this sector.

Aniline: Despite facing the same challenges as in the Rubber Chemicals sector, the year was marked by an increase in sales over previous years.

### INORGANIC products

**Soda:** The year was marked by major price instability, starting in Q1 with an increase, which took soda prices to all time highs, followed by a sharp fall in Q2 and Q3, with a slight recovery in the price occurring in the last months of the year.

**Hypochlorite:** This product continued to register a high sales volume, as in recent years.

**Hydrochloric acid:** Exports abroad from the Iberian Peninsula were maintained in the first months of the year, with a decline in sales of this product in the last months of the year.

**Chlorine:** It was a good year for this product, with an increase in the volume of sale to Spain.

## 4.2. Industrial Activity

During the whole of 2023, the main units in Bondalti's Production area at the Estarreja site demonstrated very high levels of reliability, robustness and performance, reflected in the second best year of all time in terms of quantities produced.

As provided in the budget, in September and October, a pit-stop of around 3 days was held in the production of choralkali (PCA) and the production of aniline and derivatives (PAD). This pit-stop forms part of the maintenance strategy for the partner companies from the Estarreja chemical complex.

### 4.2.1. Production of organic products

Aniline production rose 15% in relation to the previous year, with the mononitrobenzene (MNB) installation also increasing production by 8%, compared to 2022. In relation to the nitric acid factory, a rise was also witnessed in annual production, reflected in an increase of 5%. Only the production of sulfanilic acid fell, by around 5%, when compared with that of the previous year.

In 2023, new employees were hired in the Aniline and Derivatives division, continuing Bondalti's ongoing renewal process.

All the main specific inputs in the Organics area ended the year with stable values in line with forecasts, reflecting the operational improvements that have been implemented, which have contributed to increasing the competitiveness of the site.

### 4.2.2. Production of inorganic products

In 2023, Bondalti Chemicals' inorganic production units continued to demonstrate very high levels of reliability and efficacy, which allowed them to satisfy the planned sales without significant restrictions, with rises in the production of liquid chlorine (+15%) and caustic soda (+8%) and a slight drop in hypochlorite (-4%).

The main specific consumptions remained in line with or below the average of recent years, in particular the specific consumption of energy in the electrolysis of sodium chloride, where the reactivation of the elements and the growing incorporation of high performance membranes allowed a 1.5% reduction in relation to the previous year, an all-time low.

The storage capacity of hydrochloric acid, which increased by 50%, should also be noted. This expansion sought to guarantee greater product availability for supply to customers in cases of a breakdown in the supply of raw material, and allowed an increase in charge modulation in the electrolysis of HCl, which translated into a reduction in the costs associated with the consumption of electrical energy.

Also noteworthy is the progress made in the sea salt primary treatment unit, which

allowed consolidation of the rate of incorporation of this raw material into the process.

In 2023, new employees were hired in the Chlorine and Derivatives division, continuing Bondalti's ongoing renewal process.

### 4.2.3. Maintenance

In 2023, maintenance activity was focused on the optimisation of the strategy for managing the company's physical assets, with the goal of increasing the reliability of equipment and guaranteeing the safety and productivity of operations. Within this assumption, during the months of September and October, a pit-stop was carried out, in conjunction with the Estarreja chemical complex, a period in which the necessary interventions were carried out to guarantee the operation of the facilities until the next general shutdown, in 2025.

Factory availability stood at 98.1% of the previous year. Of note is the mononitrobenzene installation, which saw a consolidated value above 96% for the second consecutive year, and a final value of 99.7% for aniline, which equalled the best ever availability. In the inorganic business, the figures were in line with previous years. Under the ambit of investments, 67 projects were implemented for maintenance.

Additionally, in 2023, the team's renewal process continued, with the arrival of new members, the intensification of activities related to the reliability area and a continuation of the process of digitalising maintenance.

For the year 2024, in addition to the optimisation of maintenance processes and the effort towards digitalisation, with the implementation of new technologies, the preparation and planning of the general shutdown of 2025 will take a prominent place in maintenance activities, without ever neglecting the guarantee of operations with reliability and safety.

### 4.2.4. Analytical control

In addition to the analytical control of production processes, the laboratories carried out some tasks in 2023 that are worth highlighting:

- Integration of analytical data from chromatographs with the SIASP-LIMS – important upgrade in the effectiveness of recording results;
- Installation of a total organic carbon (TOC) analyser specifically for brine samples, to control the TOC in the brine fed into the electrolysers;
- Training of three new analysts.

### 4.2.5. Technology Division

The Technology Division maintained its line of action around the strategic pillars of the company, namely the reinforcement of the core, the promotion of sustainability and in a continuous commitment to innovation. The main objective of its activity is the creation of value through projects, studies and actions that aim to reduce costs, both of energy and raw materials, and through the greater efficiency and safety of industrial processes. It is also an objective to implement actions that improve sustainability and efficiency in the use of natural and energy resources, and that, in general, contribute towards a culture of sustainability and innovation.

In 2023, the Technology Department promoted and managed various investments totalling more than 17 million euros. The year was also marked by the approval of Bondalti's application for Component 11 - Decarbonisation of Industry of the Recovery and Resilience Plan (RRP), in a total amount of 76 million euros, of which 40% are investment incentives.

#### 4.2.5.1. INDUSTRIAL ENGINEERING AND PROJECTS (IE&P)

The Industrial Engineering and Projects department's main focus is the improvement and optimization of industrial processes, advocating and implementing available technical improvements and technologies in order to increase the efficiency, effectiveness, safety and environmental performance of the different industrial processes in Estarreja and Cantabria. Furthermore, it is responsible for the execution of industrial projects at Bondalti (improvement and/or modification projects for existing units, as well as new manufacturing units), ensuring compliance with technical requirements, planning and budgetary control.

In terms of the effectiveness and efficiency of operations, in 2023, the IE&P department organised and managed several projects and activities with a focus on increasing the effectiveness and efficiency of operations. Under the Safety of Facilities and People, several projects were carried out, with the aim of achieving zero personal, material and environmental accidents. Of the various projects, the following stand out due to their size and impact:

- Reinforcement of safety in the storage of liquid chlorine in Estarreja;
- Completion of works to improve lighting levels in the manufacturing areas in Estarreja;
- Completion of the installation of articulated arms for the discharge of ammonia;
- Upgrading of the PAD fire suppression system.

In terms of improving environmental performance, several projects were carried out to achieve better performance in terms of reducing emissions and the impact of Bondalti's operations on its ecosystem. In relation to international projects associated with the development of the business and strengthening the core, the IE&P area provided support to projects with a view to producing chemicals derived from chlorine. In terms of developing new opportunities outside the core, the IE&P department provided support to industrial projects for the production of green hydrogen, the production of lithium from electrochemical processes and others.

Procedural surveillance activities also took place regularly in the PAD and PCA sectors, monitoring energy consumption, specific consumption, procedural reliability and explaining and supporting the resolution of anomalous operations.

#### 4.2.5.2. INDUSTRIAL CONTROL AND AUTOMATION SYSTEMS (ICAS)

The department mainly focuses its activities on the implementation of industrial automation at production *sites*, the development and implementation of new control, automation and functional safety projects and the development, evolution and support of the Manufacturing Execution System (SIAP) application suite.

Continuing the Information Security programme, new measures have also been implemented to increase the security of operations control systems (OT = Operational Technologies).

In the area of Process Control and Industrial Automation, several projects were implemented with a view to the continuous improvement, reliability and safety of production processes.

In the Manufacturing Execution System area, several projects were implemented with a view to integrating and processing the data acquired in an OT environment for accounting purposes, process optimisation and continuous improvement and support for operational and management decisions.

#### 4.2.5.3. RESEARCH AND DEVELOPMENT (R&D)

The R&D department's mission is to support the company's strategy so as to stimulate a culture of experimentation and open collaboration, encouraging continuous innovation through the creation and implementation of technological projects that stimulate the improvement of process performance and increase competitiveness.

In the area of Technical Support and Technological Surveillance, technical support for operations was maintained throughout 2023. In a quantitative and exemplary manner, more than one hundred samples relating to various practical situations of interest were analysed, resulting in more than a dozen internal expert reports.

Technological surveillance activities also took place regularly. Of the various initiatives, the following stand out due to their scale and impact:

- Creation of platform to facilitate contact with the VTec community;
- Implementation of regular sharing sessions between pivots (biannual);
- Publication and disclosure of the Consolidated Report 2023;
- Bondalti Tech Talks: 3 awareness-raising sessions were held on technological topics, with the participation of relevant external speakers in the area;
- Participation in international conferences: 1st Hydrogen Day – EuroChlor; ChemPor; Nova Session: "The Future of Chemical Industry"; and Biorizon.

In the area of Research and Development Projects, several R&D projects were implemented at Bondalti, some of which were associated with master's and doctoral theses, which are developed in partnership with the most prominent Portuguese universities in the area of chemical engineering.

#### 4.2.5.4. PROJECT MANAGEMENT OFFICE (PMO)

The PMO department's mission is to support project managers by providing tools, methodologies, best practices and knowledge, in order to make the execution of industrial projects more effective and efficient, promoting the development of synergies, the simplification of processes and resource optimisation. Additionally, it is responsible for the industrial licensing processes for new projects.

Of the various activities carried out, the following stand out due to their scale and impact:

- Promotion of the Strategic Operational Plan and preparation of specifications for a management application, ensuring the alignment of the project portfolio with the organisation's strategy;
- Monitoring and control of the progress of different projects and investments, with the completion of the Monthly Status of the investment portfolio and the Soft Close;
- Implementation and management of the database of lesson learned for industrial projects.

### 4.2.6 Integrated Production and Energy Planning

In 2023, at the Estarreja *site*, Bondalti Chemicals consumed 7% more electricity and 1% more natural gas compared to 2022, mainly due to the shutdown of activities, in 2022, for general maintenance of the facilities.

The year 2023 followed the trend of 2022, with great volatility in energy prices in wholesale markets, a lot of activity associated with new legislation and regulation and

significant challenges for the decarbonisation of the *site*. All this activity required a strong commitment to all changes, especially to European and national directives associated with energy, changes to the status of electro-intensive customers, the compensation mechanism for indirect $CO_2$ emitters and the contribution of consumption flexibility to the balance of the national electricity system, through the participation of consumers in system services.

Also under the 2023 activities, focus on the consumption of renewable energy was of particular note, with the development of new self-consumption and storage projects.

The year 2023 was also one of consolidation of the operation of the two photovoltaic installations implemented in 2022. This self-consumption production, together with other mechanisms, allowed an increase in the incorporation of direct renewable energy in relation to overall consumption.

In 2023, Bondalti Chemicals renewed its Energy Management System certification according to the 50001 standard, confirming the robustness of the system implemented and certified in 2021.

In the area of Production Planning, 2023 was marked by the continuity of the Cleopatra 4.0 project, a project to implement the new SAP-IBP system in accordance with the requirements of several areas, including Integrated Production Planning and Energy, the Estarreja *site*, the Torrelavega *site*, Commercial and Supply Chain and Management Control.

## 4.3. Supply Chain

### Procurement

The year 2023 was another year of events with significant impacts on supply chains. Events such as the war in Ukraine, instability in the Middle East, and attacks on commercial routes for large cargo ships in the Red Sea demonstrate a new reality, with unexpected changes in context. The proximity, partnerships, knowledge and visibility of Bondalti's suppliers, together with risk management and surveillance, become mandatory tools to overcome adversities and guarantee business continuity.

Topics such as ESG (Environmental, Social and Governance), sustainability and the integration of Artificial Intelligence, among others, are new challenges in Procurement and are essential to meet *stakeholders'* expectations.

Throughout 2023, a total purchase value of over 365 million euros was negotiated across the different categories.

### Logistics

In 2023, at the Estarreja complex, more than 2.2 million tons were handled. With regard to the representativeness of modes of transport in product handling, the breakdown was as follows: road 47%, pipeline 29%, sea 19%, rail 3% and multimodal 2%. Through its activities, Bondalti ensured more than 430 thousand tons passed through domestic sea ports.

In 2023, Bondalti's Logistics sector focused on improving efficiency, reducing costs and integrating new technologies to improve operations.

A highlight was the implementation of SAP-TM (SAP Transportation Management), an advanced solution that has revolutionised the company's logistics management. This technology has made it possible to optimise delivery planning, manage available resources more effectively and communicate more quickly with business partners, resulting in a more dynamic and efficient supply chain.

At the same time, Logistics maintains its commitment to sustainability in all operations, with the aim of minimising environmental impact, in line with corporate responsibility values.

Looking to the future, the logistics sector remains committed to seeking opportunities for improvement and innovation in logistics operations.

### Product Regulation

The year 2023 saw high levels of regulatory activity worldwide. Many of the new regulatory proposals for 2022 have made considerable progress in drafting the legal text.

The introduction of new hazard classes under the CLP Regulation and the provisional agreement for its revision, reached at the end of the year, contrasted with the postponement of the revision of the REACH Regulation. At the European Union level, the proposal to restrict PFAS marked the year, due to the significant number of comments generated.

Bondalti continued its strategy of continuous monitoring of existing and emerging regulatory requirements that impact its activity and operations and the potential opportunities arising therefrom.

The continuous management and updating of Safety Data Sheets reflects its commitment to ensuring that the best information is available to the operators and customers to whom they are distributed, in accordance with local regulations and language. Bondalti maintains close proximity to its customers, ensuring the best possible guidance.

## 4.4. Human Resources

In 2023, implementation of the Human Resources plan continued, based on 4 strategic fronts: Global Management, Continuous Development, Cohesion and Well-Being and Renewal. These strategic fronts are aligned with the corporate strategy and EFR (Family-Responsible Company) measures plan.

### Consolidation as a Family-Responsible Company - EFR

Since 2020, Bondalti has been certified as a Family-Responsible Company (EFR) by the Más Família foundation. The renewal of this international management model takes place every three years, so in March 2023, re-certification was obtained for a further 3 years.

The Commitment and Strategic Guidelines for Conciliation signed by Bondalti's Management reflects its commitment to implementing conciliation measures that contribute to an inclusive culture, aggregating leaders committed to the well-being of its people.

Bondalti is committed to promoting an inclusive, integrative and diverse culture, in which everyone is welcome and where each person is valued and can achieve their potential.

In this sense, 4 priority pillars of intervention were defined:

- **Generational -** continuing the renewal plan, prioritising the sharing of knowledge and strengthening intergenerational relationships. As an example, the 4x4 Training programme stands out, where a more senior tutor is always appointed to pass on knowledge. Renewal is possible with the entry of younger people. However, it can only be operationalised by constantly placing a high value on the internal knowledge of more senior staff. For the first time in decades, the company now has a workforce with an average age under 43, with 50% being millennials.

- **Inclusion of people with disabilities -** promoting the dissemination of available vacancies among various entities. Bondalti is a member of the Inclusive Community Forum (ICF), an initiative by Nova SBE, which aims to promote a more inclusive community, challenging companies to play an active role in co-creating solutions. Today, the inclusion of People with Disabilities at Bondalti is already a reality. The process of integration and induction was designed specifically for each of those admitted, with an inclusion tutor being designated, work teams formed, and exhaustive work being carried out on mapping internal accessibility and building all the infrastructures necessary for the full autonomy of these people. Currently, 2% of Bondalti Chemicals employees are people with over 60% disability.
- **Gender -** progressing towards effective balance and equal opportunities, Bondalti currently has 47% women in corporate areas and more than 35% in management positions.
- **Sociocultural -** promoting the integration of people with different backgrounds, cultures, ethnicities or personalities that enable a new outlook and ways of being.

### Talent management project

Attracting and placing a high value on talent is one of the fundamental pillars of Bondalti's sustainability.

Although Bondalti has a *turnover* rate below 5%, there is a constant concern with attracting the best employees. Therefore, Bondalti participates in various job fairs and shares its vacancies internally and externally.

Forging ties with academia is also one of the strategies to attract talent, as reflected in the various internships, masters and doctorates in progress, in partnership with several universities.

This year, Bondalti underwent a *rebranding* and this change was carefully communicated, so that it continued to be recognized as an employer.

Also this year, the company worked on a value proposition for current and future employees (EVP Project), which leverages what Bondalti does best, so that it can continue with consistency and, above all, transparency, to do what is offered and what is required.

### Skills development through vocational training

In 2023, investments continued to be made in the development and training of Bondalti's employees. Continuous training was provided to employees on topics such as safety, mitigation of risk behaviours and occupational health and the environment. More than 30 thousand hours of training were carried out.

### Renewal programme

A 31 December 2023, 57% of Bondalti Chemicals employees are of the Millennium generation (between 27 and 41 years of age) and Z generation (between 18 and 26 years of age). This renewal is particularly noticeable in Operations, to which the 4x4 Training programme contributes. It has trained between 8 and 15 new Industrial Chemistry technicians annually. In 2023, 16 960 hours of on-the-job training were provided, with a view to passing on know-how from the more senior to the more junior employees.

Also as part of the renewal programme, the 8th edition of 4x4, the on-the-job training programme, was held with a view to inducting young people into Bondalti.

### Staff

a) Average staff in 2023

| Company | 2023 | 2022 |
|---|---|---|
| Bondalti Chemicals | 281 | 256 |
| Elnosa | 5 | 5 |
| Renoeste | 2 | 2 |
| Bondalti Cantabria | 44 | 44 |
| **Total** | **332** | **307** |

(Excluding directors)

b) Pensioners

| Date | Assets | Survivors | Retired | Total |
|---|---|---|---|---|
| 31/12/2023 | 1 | 44 | 44 | 89 |
| 31/12/2022 | 1 | 45 | 40 | 86 |

c) Internships

| Internships and scholarships | Bondalti Chemicals |
|---|---|
| Doctorate Scholarships | 2 |
| Curricular Internship | 8 |
| Company Internship | 3 |
| **Total** | **13** |

## 4.5. Sustainability and climate transition

### Climate transition strategy

In June 2023, two training sessions were held on the topic "Climate transition and decarbonisation", in which the Executive Committee, management and coordinators directly involved in this subject area participated. These sessions covered topics such as requirements for implementing the Science Based Targets initiative (SBTi), CCUS, the buying and selling of emission licences and carbon credits and value chain involvement, among others.

As part of the Climate Transition Strategy, and in order to respond to the recommendations published by the ADENE - Energy Agency, an Energy Efficiency Plan was also developed for Bondalti, the objectives of which included involving all employees in

awareness-raising and consciousness-raising actions for saving energy in the workplace, at home and on the roads.

### Strategic partnerships

In order to strengthen strategic partnerships and demonstrate its ambition, in the first quarter of the year, Bondalti became a signatory to the ten principles set out in the United Nations Global Compact programme, which focus on human rights, labour, the environment and anti-corruption.

Also in this regard, Bondalti joined the commitment to the Portuguese Platform for Integrity, an initiative of the Global Compact Network Portugal and the Portuguese Association of Business Ethics. A gesture through which it expresses its support for the implementation of the National Anti-Corruption Strategy and the promotion of a sustainable and inclusive global economy, based on transparency and good governance.

Bondalti continued to actively participate in the BCSD Portugal Charter of Principles Committee, as a member of the *task force* dedicated to developing the 2030 Journey, a systemic approach to implementing the principles established in the Charter for signatory companies, through a set of objectives, goals and indicators in favour of sustainability.

In 2023, Bondalti continued to fill out the 2030 Journey Platform questionnaire, enabling monitoring and comparison with the results obtained in the previous year.

Bondalti also participated in the preparation of the Business Guide on Traceability in the Value Chain – Roadmap for Implementation, developed in the context of the BCSD Portugal Traceability Task Force. This work aimed to create a support base for companies to implement traceability systems in the value chain, identifying the legislative context, available technologies, main advantages and barriers to their implementation.

### Projects

In the first quarter of 2023, Bondalti began the project to update its material considerations, in accordance with the concept of double materiality. This new concept takes into consideration impact materiality and, on the other hand, financial materiality. This project was completed in the last quarter of 2023 with the involvement of several areas of the company, including Bondalti Water Solutions, and culminated in 12 new material considerations.

In the second half of the year, a new market consultation was launched to support Bondalti in defining its positioning in light of the new regulatory requirements – the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Taxonomy of Sustainable Activities (EU Taxonomy) – called Sustainability Journey.

### Reporting, ratings and recognition

In the first quarter of 2023, Bondalti was again recognised with the EcoVadis platinum medal, after achieving a total score of 82 points out of 100, according to the 2021 financial year.

In the second quarter of 2023, Bondalti participated in the National Sustainability Award ceremony (Jornal de Negócios), of which it became a partner, as a result of

the submission of two entries, submitted in 2022, with the projects "New Territories for Lynxes and Imperial Eagles", in the Preservation of Natural Capital category, and "H2Enable – The Hydrogen Way for Our Chemical Future", in the Decarbonisation category. From these entries, Bondalti was awarded two Honourable Mentions, one for each category.

Also at the end of 2023, Bondalti again submitted two entries for the National Sustainability Awards under the ambit of the "Bonding with Nature" project, in the category Communication of Sustainability, and the "ElectroLithium" project, in the category Decarbonisation.

Bondalti was also highlighted as an example of good practices in the SDG (Sustainable Development Goals) Observatory Report on Portuguese companies, published by the Catholic University and its Centre for Responsible Business & Leadership (CRB). Bondalti's recognition occurs in the chapter Identified Good Practices "due to the complete and organised way in which it presents its initiatives", adopting a coherent line in the presentation of the different projects: Objective, Methodology, Ambition and expected results and Contribution to the SDG. As an example, the case "RePower Chemicals: Energy Efficiency and Renewables" was presented.

# 5. Economic/financial analysis

Bondalti Chemicals continued to present a very robust economic and financial situation, having recorded, in 2023, a net result of 58.2 million euros (1.5 million euros above 2022).

Turnover ended the year at 408.6 million euros, 85.4 million euros less than the previous year, reflecting a general decline in the price of the main raw materials, particularly from the second half of the year.

In 2023, the company's treasury continued to demonstrate the solidity and resilience that have characterised it in recent years. Receipts from customers and payments to suppliers did not suffer any impacts from either the continuing war in Ukraine or the geopolitical instability in the Middle East.

Net debt was reduced by approximately 38.5 million euros to 40.3 million euros, maintaining the downward trend seen in recent years.

In 2023, Bondalti Chemicals and IAPMEI signed the terms of acceptance of two PRR agendas – NGS - New Generation Storage and H2Enable - The Hydrogen Way for Our Chemical Future – with Bondalti Chemicals receiving 6.2 million euros in advance of funds for these projects.

The results were also affected by the integration of the earnings of the investees:

- At Renoeste and Nutriquim, without operational activity, negative net results of 89 thousand euros and 1 thousand euros were recorded, respectively;
- At Bondalti Cantabria, the net result was 12.928 million euros, reaching a historic high, with a slight increase compared to the previous year;
- At AQP, the net profit was 881 thousand euros, more than double that of 2022;
- At Elnosa, net income of 1.292 million euros was recorded, slightly below 2022;
- At Bondalti H2, in the year in which the company was founded and had not yet started operating, there was a net loss of 7 thousand euros.

Gross debt at the end of 2023 reached 75.6 million euros, all of which falls under medium and long-term loans negotiated in 2019.

Bondalti Chemicals' individual financial autonomy ratio continued its upward trend, reaching 45.3% in 2023, rising slightly compared to 44.5% in 2022.

The Net Financial Liabilities/individual EBITDA ratio improved substantially to 0.44x, compared to 0.80x in the previous year, reflecting an increase in cash and cash equivalents and a reduction in debt, despite the slight decrease in EBITDA.

At the end of the year, Bondalti was awarded 1st prize in the Large Companies category, in the Export and Internationalisation Awards, an initiative promoted by novobanco and Jornal de Negócios.

# 6. Activities of associated enterprises

### ELNOSA – Electroquímica del Noroeste, SAU

In 2023, Elnosa continued to focus its activity on trading products manufactured, specifically, by Bondalti Chemicals, with turnover in this business area reaching 20.1 million euros, 2 million euros down on 2022, mainly reflecting a drop in the price of raw materials compared to the previous year.

Net profit stood at 1.292 million euros.

### RENOESTE – Valorização de Recursos Naturais, SA

Renoeste's activities, which involved REN supplying the brine that resulted from the extraction of salt necessary for the construction of caverns for gas storage, were discontinued in 2017.

After several years of negotiations with a third party and obtaining the necessary authorisations, Renoeste was sold, after the end of the 2023 financial year, on 10 January 2024.

Negative net earnings for the year amounted to 89 thousand euros.

### AQP – Aliada Química de Portugal, SA

The 2023 financial year at Aliada Química de Portugal was, in operational terms, very normal. Turnover was 5.3 million euros, the highest ever.

In the year of 2023, positive net earnings of 881 thousand euros were reported.

### NUTRIQUIM – Produtos Químicos, SA

The Company ceased production in May 2012, with the Portuguese Environment Agency (APA) approving the decommissioning of the facilities in July 2017.

At the beginning of 2021, all dismantling work was completed and, during 2022, all that remained was to send the remaining demolition material to an appropriate disposal site, following the APA's opinion. This situation was not resolved during the course of 2023.

In 2023, negative net earnings of one thousand euros were reported.

### BONDALTI CANTABRIA, SA

In 2023, Bondalti Cantabria's activity was marked by production almost always at maximum levels, with some gains in market share and an increase in exports. Turnover amounted to 51.3 million euros, in line with the previous year.

In the financial year 2023, net earnings of 12.928 million euros were reported.

### MIRALCALIS - Activos de Produção de Cloro, SA

As part of the conversion of a chlor-alkali unit in Spain for membrane cell electrolysis by Bondalti Cantabria, SA, the Portuguese company Miralcalis - Activos de Produção de Cloro, SA was established in 2017, with 80% of the capital held by Bondalti Chemicals and 20% by minority investors.

At the beginning of 2018, fulfilling the first objective of its incorporation, this company came to hold 20% of the company Bondalti Cantabria, SA.

At the end of 2021, the shareholder Bondalti Chemicals SA acquired 20% of the shares from minority investors, becoming its sole shareholder and holding 100% of the shares of Miralcalis – Activos de Produção de Cloro, SA.

The profit of 2.524 million euros recorded in the financial year is due to the imputed earnings of Bondalti Cantabria and the accounting of interest on supplies held by Bondalti Chemicals.

### BONDALTI H2, SA

In May 2023, Bondalti H2, SA was established, 100% owned by Bondalti Chemicals, with a view to concentrating the development of the project to produce "green hydrogen" – hydrogen produced from the electrolysis of water using renewable electricity – at the Estarreja Chemical Complex.

The company's focus in 2023 was on developing studies prior to investment decisions, with emphasis on FEED (Front End Engineering Design), which is expected to be completed in the first months of 2024.

As a result of its activity, a net loss of 6,979.71 euros was recorded, with equity amounting to 1.043 million euros.

## 7. Prospects for development in 2024

For 2024, the uncertainty associated with inflation, the wars in Ukraine and in the Middle East and context costs continue to be a matter for concern, in an increasingly competitive market with a strong retraction in demand in various sectors of activity. Despite the sharp decrease in energy costs over the past year, compared to the peaks seen in 2022, these remain at high levels. This is particularly true in Europe, which is currently, in terms of electro-intensive industries and in particular the chemical industry, an increasingly less competitive region at a global level. It is expected that this competitiveness will continue to be squeezed by China's excess capacity, ever tighter regulation and still weak demand. However, and despite this situation of uncertainty, some recovery is expected in the European chemicals sector in 2024, leveraged by an expected decrease in inflation and interest rates, boosting private consumption, as well as the reliability of production and distribution chains.

Bondalti will continue to keep a close eye on energy costs, the evolution of raw material prices and other services, such as transport, and to comply with the investment plan to improve the specific consumption of its units.

As for investments in Bondalti plants, significant investment in Estarreja is expected to continue, specifically in the production of chlorine and its derivatives, with the project to renovate NaCl electrolysis, which should be completed in 2025, being of particular note. Bondalti's priority will always remain the safety of people and facilities, and ensuring the normal operation of production units, both in Portugal and in Spain.

## 8. Proposal for appropriation of profit

The Board of Directors proposes that the net profit generated in the year, in the amount of 58 178 515.40 euros, should be distributed as follows:

Dividends ..... 30 000 000.00 euros
Unappropriated retained earnings ..... 28 178 515.40 euros

## 9. Closing remarks

We should like to express our thanks to all our employees, the other *stakeholders*, the supervisory bodies and the financial institutions for the commitment and collaboration shown in this period, and for their contributions towards achieving the positive results.

Porto Salvo, 30 April 2024

The Board of Directors

João Maria Guimarães José de Mello – Chair

André Cabral Côrte-Real de Albuquerque - Director

João Jorge Gonçalves Fernandes Fugas - Director

Luís Augusto Nesbitt Rebelo da Silva - Director

Luís Henrique Marcelino Alves Delgado - Director

BONDALTI

# Consolidated financial statements

2023 FINANCIAL YEAR

## Consolidated Financial Statements at 31 December 2023 and 2022

| HEADINGS | NOTES | 31/12/2023 | 31/12/2022 | 01/01/2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-Current Assets** | | | | |
| Property, Plant and Equipment | 6 | 126 699 840 | 118 057 772 | 121 562 705 |
| Right-of-use assets | 7.1 | 16 350 731 | 16 706 535 | 18 667 706 |
| Investment Properties | 8 | 11 811 971 | 14 358 612 | 18 606 505 |
| Goodwill | 9.2 | 139 230 | 139 230 | 139 230 |
| Intangible Assets | 9.1 | 8 559 782 | 5 811 158 | 3 632 158 |
| Financial Holdings - Equity Method | 10 | 1 056 630 | 807 027 | 1 014 088 |
| Financial Holdings - Other Methods | 10 | 101 837 | 219 283 | 9 533 |
| Other Financial Assets | 14.5 | 61 232 314 | 61 225 734 | 61 217 859 |
| Deferred Tax Assets | 29 | 3 099 351 | 5 122 240 | 4 886 313 |
| | | **229 051 686** | **222 447 592** | **229 736 099** |
| **Current Assets** | | | | |
| Inventories | 11.1 | 32 347 041 | 34 418 803 | 21 709 961 |
| Trade debtors | 14.1 | 45 549 908 | 62 559 940 | 59 980 766 |
| State and Other Public Bodies | 12 | 2 000 855 | 1 094 646 | 561 130 |
| Other Receivables | 14.1 | 6 144 582 | 5 551 791 | 4 781 636 |
| Deferrals | 13.1 | 3 939 252 | 1 252 640 | 2 138 560 |
| Cash and Bank Deposits | 4 | 55 696 592 | 30 212 970 | 19 182 621 |
| | | 145 678 230 | 135 090 789 | 108 354 673 |
| **Total Assets** | | **374 729 916** | **357 538 381** | **338 090 772** |
| | | | | |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| Subscribed Capital | 17.1 | 30 550 000 | 30 550 000 | 30 550 000 |
| Share Premiums | 17.2 | 661 000 | 661 000 | 661 000 |
| Legal Reserves | 17.2 | 6 110 000 | 6 110 000 | 6 101 994 |
| Other Reserves | 17.2 | 12 575 991 | 14 558 426 | 17 212 408 |
| Unappropriated Earnings | 17.2 | 66 625 240 | 44 989 464 | 33 019 931 |
| Adjustments and Other Changes in Equity | 17.3 | (13 990 059) | (13 968 121) | (13 267 621) |
| Net Earnings for the Period | | 58 178 515 | 56 504 951 | 20 737 388 |
| | | 160 710 687 | 139 405 720 | 95 015 100 |
| **Total Equity** | | 160 710 687 | 139 405 720 | 95 015 100 |
| **Liabilities** | | | | |
| **Non-Current Liabilities** | | | | |
| Provisions | 15 | 527 148 | 587 907 | 674 183 |
| Borrowings | 14.4 | 51 621 185 | 76 621 185 | 100 121 185 |
| Lease liabilities | 7.2 | 14 345 235 | 14 849 823 | 16 669 668 |
| Liabilities for Post-Employment Benefits | 16.1 | 1 892 172 | 2 122 023 | 2 645 769 |
| Deferred Tax Liabilities | 29 | 1 594 458 | 2 170 003 | 2 940 514 |
| Other Payables | 14.3 | 1 221 512 | 1 699 568 | 1 477 264 |
| | | **71 201 710** | **98 050 510** | **124 528 583** |
| **Current Liabilities** | | | | |
| Trade creditors | 14.2 | 54 607 708 | 56 515 120 | 63 416 975 |
| Lease liabilities | 7.2 | 2 322 670 | 2 024 295 | 1 998 039 |
| Advances from Customers | 14 | 309 128 | 45 086 | 3 665 825 |
| State and Other Public Bodies | 12 | 3 781 226 | 4 061 777 | 3 239 128 |
| Borrowings | 14.4 | 25 000 000 | 24 000 000 | 25 229 393 |
| Other Payables | 14.3 | 33 304 897 | 25 771 336 | 14 262 342 |
| Deferrals | 13.2 | 23 491 891 | 7 664 536 | 6 735 387 |
| | | **142 817 520** | **120 082 151** | **118 547 089** |
| **Total Liabilities** | | **214 019 229** | **218 132 661** | **243 075 672** |
| **Total Equity and Liabilities** | | **374 729 916** | **357 538 381** | **338 090 772** |

(Amounts stated in euros)

## Statement of income by nature of expense – Period ended 31 December 2023

| INCOME AND EXPENSES | NOTES | 31/12/2023 | 31/12/2022 |
|---|---|---|---|
| Sales and Services | 19 | 467 708 106 | 557 965 413 |
| Revenue Grants | 18 | 1 534 829 | 147 316 |
| Gains/Losses of Subsidiaries, Assoc. Enter. and Joint Ventures | 20 | 439 830 | 190 226 |
| Changes in Production Inventories | 11.2 | (2 449 357) | 6 083 528 |
| Own Work Capitalised | 21 | 256 195 | 167 971 |
| Cost of Goods Sold and Materials Consumed | 11.3 | (273 724 527) | (339 743 077) |
| External Charges for Services | 22 | (82 319 234) | (106 604 520) |
| Staffing Costs | 16.4 | (20 418 220) | (17 844 078) |
| Impairment of Inventories (Losses/Reversals) | 11.4 | (355 875) | - |
| Impairment of Receivables (Losses/Reversals) | 14.1 | - | (11 582) |
| Provisions (Increases/Decreases) | 15 | - | 31 093 |
| Impairment Non-Depreciable/Amortisable Inv. | 10.2 | (117 446) | - |
| Other Income | 23 | 18 322 718 | 12 734 284 |
| Other Expenses | 24 | (5 416 066) | (4 278 018) |
| | | | |
| **Earnings Before Interest, Taxes, Depreciation and Amortisation** | | **103 460 954** | **108 838 554** |
| | | | |
| Depreciation and Amortisation Expenses/Reversals | 26 | (22 142 013) | (21 034 685) |
| Depreciation and Amortisation Expenses/Reversals - Leases | 26 | (2 456 740) | (2 177 059) |
| | | | |
| **Earnings Before Interest and Taxes** | | **78 862 200** | **85 626 811** |
| | | | |
| Interest and Similar Income Earned | 27 | 2 857 842 | 1 161 405 |
| Interest and Similar Expenses Incurred | 28 | (2 614 723) | (13 891 530) |
| Financial expenses - Leases | 28.1 | (387 552) | (381 853) |
| | | | |
| **Earnings Before Tax** | | **78 717 768** | **73 014 833** |
| | | | |
| Income Taxes for the Period | 29 | (20 539 252) | (16 509 882) |
| | | | |
| **Net Earnings for the Period** | | **58 178 515** | **56 504 951** |
| | | | |
| **Net Earnings for the Period attributable to:** | | | |
| Capital owners in the parent company | | 58 178 515 | 56 504 951 |
| Non-controlling interests | | - | - |
| | | **58 178 515** | **56 504 951** |

(Amounts stated in euros)

## Consolidated statement of comprehensive income – Period ended 31 December 2023

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Consolidated net earnings for the year | **58 178 515** | **56 504 951** |
| Other comprehensive income from continued operations: | | |
| Other comprehensive income for the period | - | - |
| | | |
| **Total comprehensive consolidated income for the year** | **58 178 515** | **56 504 951** |
| Attributable to: | | |
| Shareholders of the parent company | | |
| Continued operations | 58 178 515 | 56 504 951 |
| Discontinued operations | - | - |
| Non-controlling interests | | |
| Continued operations | - | - |
| Discontinued operations | - | - |
| | **58 178 515** | **56 504 951** |

(Amounts stated in euros)

## Consolidated statement of changes in Equity for the period 2023
– Period ended 31 December 2023

| Description | Notes | Subscribed Capital (Note 17.1) | Share Premiums | Legal Reserves (Note 17.2) | Other Reserves (Note 17.2) | Adjustments / Other changes in Equity (Note 17.3) | Unappro-priated Retained Earnings (Note 17.2) | Net Income for the Period (Note 17.2) | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **POSITION AT THE BEGINNING OF THE 2022 PERIOD** | **1** | **30 550 000** | **661 000** | **6 101 994** | **17 212 408** | **(13 267 621)** | **33 019 931** | **20 737 388** | **95 015 100** |
| **CHANGES IN THE PERIOD** | | | | | | | | | |
| Revaluation surpluses of property, plant and equipment and intangible fixed assets and respective variations | | - | - | - | (3 424 493) | - | 3 110 310 | - | (314 183) |
| Deferred Tax Adjustments | | - | - | - | 770 511 | - | 129 840 | - | 900 351 |
| Other changes recognised in Equity | | - | - | - | - | (700 500) | - | - | (700 500) |
| | 2 | - | - | - | (2 653 982) | (700 500) | 3 240 151 | - | (114 331) |
| **NET EARNINGS FOR THE PERIOD** | **3** | | | | | | | **56 504 951** | **56 504 951** |
| **COMPREHENSIVE INCOME** | **4=2+3** | | | | | | | **56 504 951** | **56 390 620** |
| TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD | | | | | | | | | |
| Distributions | | - | - | - | - | - | (12 000 000) | - | (12 000 000) |
| | **5** | - | - | - | - | - | (12 000 000) | - | (12 000 000) |
| **DISTRIBUTION OF PROFITS** | | | | | | | | | |
| Constitution of the Legal Reserve | | - | - | 8 006 | - | - | (8 006) | - | - |
| Transfer of Earnings for the year to Unappropriated Retained Earnings | | - | - | - | - | - | 20 737 388 | (20 737 388) | - |
| | **6** | - | - | 8 006 | - | - | 20 737 388 | (20 737 388) | - |
| **POSITION AT THE END OF THE 2022 PERIOD** | **7=1+2 +3+5+6** | **30 550 000** | **661 000** | **6 110 000** | **14 558 426** | **(13 968 121)** | **44 989 464** | **56 504 951** | **139 405 720** |
| **POSITION AT THE BEGINNING OF THE 2023 PERIOD** | **7** | **30 550 000** | **661 000** | **6 110 000** | **14 558 426** | **(13 968 121)** | **44 989 464** | **56 504 951** | **139 405 720** |
| **CHANGES IN THE PERIOD** | | | | | | | | | |
| Revaluation surpluses of property, plant and equipment and intangible fixed assets and respective variations | | - | - | - | - | - | - | - | - |
| Deferred Tax Adjustments | | - | - | - | 575 546 | - | - | - | 575 546 |
| Other changes recognised in Equity | | - | - | - | (2 557 981) | (21 939) | (119 175) | - | (2 699 095) |
| | 8 | - | - | - | (1 982 435) | (21 939) | (119 175) | - | (2 123 549) |
| **NET EARNINGS FOR THE PERIOD** | **9** | | | | | | | **58 178 515** | **58 178 515** |
| **COMPREHENSIVE INCOME** | **10=8+9** | | | | | | | **58 178 515** | **56 054 966** |
| **TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD** | | | | | | | | | |
| Distributions | | - | - | - | - | - | (34 750 000) | - | (34 750 000) |
| | **11** | - | - | - | - | - | (34 750 000) | - | (34 750 000) |
| **DISTRIBUTION OF PROFITS** | | | | | | | | | |
| Transfer of Earnings for the year to Unappropriated Retained Earnings | | - | | - | - | - | 56 504 951 | (56 504 951) | - |
| | **12** | - | - | - | - | - | 56 504 951 | (56 504 951) | - |
| **POSITION AT THE END OF THE 2023 PERIOD** | **13=8+9 +11+12** | **30 550 000** | **661 000** | **6 110 000** | **12 575 991** | **(13 990 059)** | **66 625 240** | **58 178 515** | **160 710 687** |

(Amounts stated in euros)

## Consolidated Statements of Cash Flows – Period ended 31 December 2023

| HEADINGS | NOTES | 31/12/2023 | 31/12/2022 |
|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES - DIRECT METHOD | | | |
| Receipts from Customers | | 548 701 086 | 588 594 494 |
| Payments to Suppliers | | (386 488 734) | (476 739 644) |
| Payments to Staff | | (22 013 450) | (13 268 724) |
| Cash generated from operations | | 140 198 902 | 98 586 126 |
| Income tax payments/receipts | | (17 848 223) | (9 854 630) |
| Other receipts/payments | | (28 964 852) | (30 551 689) |
| **Cash flow from operating activities** | **1** | **93 385 827** | **58 179 807** |
| | | | |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| **Payments concerning:** | | | |
| Property, Plant and Equipment | | (24 901 773) | (14 395 067) |
| Financial Investments | | (369) | (210 763) |
| Other Assets | | (21 200 000) | (23 950 000) |
| | | **(46 102 143)** | **(38 555 830)** |
| **Receipts from:** | | | |
| Property, plant and equipment | | 3 481 | 5 200 |
| Investment Properties | | 203 778 | 9 823 679 |
| Financial Investments | | 566 | 718 |
| Other assets | | 21 251 266 | 23 996 200 |
| Investment grants | | 18 032 800 | 229 545 |
| Interest and similar income | | 305 476 | 367 559 |
| Dividends | | 190 226 | 397 288 |
| | | **39 987 595** | **34 820 189** |
| **Cash flow from investing activities** | **2** | **(6 114 548)** | **(3 735 641)** |
| | | | |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Receipts from: | | | |
| Borrowings | | - | 33 229 393 |
| | | **-** | **33 229 393** |
| | | | |
| **Payments concerning:** | | | |
| Borrowings | | (24 000 000) | (57 500 000) |
| Lease liabilities - payments | | (2 462 614) | (2 009 476) |
| Lease liabilities - interest | | (2 203 964) | (381 853) |
| Interest and similar expenses | | (371 079) | (2 751 882) |
| Dividends | | (32 750 000) | (14 000 000) |
| | | **(61 787 658)** | **(76 643 211)** |
| **Cash flow from financing activities** | **3** | **(61 787 658)** | **(43 413 818)** |
| | | | |
| Cash variations and their equivalents | **1+2+3** | **25 483 622** | **11 030 349** |
| Cash and its equivalents at the start of the period | 4 | 30 212 970 | 19 182 621 |
| Cash and cash equivalents at the end of the period | 4 | 55 696 592 | 30 212 970 |

(Amounts stated in euros)

BONDALTI

# Notes to the Consolidated Financial Statements

2023 Financial Year

# Consolidated notes

This document contains the disclosures required under the International Financial Reporting Standards (IFRS), in relation to the annual period 2023.


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## 1. Identification of the entity

The Bondalti Chemicals Group, (the "Group") is designated by Bondalti Chemicals, SA, having registered office and factory in Estarreja, established on 30 December 1977, the corporate purpose of which is industrial and commercial activity involving organic and inorganic chemicals.

The parent company, Bondalti Capital, SA, is headquartered in Lisbon, and, in turn, is 100% owned by José de Mello Capital, SA, the Group's ultimate controller.

The consolidated financial statements for the year ended 31 December 2023 were approved by the Board of Directors and authorised for publication on 27 February 2024.

They are still subject to approval by the General Shareholders' Meeting, in accordance with the commercial legislation in force in Portugal.

The Board of Directors believes that these consolidated financial statements reflect fairly and appropriately the financial position, income from operations, changes in equity and cash flows of the company in accordance with the International Financial Reporting Standards ("IAS/IFRS") (Note 2).

# 2. Significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are as follows:

## 2.1 Basis of preparation

In accordance with Decree-Law 35/2005 of 17 February, subsequently amended by Decree-Law 98/2015 of 2 June, which transposed into Portuguese law the provisions of Regulation (EC) 1606/2002 of the European Parliament and of the Council, of 19 July 2002, these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the previous Standing Interpretations Committee (SIC), adopted by the EU, in force as of 1 January 2023.

The consolidated financial statements of the Bondalti Chemicals Group are presented in euros, in amounts rounded to the nearest unit, since this is the functional currency of the company's operations and, as such, considered its functional currency.

The attached consolidated financial statements have been prepared from the books and accounting records of the company, its subsidiaries, joint undertakings and associated enterprises and adjusted during the process of consolidation, in accordance with the going concern principle. In preparing the consolidated financial statements, the Group took historical cost as a basis, except in the case of "Financial holdings – Other methods", which were measured at fair value.

In preparing the financial statements in compliance with the IFRS, the Board of Directors used estimates, assumptions and critical judgments with an impact on the value of assets and liabilities, as well as the revenue and expenses reported for each reporting period. Although these estimates are based on the best information available at the date of preparation of the financial statements, current and future results may differ from these estimates. The areas involving a greater degree of judgment or complexity, or areas in which the assumptions or estimates are important for the financial statements, are presented in Note 2.4.

For all periods up to 31 December 2023, inclusive, the company prepared its financial statements in accordance with accounting principles generally accepted in Portugal (NCRF). The financial statements for the period ended 31 December 2023 are the first financial statements that the company prepared in accordance with the IFRS. The impacts of adopting IFRS for the first time are disclosed in Note 3.

## 2.2 Main recognition and measurement criteria

### (1) Property, plant and equipment

Property, plant and equipment refers to goods used in production, services provided or for administrative use.

Property, plant and equipment is recorded at acquisition cost less depreciation and accumulated impairment losses. The acquisition cost includes the asset's purchase price, expenses directly attributable to its purchase and amounts paid for the preparation of the asset for use. Financial costs incurred with financing obtained for the construction of eligible property, plant and equipment are recognised as part of the construction cost of the asset. Subsequent costs incurred for renovations and major repairs, which result in an increase in the useful life or the ability to generate economic benefits from the assets, are recognised in the cost of the asset.

With the exception of land that is not depreciable, property, plant and equipment is depreciated over the expected economic life and assessed for impairment whenever there is an indication that the asset may be impaired. Depreciation is calculated proportionally with effect from the time at which the assets are available for use for their intended purpose, using the straight line method. The depreciation rates used are as follows:

| | 2023 | 2022 |
|---|---|---|
| Buildings and Other Structures | 2.00 - 33.33 | 2.00 - 33.33 |
| Basic Equipment | 5.00 - 50.00 | 5.00 - 50.00 |
| Transport Equipment | 6.25 - 25.00 | 6.25 - 25.00 |
| Office Equipment | 5.88 - 50.00 | 5.88 - 50.00 |
| Other Property, Plant and Equipment | 12.5 - 20.00 | 12.5 - 20.00 |

The residual values and expected useful lives are periodically reviewed and adjusted, if appropriate, at the reporting date.

The depreciation expense is recognised in the income statement under "Depreciation and amortisation expenses/reversals".

The costs of dismantling and removing assets from property, plant and equipment and the costs of restoring the site where they are located, the obligation for which is incurred when the assets are acquired or as a consequence of having been used during a certain period for purposes other than production, form part of the cost of the corresponding item of property, plant and equipment, and are depreciated over the useful life of the assets to which they relate.

Current maintenance and repair costs are recognised as expenses in the period in which they occur.

The costs of replacements and major repairs are capitalised whenever they increase the useful life of the asset to which they relate and are depreciated over the remaining period of the useful life of that asset, or their own useful life period, if lower.

Any gain or loss resulting from the de-recognition of an item of property, plant and equipment (calculated as the difference between the sale value less selling costs and the book value) is included in profit or loss for the year in which the asset is de-recognised.

Property, plant and equipment in progress refers to assets that are still under construction or development, and is measured at acquisition cost, only being depreciated when available for use.

At the end of each year, assets are assessed for any indication of impairment, which, if any, is recognised in profit or loss for the year.

In case of impairment loss, the value of the item of property, plant and equipment is adjusted accordingly, with the respective adjustment being considered a loss for the year. In assessing whether evidence of impairment exists, the following are taken into account:

- During the period, the market value of an asset declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes that occurred during the period, or that will occur in the near future, having an adverse effect on the entity in relation to the technological, market, economic or legal environment in which the entity operates or on the market to which the asset is allocated;
- Market interest rates or other investment return market rates that have increased during the period, where those increases are likely to affect the discount rate used in calculating the current use value of an asset and will materially decrease the recoverable amount of the asset;
- The carrying amount of the net assets of the entity is higher than its market capitalisation;
- Evidence is available of obsolescence or physical damage to an asset;
- Significant changes having an adverse effect on the entity occurred during the period, or are expected to occur in the near future, to the point at which, or in a way in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operating unit to which the asset belongs, and plans to dispose of an asset before the date previously expected;
- There is evidence in internal reporting indicating that the economic performance of an asset is, or will be, worse than expected.

Regardless of whether or not there is evidence of impairment, assets that are not yet available for use are tested annually for impairment. Reversals of impairment are recognised in the income statement (unless the asset is carried at the revalued amount, in which case it is treated as a revaluation increase) and shall not exceed the carrying amount of the asset that would have been determined if no impairment loss had been recognised previously.

### (2) Investment properties

Investment properties comprise the value of land and buildings not used for productive activity. They are originally recorded at historical acquisition cost, plus expenditure attributable to purchase or production, including, where relevant, financial charges attributed to them during the respective construction or installation period. Subsequently, the Group adopted the cost model when measuring investment properties.

Depreciation is calculated proportionally with effect from the time at which the assets are available for use for their intended purpose, using the straight line method. The depreciation rates used are as follows:

| | 2023 | 2022 |
|---|---|---|
| Buildings and Other Structures | 2.00 - 10.00 | 5.00 - 10.00 |

Properties are de-recognised when sold. When the investment property starts to be used in the Group's activity, it is reclassified as an item of property, plant and equipment. In cases where land and buildings are no longer allocated to the Group's activity, a reclassification from property, plant and equipment to investment property will be recorded.

### (3) Intangible Assets

Intangible assets acquired separately are measured, on the date of initial recognition, at cost.

Intangible assets are only recognised if future economic benefits are likely to arise, and if the Group has the power to control them and can reasonably measure their value.

When acquired under the ambit of a combination of business activities, separable from goodwill, intangible assets are initially recognised at fair value on the acquisition date (which is considered as a cost), determined under the purchase method, as provided for by IFRS 3 - Business Combinations. After initial recognition, these are recognised on the same basis as separately acquired intangible assets.

Costs related to internally generated intangibles, excluding development costs in certain circumstances, are considered an expense and are reflected in the income statement in the year in which the expense is incurred, except in situations where these expenses are directly associated with projects for which it is probable that future economic benefits will be generated for the Group. In these situations, the expenses are capitalised as intangible assets.

After initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite or indefinite. Intangible assets with indefinite useful lives are not amortised, but are tested annually for impairment regardless of whether or not there are indicators that they may be impaired. The indefinite life assessment is reviewed annually to determine whether the indefinite life continues to be warranted. Intangible assets with finite useful lives are amortised over the expected economic life and assessed for impairment whenever there is an indication that the asset may be impaired. Amortisation of intangible assets is reflected in the Statement of income by nature of expense in the line called "Depreciation and Amortisation Expenses/Reversals".

Amortisation is calculated proportionally with effect from the date of acquisition using the straight line method. The amortisation rates used are as follows:

| | 2023 | 2022 |
|---|---|---|
| Development Projects | 20.00 - 33.33 | 20.00 - 33.33 |
| Computer Programs | 33.33 | 33.33 |
| Industrial Property | 20.00 - 33.33 | 20.00 - 33.33 |
| Other Intangible Assets | 20.00 - 33.33 | 20.00 - 33.33 |

An intangible asset is de-recognised at the time of disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the derecognition of an intangible asset (calculated as the difference between the sale value less selling costs and the book value) is included in the profit or loss for the year in which the asset is derecognised.

Below are some specifics regarding each type of intangible asset.

### (3.1) Development projects

Research costs are considered to be expenses in the period in which they occur.

The costs of developing an individual project are recognised as intangible assets when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it is available for use or sale;
- Its intention to complete the intangible asset and where the conditions are met to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to reliably measure expenditure during development.

### (3.2) Industrial property

This heading reflects the patents registered in the name of the companies included in the consolidation, for which there is an exclusive right of use.

Amortisation is carried out in the period of exclusive use of each patent.

### (3.3) Emission rights

$CO_2$ emission permits allocated to the Group under the National Allocation Plan for $CO_2$ Emission Permits are recognised in accordance under the heading Intangible Assets as a contra entry to Deferrals, at the market value on the date of allocation.

The acquired permits are recognised under Intangible Assets as a contra entry to the corresponding account payable or cash and cash equivalents.

For the $CO_2$ emissions made by the Group, and based on the FIFO criterion, a Depreciation and Amortisation expense is recognised, as a contra entry against Accumulated amortisation of intangible assets and, simultaneously, an amount equivalent to the reduction of the corresponding subsidy share is transferred to Other income, as a contra entry against Grants and Donations.

Whenever the Group emits $CO_2$ without holding the respective licences, a provision is recognised for the amount corresponding to the best estimate of the price for obtaining it, plus the estimate of the amount of penalties that will be incurred for emitting $CO_2$ without a licence.

Sales of emission rights give rise to a gain or loss, determined between the realisation value and the respective acquisition cost, which is recorded in Other income - Income and gains on non-financial investments or Other expenses - Expenses and losses on non-financial investments, respectively.

Since there is an active market for emission rights, these are revalued at the end of each period to their market value, while the account Deferrals or Profit or Loss is adjusted according to whether they are allocated permits or acquired permits, respectively.

### (4) Right-of-use assets and lease liabilities

The Group assesses, at contract inception, whether a contract is, or contains, a lease.

#### (4.1) Right-of-use assets

The Group recognises right-of-use assets on the lease start date (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the right of use includes the value of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the start date, less any incentives received.

The right-of-use asset is depreciated using the straight-line method based on the lease period. If ownership of the asset is transferred to the Group at the end of the lease term, or the cost includes a purchase option, depreciation is calculated taking into account the estimated useful life of the asset.

Right-of-use assets are also subject to impairment, in accordance with the policy presented in this Note under subdivision 5 - Impairment of non-financial assets.

#### (4.2) Lease liabilities

On the start date of the lease, the Group recognises lease liabilities measured at the present value of rent payments to be made during the term of the contract. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid in relation to residual value guarantees. Payments also include the exercise price of a purchase option, if it is reasonably certain to be exercised by the Group, and penalty payments for terminating the contract, if the terms of the lease reflect the Group's exercise option.

Variable lease payments that do not depend on an index or rate are recognised as expenses for the year, in the year in which the event or condition that triggers the payment occurs.

When calculating the present value of future lease payments, the Group uses the incremental interest rate at the start date of the lease, as the implicit interest rate of the lease is not readily determinable. After the start date, the value of the lease liabilities is increased to reflect the accrual of interest and reduced by the payments made. Additionally, the value of lease liabilities is remeasured if there is a modification, an amendment to the lease term, a change in the lease payments (e.g., changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment upon exercise of an option to purchase the underlying asset.

#### (4.3) Short-term and low-value leases

The Group applies exemption from recognition to its short-term asset leases (leases with terms of 12 months or less, and that do not feature a purchase option). It also applies exemption from recognition of low-value assets for the lease of equipment considered to be of low value. Payments of rents for short-term and low-value leases are recognised as expenses in the year, over the course of the lease term.

### (4.4) Group as lessee

Leases in which the Group does not transfer substantially all the risks and rewards inherent to ownership of an asset are classified as operating leases. Lease revenue is accounted for using the straight-line method over the lease terms and is included in revenue in the income statement due to its operational nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the term of the lease on the same basis as the revenue. Contingent leases are recognised as revenue in the period in which they occur.

## (5) Impairment of non-financial assets

Impairment testing is conducted whenever an event or change in circumstances is identified indicating that the amount at which the asset is recorded may not be recoverable.

Whenever the amount by which the asset is recorded exceeds its recoverable amount, an impairment loss is recognised.

In order to determine impairment, assets are allocated at the lowest level for which there are separate identifiable cash flows (cash-generating units). When assessing impairment, internal and external sources of information are considered. Tests are carried out if the profitability level of cash-generating units is consistently below a minimum threshold, beyond which there is a risk of impairment of the assets. Impairment testing is carried out internally. Whenever impairment testing is carried out, future cash flows are discounted at a specific rate for the cash-generating unit, which includes the risk of the market in which it operates.

Impairment losses are recognised as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value of the asset, less selling costs, and its current use value. Impairment losses, if any, are allocated specifically to the individual assets that make up the cash-flow-generating unit. Non-financial assets for which impairment losses have been recognised are reviewed at each reporting date to reverse these losses.

The reversal of impairment losses recognised in previous financial years is recorded where it is concluded that the previously recognised impairment losses no longer exist or have decreased. This reversal of the impairment loss is carried out up to the amount that would be recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in previous financial years.

## (6) Financial interests - equity method

Investments in associated enterprises are valued in accordance with the equity method.

Financial investments in associated enterprises are investments over which the Group exercises significant influence (percentage interest is greater than 20%), but over which it does not have control or joint control. Therefore, the Group has the power to participate in decisions relating to the financial and operating policies of the entity, without, however, exercising control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associated enterprises and joint ventures are accounted for using the equity method.

Under the equity method, investment in an associated enterprise or joint venture is initially recognised at cost or fair value if the entities are acquired through business concentration processes.

Subsequent to the acquisition date, the carrying amount of the investments:

- Was increased or decreased to recognise the share in the profit or loss of the investees after the acquisition date;
- Was reduced by the appropriations of profits received;
- Was increased or decreased to reflect, as a contra entry to Equity, changes in the Group's proportional interest in the investees resulting from changes in their equity that have not been recognised in the respective profit or loss. Among other situations, such changes include those resulting from the Revaluation of property, plant and equipment and from differences in foreign currency translation.

In measuring these investments, the following provisions regarding the application of this method were also respected:

- The financial statements of the investees had already been prepared, or were adjusted off the books, in order to reflect the Group's accounting policies before they could be used in determining the effects of the equity method;
- The financial statements of the investees used in determining the effects of the equity method refer to the same date as those of the Group or, if different, do not differ by more than three months from those of the Group;
- The profit or loss from "ascending" and "descending" transactions are recognised only to the extent that they correspond to the interests of other investors in the associated enterprise, unrelated to the investor.
- When the investment value is reduced to zero, the additional losses are taken into account through the recognition of a liability whenever the company incurs legal or constructive obligations. When the investees subsequently report profits, the Group resumes its recognition only after its share of the profits equals the share of the unrecognised losses.

Any excess of the acquisition cost of a financial investment over the Group's share in the fair value of the assets and liabilities at the date of acquisition of the associated enterprises is recognised as goodwill, which is included in the value of the financial stake and its recovery is assessed annually as an integral part of the financial investment. If the acquisition cost is less than the fair value of the net assets of the acquired joint venture and associated enterprise, the difference is recognised directly in the income statement.

Unrealised gains on transactions with associated companies are eliminated proportionally to the Group's interest in the aforementioned entities, as a contra entry to the investment in that same associate. Unrealised losses are similarly eliminated, but only to the extent to which the loss does not confirm that the transferred asset is impaired.

### (7) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (7.1) Financial assets

#### Initial recognition and measurement

Initially, assets are classified and subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The initial classification of the financial assets depends on the contractual characteristics of the cash flows and the business model that the Group adopts to manage them. With the exception of accounts receivable from customers that do not contain a significant financial component, and for which the Group adopts the practical expedient, the Group initially measures a financial asset at its fair value, plus, in the case of an asset not classified at fair value through profit or loss, the transaction costs. Accounts receivable from customers that do not contain a significant financial component and for which the Group adopts the practical expedient referred to in section m) are measured at the transaction price determined in accordance with IFRS 15.

For a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it must provide cash flows that represent only capital repayments and interest payments on outstanding capital. This assessment, known as the "cash flows from capital repayments and interest payments only" test, is performed for each financial instrument.

The business model for managing financial assets concerns the way in which the Group manages financial assets with a view to obtaining cash flows. The business model can be designed to obtain contractual cash flows, to dispose of financial assets, or both.

Purchases or sales of financial assets that require the delivery of the assets within a period established by regulation or conventions in the market in question are recognised on the negotiation date, i.e., on the date on which the Group commits to buy or sell the asset.

#### Subsequent measurement

For subsequent measurement, financial assets are classified into four categories:

a). Financial assets at amortised cost (debt instruments)

b). Financial assets at fair value through other comprehensive income, with recycling of the accumulated gains and losses (debt instruments)

c). Financial assets at fair value through other comprehensive income, without recycling of the accumulated gains and losses at the time of their derecognition (equity instruments)

d). Financial assets at fair value through profit and loss

#### a). Financial assets at amortised cost (debt instruments)

The financial assets are measured at amortised cost if both the conditions presented below are met:

- The financial asset is held under the ambit of a business model, the objective of which is to hold the financial asset to obtain the contractually foreseen cash flows; and
- The contractual terms of the financial asset give rise, on defined dates, to cash flows that correspond only to capital repayments and interest payments on the outstanding capital.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recorded in profit or loss when the asset is de-recognised, modified or impaired. The financial assets that the Group measures at amortised cost include essentially "Trade accounts receivable" and "Other receivables".

### b). Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are satisified:

- The financial asset is held under the ambit of a business model, the objective of which is to hold the financial asset to obtain the contractually foreseen cash flows and the cash flows resulting from its sale; and
- The contractual terms of the financial asset give rise, on defined dates, to cash flows that correspond only to capital repayments and interest payments on the outstanding capital.

In the case of debt instruments measured at fair value through other comprehensive income, the interest earned, the exchange differences and the impairment losses and reversals are recorded in profit or loss and calculated in the same way as financial assets measured at amortised cost. The remaining fair value changes are recorded in other comprehensive income. At the time of de-recognition, changes in fair value accumulated in other comprehensive income are transferred (recycled) to profit or loss. At 31 December 2023, the Group does not have any financial assets classified in this category.

### c). Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, a decision may be made to irrevocably classify equity instruments held as equity instruments designated at fair value through other comprehensive income, when they meet the definition of capital set out in IAS 32 - Financial instruments (disclosure and presentation) and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recorded as a financial gain in profit or loss when the right to receive payment of the dividend is established, except when the Group benefits from these dividends as recovery of part of the cost of the financial asset, in which case the dividends are recorded in other comprehensive income. Equity instruments held as equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment. At 31 December 2023, the Group does not have any financial assets classified in this category.

### d). Financial assets at fair value through the consolidated income statement

Financial assets at fair value through the income statement are presented in the Consolidated statement of financial position at fair value with the net changes in fair value presented in profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, financial assets that are required to be measured at fair value and/or equity instruments that the Group has not classified as financial assets through other comprehensive income at the time of initial recognition. Financial assets are classified as held for trading if they were acquired with the purpose of being sold or repurchased within a very short period of time. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they have been designated as effective hedging instruments.

Financial assets with cash flows that do not correspond only to capital repayments and interest payments on outstanding capital are measured at fair value, regardless of the underlying business model. Notwithstanding the criteria for classifying debt instruments at amortised cost or fair value through other comprehensive income described above, debt instruments may be designated at fair value through profit or loss at the time of initial recognition if doing so eliminates, or reduces significantly, an inconsistency in measurement or recognition.

This category includes derivatives and, where applicable, investments in listed shares that the Group has not irrevocably decided to measure at fair value through other comprehensive income. If a hybrid contract includes a host contract that is not a financial asset, an embedded derivative must be separated from the host contract and accounted for as a derivative if, and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying contract;
- A separate instrument with the same terms as the embedded derivative meets the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with the changes in fair value recognised in profit or loss. Reassessment of the classification is only possible when (i) there is a change in the contractual terms that significantly modify the cash flows or (ii) there is a reclassification of the financial asset so that it is no longer classified in the fair value through profit or loss category. A derivative embedded in a hybrid contract that includes a host contract that contains a financial asset is not accounted for separately. The financial asset of the host contract and the embedded derivative are classified jointly in their entirety as financial assets at fair value through profit or loss. The embedded derivatives are measured at fair value with changes recognised in profit or loss. Revaluation only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required, or a reclassification of a financial asset outside of fair value through profit or loss.

At 31 December 2023, the Group has “Financial Holdings – Other Methods” classified in this category.

### De-recognition

A financial asset (or, where applicable, a portion of the financial asset or portion of a group of active financial assets) is de-recognised (i.e., removed from the Consolidated income statement) when:

- The contractual rights to receive cash flows resulting from the financial asset expire; or
- The Group has transferred its contractual rights to receive cash flows resulting from the financial asset or assumed an obligation to pay the cash flows received in full within a short term under an agreement in which the Group has no obligation to pay amounts to the final recipients unless it receives equivalent amounts resulting from the original asset; it is prohibited by the terms of the transfer agreement from selling or pledging the original asset other than as collateral to the final recipients for the obligation to pay them cash flows; and the Group has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delay; and
- The Group has transferred substantially all the risks and rewards of the asset, or if it has not substantially transferred or retained such risks and benefits, but has transferred control over the asset.

When transferring your rights to receive cash flows from an asset or being part of an arrangement that may enable de-recognition, assess whether, and to what extent, the risks and rewards associated with ownership of the asset have been retained. When all risks and benefits arising from ownership of an asset have not been substantially transferred or retained, nor has control of the asset been transferred, the Group continues to recognise the transferred asset to the extent of its continued involvement. In this case, the corresponding liability is also recognised, and the transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Group retained. The continued involvement that assumes the form of a guarantee over the asset transferred is measured by the lower of the original book value of the asset and the maximum value of the consideration that the Group could be required to reimburse.

### Impairment of financial assets

The Group recognises a provision for expected credit losses (ECL) for all debt instruments not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows that are owed and all the cash flows that are expected to be received, discounted at a rate close to the original effective interest rate. The cash flows expected to be received include cash flows resulting from collateral held or other credit guarantees that form an integral part of the contractual terms.

The expected credit losses are recognised in two stages. For situations where there has not been a significant increase in credit risk since initial recognition, expected credit losses focus on losses that may be incurred from defaults that are likely to occur in the next 12 months. For situations where there has been a significant increase in credit risk since initial recognition, the impairment loss is calculated for all expected credit losses over the life of the asset, regardless of when the default occurs.

For trade accounts receivable and accounts receivable relating to contracts with customers, a simplified approach should be adopted in determining the expected credit losses. Therefore, the Group does not monitor changes in credit risk, but instead recognises an impairment loss based on the expected credit loss over the life of the asset, at each reporting date. To this end, an impairment matrix is established, based on the non-compliance criteria of the risk management system and on credits that were lost in the past, adjusted by prospective factors specific to the debtors and the economic environment.

For debt instruments at fair value through other comprehensive income, the Group applies the simplification for low credit risks. At each reporting date, the Group assesses whether the debt instrument can be considered as having low credit risk, using all relevant and reasonable information that is available at an acceptable cost/effort. To make this assessment, the credit *rating* of the debt instrument is taken into account.

The Group considers that a financial asset is in default when there is internal and external information that indicates that it is unlikely that it will receive the full amount of credit without having to activate the guarantees it holds.

Individually significant financial assets were assessed individually for impairment purposes. The remainder were assessed based on similar credit risk characteristics.

A financial asset is de-recognised when there is no reasonable expectation of recovering contractual cash flows.

### (7.2) Financial liabilities

#### Initial recognition and measurement

Financial liabilities classified, at the time of initial recognition, as financial liabilities at fair value through profit or loss, include loans, accounts payable or derivatives designated as a hedging instrument in an effective hedging relationship.

All financial liabilities are initially recognised at fair value and, in the case of loans and accounts payable, net of directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their initial classification, as follows:

- Financial assets at fair value through profit and loss
- Financial liabilities at amortised cost (loans)

#### Financial assets at fair value through profit and loss

Financial liabilities at fair value through the income statement include financial liabilities held for trading and financial liabilities that, at the time of initial recognition, were so designated.

Financial liabilities are classified as held for trading if they were incurred for the purpose of being repurchased in the short term. This category includes derivatives that are not designated as hedging instruments in a hedging relationship, as provided for under IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are considered effective hedging instruments. Gains and losses on liabilities held for trading are recorded in the income statement.

Financial liabilities that are classified, at the time of initial recognition, as financial liabilities at fair value are so designated at the time of initial recognition only if the criteria set out in IFRS 9 are met.

#### Financial liabilities at amortised cost (loans)

After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. Gains and losses are recorded in the income statement when liabilities are de-recognised and through amortisation resulting from the effective interest method. The amortised cost is calculated taking into account any discount or premium on acquisition and fees and other costs that form an integral part of the effective interest rate. The effect of effective interest is recorded in financial expenses in the income statement. This category is generally applicable to bank loans, but also includes grants repayable at zero rates or below market value.

#### De-recognition

A financial liability is de-recognised when the underlying obligation is satisfied, cancelled or expires. When an existing financial liability is replaced by another from the same counterparty and with substantially different terms, or the terms of a financial liability are substantially modified, the exchange or modification is treated as a de-recognition of the original financial liability and the recognition of a new liability. The difference between the respective book values is recognised in the consolidated income statement.

### (7.3) Netting off of financial instruments

Financial assets and financial liabilities are netted off and their respective net value is presented in the consolidated statement of financial position if there is a present mandatory right to offset the recognised amounts and if there is an intention to either settle on a net basis or realise the asset and simultaneously settle the liability.

## (8) Income tax

### (8.1) Deferred tax assets and liabilities

Deferred tax assets and liabilities result from the determination of temporary differences between the accounting base and the tax base of the Group's assets and liabilities.

Deferred tax assets reflect:

- Deductible temporary differences, to the extent that it is probable that there will be future taxable profits in relation to which the deductible difference can be used;
- Unused tax losses and unused tax credits, to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax liabilities reflect temporary taxable differences.

Deferred tax liabilities are normally recognised for all taxable temporary differences, except in the following situations:

- When the deferred tax liability arises from the initial recognition of goodwill, or an asset or liability from a transaction that is not a combination of business activities and that, at the time of the transaction, does not affect either the accounting or tax profit or loss;
- In relation to temporary differences associated with investments in subsidiaries, associated enterprises and interests in jointly controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for the future recognition of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the future recognition of tax losses can be used, except in the following situations:

- Where the deferred tax asset is related to a deductible temporary difference that arises from the recognition of an asset or liability from a transaction that is not a business combination and, at the time of the transaction, does not affect either the accounting or the tax profit or loss;
- In relation to temporary differences associated with investments in subsidiaries, associated enterprises and interests in jointly controlled entities, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and there is available taxable income, against which the temporary differences can be used.

The measurement of deferred tax assets and liabilities:

- Is carried out in accordance with the rates that are expected to be applied in the period in which the asset is realised or the liability is settled, based on the tax rates approved at the balance sheet date; and
- Reflects the tax consequences arising from the way in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

The value of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to permit the use of all or part of the deferred tax asset. Unrecognised deferred tax assets are revalued at each reporting date.

The deferred tax related to items recognised outside of profit or loss is recognised outside of profit or loss. Deferred taxes are recognised at each reporting date in correlation with the underlying transaction, in other comprehensive income or directly in equity. Tax benefits acquired as part of a business combination, but which do not meet the criteria for recognition on the date of the combination, are recognised later if new information regarding the facts and circumstances becomes available. The adjustment is treated as a reduction in goodwill (as long as it does not exceed the goodwill), if it was incurred during the goodwill measurement period, or recognised in profit or loss, if later.

The Group nets off deferred tax assets and liabilities if, and only if, it has a right to offset them and if the deferred tax liabilities refer to income taxes levied by the same tax authority on the same taxable entity, or different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are settled or recovered. Provisions for ongoing tax contingencies are classified under deferred taxes. In the case of tax proceedings, these are increased annually by calculating interest and fines, as determined by law.

### (8.2) Income tax for the period

Income tax for the period includes current and deferred taxes for the year.

Current tax is determined based on the accounting result adjusted in accordance with the tax legislation in force, to which each of the companies included in the consolidation is subject.

Current income tax related to items recognised directly in equity is recognised under this heading and not in the income statement. The management periodically evaluates the positions taken in tax returns in relation to situations in which the applicable tax legislation leaves room for interpretation and establishes provisions when appropriate.

The parent company and the subsidiaries in which at least 90% of the respective capital is held, directly or indirectly, and which, simultaneously, are resident in Portugal and are subject to Income Tax, are taxed under the Special Taxation of Corporate Groups Scheme at the rate of 21%, plus the Surcharge up to a maximum rate of 6.5% on Taxable Income, resulting in a maximum aggregate rate of 27.5%.

Income tax on the other companies included in the consolidation is calculated at the rates in force in the respective countries where they have their headquarters:

| | Country | Rate 2023 | Rate 2022 |
|---|---|---|---|
| Income Tax (ID) | Portugal | 21.0% | 21.0% |
| Surcharge | Portugal | 1.5% | 1.5% |
| State Surcharge | Portugal | 3% - 9% | 3% - 9% |
| Income Tax (ID) | Spain | 25.0% | 25.0% |

Under the terms of prevailing law, in the various jurisdictions in which the companies included in the consolidation carry out their activity, the corresponding tax returns are subject to review by the tax authorities for a period ranging between four and five years, which can be extended in certain circumstances, namely when there are tax losses, or inspections, complaints or claims are in progress.

The Board of Directors, supported by the positions of its tax consultants and taking into account the liabilities recognised, believes that any revisions of these tax returns will not result in material corrections to the consolidated financial statements.

### (9) Inventories

The valuation of inventories and the respective costing methods are as follows:

| | Valuation | Costing Methods |
|---|---|---|
| Goods | Acquisition cost (*) | Average cost |
| Raw materials, subsidiary materials and consumables | Acquisition cost (*) | Average cost |
| Intermediate and finished products | Production cost (*) | Average cost |
| Products and work in progress | Production cost (*) | Average cost |

(*) Or Net Realisable Value, whichever is the lower.

The cost of inventories includes:

- Purchase costs (purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the purchase, less commercial discounts, rebates and other similar items);
- Conversion costs (labour and general production expenses);
- Other costs incurred to place inventories in their intended location and condition.

Whenever the net realisable value is lower than the purchase or conversion cost, the inventories are reduced by recognising an impairment loss, which is reversed when the circumstances that gave rise to it cease to exist.

For this purpose, the net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of finishing and the costs necessary to make the sale. The estimates take into account changes related to events that occurred after the end of the period.

### (10) Cash and bank deposits

The amounts included under this heading correspond to cash and other deposits, maturing in less than three months, and which are immediately drawable with an insignificant risk of change in value.

For the purposes of the statement of cash flows, in addition to cash and bank deposits, the heading “Cash and cash equivalents” comprises the bank overdrafts included under the heading “Borrowings”.

### (11) State or other Public Bodies

The asset and liability balances of this heading are calculated based on prevailing law.

With regard to assets, no impairment was recognised as it is considered that this is not applicable, given the specific nature of the relationship.

### (12) Accruals

The remaining income and expenses are recorded in accordance with the principle of accrual accounting, under which these are recognised as they are generated, regardless of when they are received or paid. The differences between the amounts received and paid and the related income and expenses generated are recorded under “Deferrals”, “Other receivables” and “Other payables”.

## (13) Equity headings

### (13.1) Legal reserves

In accordance with Article 295 of the Companies Code, at least 5% of income must be used to increase the legal reserve until such time as it represents at least 20% of the share capital.

This reserve cannot be distributed, except in the event of liquidation, and may only be used to absorb losses, after all the other reserves have been exhausted or to increase share capital (Article 296 of the Companies Code).

### (13.2) Other reserves

This heading includes revaluation reserves established under the terms of the previous GAAP – Generally Accepted Accounting Principles, and those established on the transition date, net of the corresponding deferred taxes, and which are not presented under the heading Revaluation Surpluses due to the fact that the entity had adopted the deemed cost method at the date of conversion to the SNC.

The revaluation reserves set up under legislation, in accordance with that legislation, are only available to increase capital or cover losses incurred up to the date to which the revaluation refers, and only after they have been realised (by use or by sale).

The heading also includes the reserves that result from the revaluation carried out at the transition date, which are only available for distribution after they have been realised (by use or by sale).

### (13.3) Unappropriated earnings

This heading includes realised profits available for distribution to shareholders and gains from increases in the fair value of derivative financial instruments, financial investments and investment properties which, according to Article 32(2) of the Companies Code, will only be available for distribution when the elements or rights that gave rise to them are sold, exercised, cancelled or liquidated.

### (13.4) Adjustments/Other changes in equity

This account includes adjustments to the fair value of financial assets such as changes in the fair value of derivatives to hedge the risk of interest rate variability, exchange risk, commodity price risk under a commitment or high probability of a future transaction, which, according to Article 32(2) of the Companies Code, will only be available for distribution when the elements or rights that gave rise to them are sold, exercised, cancelled or liquidated.

This heading also includes adjustments related to the application of the equity method, namely the appropriation of changes in equity of investees and unallocated profits.

## (14) Investment grants

These are non-repayable grants related to property, plant and equipment and intangible assets. They are recorded in the consolidated statement of financial position as "Deferrals", net of deferred taxes.

Grants are only recognised where there is reasonable assurance that the Group has complied/will comply with the conditions attached to them and that the grants will be received.

Subsequent to initial recognition, this account is reduced:

- With regard to grants related to depreciable property, plant and equipment and intangible assets with a defined useful life, through the charging, on a systematic basis, to income during the periods necessary to balance the grants with the related expenses that they are intended to offset;
- With respect to non-depreciable property, plant and equipment and intangible assets with an indefinite useful life, through the charging to income, in the years in which it is necessary to offset any impairment loss that is recognised in relation to those assets.

These grants are not available for distribution until they are charged to income during the periods necessary to: (i) balance the grants with the related expenses that they are intended to offset (*i.e.*, amortisation and depreciation) and/or (ii) offset any impairment loss that is recognised in relation to those assets.

### (15) Emission rights

These deferrals, corresponding to the emission rights allocated and recognised under the terms referred to in subdivision 3.3 of this paragraph, are transferred to Sundry income as the corresponding $CO_2$ emissions are made by the companies of the Group.

According to Article 32(2) of the CSC, these reserves will only be available for distribution when the rights that gave rise to them are sold, exercised, cancelled or liquidated.

### (16) Provisions

This account reflects the present obligations (both legal and constructive) of the Group arising from past events, the settlement of which is expected to result in an outflow of resources from the entity that incorporate economic benefits and the timing and amount of which are uncertain, but the value of which can be reliably estimated.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Whenever the effect of the time value of money is material, the amount of a provision is the present value of the expenditures that are expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the value of the money and the specific risks of the liability, and that does not reflect risks for which the estimates of future cash flows have been adjusted.

Provisions are reviewed at the date of each consolidated statement of financial position and adjusted to reflect best estimates at that date.

When there is a present obligation resulting from a past event, but which is not likely to result in an outflow of resources, or which cannot be estimated reliably, this situation is treated as a contingent liability, which is disclosed in the financial statements unless the possibility of outflow of resources is considered remote. Contingent assets are not recognised in the financial statements, but are disclosed where a future economic inflow is likely.

## (17) Liabilities for post-employment benefits and staffing costs

Staffing costs are recognised when the service is provided by employees, regardless of the date of payment.

Some specifics regarding each of the benefits are described below.

### (17.1) Post-employment benefits

The Group has the post-employment benefit plans as indicated in the following table:

| Company | Plan Name | Type | Beneficiaries | Location |
|---|---|---|---|---|
| Bondalti CHEMICALS | Retirement Pension Plan | Defined Benefit - Old age disability or survivor's pension supplement | Some of the former and current staff members | Portugal |
| Bondalti CHEMICALS | Medical Procedures Plan | Defined Benefit - Medical Procedures with no fund established | Some of the former and current staff members | Portugal |

Under the terms of the Social Benefits Regulation in force in the Group, certain employees on its permanent staff are entitled, after moving to retirement, to a share in health care expenses and to a supplement to their old age, invalidity or survivor's pension. In the calculation of these supplements and contributions, years of service and the perks prevailing within the company that originally employed them are taken into account.

Under the Defined Benefit Plans, the liabilities are recognised and measured in accordance with IAS 19 – Employee Benefits.

Accordingly, the cost of providing the benefits is determined:

- Separately for each plan;
- Using the projected unit credit method;
- Based on the actuarial assumptions of Portugal.

The past Service Cost of employees in active service is recognised: (i) immediately, in the part already past due and (ii) on a linear basis during the remaining period of years of service, with respect to the component not yet past due.

### (17.2) Holiday and holiday allowance

In accordance with the labour legislation in force, employees are entitled to holidays and holiday allowances in the year following the year in which the service is provided. Thus, an increase in the amount payable in the following year was recognised in the profit or loss for the year, which is reflected in the heading "Other Payables".

## (18) Shareholders

Shareholder loans do not bear interest and do not include any type of interest, as a result of which they are presented at their respective nominal value, under the heading Other payables.

### (19) Effect of changes in exchange rates

Foreign currency transactions are translated to euro at the rates prevailing at the transaction dates.

Balances that remain outstanding at the end of the year are converted at the closing rate and the difference is recognised in profit or loss.

### (20) Revenue from contracts with customers

Revenue from contracts with customers is recorded when control of goods and services is transferred to customers for an amount corresponding to the consideration that the Group expects to receive in exchange for such goods or services. Revenue from the sale of products is recognised when control over the good is transferred to the customer, which generally happens when the product is delivered. Sales and provisions of services are measured at the fair value of the consideration received or receivable less the amounts relating to trade or volume discounts granted.

The companies' revenue comes mainly from the sale of organic and inorganic chemical products.

The Group recognises revenue in accordance with IFRS 15, which establishes that an entity recognises revenue to reflect the transfer of goods and services contracted by customers, in an amount that corresponds to the consideration that the entity expects to be entitled to receive in return for the delivery of those goods or services, based on the five-step model below:

**1.** Identification of the contract with a customer;

**2.** Identification of the performance obligations;

**3.** Determination of the transaction price;

**4.** Allocation of the transaction price to the performance obligations; and

**5.** Recognition of the revenue when or as the entity satisfies a performance obligation.

Revenue is measured at the fair value of the remuneration received or receivable for goods and services sold in line with the Group's business types identified above, net of bonuses, discounts (e.g. commercial discounts and volume discounts) and taxes. Revenue is recognised at the amount of the performance obligation satisfied.

The Group's contracts with customers do not include variable remuneration. If the remuneration provided for in a contract includes a variable component, the Group estimates the amount it considers it will be entitled to receive in exchange for the transfer of the goods to the customer. The variable component is estimated at the beginning of the contract and is restricted in case of uncertainty until it is highly probable that a significant reversal of the recognised revenue will not occur when the uncertainty associated with the variable remuneration component is finally dissipated.

The transfer of control occurs to the same extent that the associated risks and benefits are transferred, in accordance with the established contractual conditions. The transfer of control of goods occurs when the goods are delivered to the customer or to the extent that services are provided. The Group considers the facts and circumstances when analysing the terms of each contract with customers, applying the requirements that determine the recognition and measurement of revenue in a harmonised way, in the case of contracts with similar characteristics and circumstances. Revenue related to the provision of services is recognised in accordance with IFRS 15, taking into ac-

count that the customer simultaneously receives and consumes the benefits generated by the Group.

When uncertainty arises regarding the collectability of an amount already included in revenue, the uncollectable amount, or the amount with respect to which recovery has ceased to be probable, is recognised as an impairment, and not as an adjustment to the amount of revenue originally recognised.

### (21) Revenue grants

Non-refundable grants, which are not related to assets, are recognised under this heading, and only where there is reasonable assurance that the Group has complied/ will comply with the conditions attached to them and that the grants will be received.

### (22) Interest and similar expenses

Borrowing expenses are recognised in the income statement for the period to which they relate and include:

- Interest incurred, determined based on the effective interest rate method;
- Interest on financial instruments hedging interest rate risk and raw materials (SWAP).

The financial costs of borrowings related to the acquisition, construction or production of property, plant and equipment are capitalised, forming part of the cost of the asset. The capitalisation of these costs starts after the start of preparation of the activities to construct or develop the asset and is interrupted with the end of the production or construction of the asset, or when the project concerned is suspended.

### (23) Contingent assets and liabilities

A contingent asset is a potential asset arising from past events, the existence of which will only be confirmed by the occurrence, or not, of one or more uncertain future events not entirely under the control of the entity. Therefore, they are not recognised. However, they are disclosed when there is likely to be a future inflow.

A contingent liability is:

- A potential obligation that arises from past events, the existence of which will only be confirmed by the occurrence, or not, of one or more uncertain future events not entirely under the control of the entity,

  or
- A present obligation that arises from past events but that is not recognised because:
  - An outflow of resources is not likely to be required to settle the obligation, or
  - The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised. However, they are disclosed, unless the likelihood of future outflows is remote.

### (24) Fair value

The fair value of an asset and liability is the price that would be agreed between parties

who are free to contract and operate under market conditions. The Group applies IFRS 13 "Fair value measurement" to distinguish items between three levels of fair value:

- **Level 1:** for items with prices quoted in an active market;
- **Level 2:** for items with prices quoted in an active market for a similar instrument, or another valuation technique based on observable parameters;
- **Level 3:** for the item evaluation method that incorporates unobservable parameters.

### (25) Classification as current and non-current

The Group presents assets and liabilities in its balance sheet as current or non-current. An asset is classified as current when:

- It is expected to be realised, sold or consumed in a normal operating cycle;
- It is held for trading;
- It is expected to be realised within the twelve months following the reporting date; or
- It is cash or cash equivalents, unless there are restrictions on their exchange or they are used to settle a liability at least up to twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in a normal operating cycle;
- It is held for trading;
- It is expected to be settled within the twelve months following the reporting date; or
- There is no unconditional right to postpone its settlement beyond twelve months from the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

### (26) Subsequent events

Events after the balance sheet date that provide additional information regarding the conditions that existed at the balance sheet date are reflected in the consolidated financial statements. Events after the balance sheet date that provide information regarding conditions that occur after the balance sheet date are disclosed in the notes to the financial statements, if material.

The remaining events are described in Note 33.

## 2.3 Basis for consolidation

The Group's business environment consists of the subsidiaries described in Note 5.

An entity is classified as a subsidiary when it is controlled by the Group. Control is only achieved if the Group has, cumulatively:

a) power over the investee company;

b) exposure or rights to variable results through its relationship with the investee; and

c) the ability to use its power over the investee company to affect the value of the results for investors.

Control is generally assumed to exist when the Group holds the majority of the voting rights. To support this presumption and in cases where the Group does not hold the majority of the investee company's voting rights, all relevant facts and circumstances are taken into account in assessments of the existence of power and control, such as:

- Contractual agreements with other holders of voting rights;
- Rights arising from other contractual agreements; and
- Existing and potential voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether or not there is control.

The existence of control by the Group is reassessed whenever there is a change in facts and circumstances that lead to a change in one of the three elements characterising control mentioned above.

The subsidiaries are consolidated using the full consolidation method from the date of acquisition, this being the date on which the Group gains control, and continue to be consolidated until the date when that control ceases. Therefore, the assets, liabilities, income and expenses of a subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group ceases to control the subsidiary.

A change in ownership interest in a subsidiary that does not involve a loss of control is accounted for as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other components of equity are de-recognised and any gains and losses are recognised in the income statement. The investment maintained is recognised at fair value at the time of the loss of control.

In situations where the Group holds, in substance, control over other entities created for a specific purpose, even though it has no direct equity investments in those entities, they are consolidated using the full consolidation method.

The accounting policies used by the investees and joint ventures in the preparation of their individual financial statements have been changed, whenever necessary, in order to ensure consistency with the policies adopted by the Group.

The purchase method is used to account for business combinations. The cost of an acquisition is measured as the sum of the consideration transferred, which is measured at fair value on the acquisition date, and the value of the non-controlling interests in the acquiree. For each concentration of business activities, the Group chooses to measure the non-controlling interests in the acquiree at fair value or the proportional portion of the acquiree's identifiable net assets. The costs of the acquisition are recognised as they are incurred and included in administrative expenses.

In a business combination achieved in stages, the acquirer must remeasure its equity interest previously held in the acquiree at its fair value at the date of acquisition and must recognise the resulting gain or loss, if applicable, in profit or loss or in other comprehensive income, as appropriate. In prior reporting periods, the acquirer may have recognised changes in the value of its equity interest in the acquiree in other comprehensive income. If this is the case, the amount that was recognised in other comprehensive income must be recognised on the same basis as it would have been recognised if the acquirer had directly disposed of the previously held equity interest.

For each acquisition, the Group may choose to measure "non-controlling interests" at their respective fair value or at their respective share in the fair value of the assets and liabilities transferred from the acquiree. The choice of one method or another influences the determination of the amount of goodwill to be recognised. When the business combination is carried out in phases, the fair value on the previous acquisition date of the interests held is remeasured to the fair value on the date on which control is obtained, as a contra entry to the results of the period in which control is achieved, affecting the determination of goodwill.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interests and any prior interest held in the identifiable net assets acquired and the liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. To test for impairment, the goodwill must be allocated to each of the cash-generating units.

A cash-generating unit should represent the lowest level in the entity at which goodwill is monitored for internal management purposes. Under IAS 36, goodwill is not amortised but is tested for impairment at least once a year, and more frequently if there is an indication that it may be impaired due to a reduction in its recoverable amount. For impairment testing purposes, goodwill is allocated to cash-generating units (CGU). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or group of assets.

The annual impairment test for a cash-generating unit to which goodwill has been allocated can be carried out at any time during an annual period, provided that the test is carried out at the same time each year. Different cash-generating units may be tested for impairment at different times. However, if some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit must be tested for impairment before the end of the current annual period. Impairment losses relating to goodwill cannot be reversed in a subsequent period.

If the acquisition cost is lower than the fair value, the difference is recognised directly in the income statement in the year in which it is determined, after reassessing the process of identifying and measuring the fair value of liabilities and contingent liabilities.

In the consolidation process, transactions, balances and unrealised gains on intra-group transactions and dividends distributed between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the existence of impairment in the assets transferred and not yet sold.

Equity and net earnings of the subsidiaries that are held by third parties outside the Group are presented under the headings Non-controlling interests in the consolidated

Balance Sheet (independently within equity) and in the Consolidated income statement, respectively. On the date of each business combination, the amounts attributable to non-controlling interests are determined by applying the percentage of interest held by them to the fair value of the identifiable net assets and contingent liabilities acquired.

When losses attributable to shareholders of non-controlling interests exceed their interest in the equity of the subsidiary, the Group absorbs that excess and any additional losses, except where the minority shareholders have an obligation and are able to cover those losses. If and when the subsidiary subsequently reports profits, the Group appropriates all profits, until the minority share of the losses absorbed by the Group has been recovered.

## 2.4 Key judgments and estimates used in the preparation of the Financial Statements

In preparing the consolidated financial statements in accordance with the IFRS, the Group's Board of Directors uses judgments, estimates and assumptions that affect the application of reported policies and amounts.

Estimates and judgments are continually evaluated and are based on the experience of past events and other factors, including expectations regarding future events deemed probable given the circumstances on which the estimates are based, or as a result of information or experience acquired. The actual effects may differ from the judgments and estimates made, particularly with regard to the impact of costs and income that may actually occur.

The most significant accounting estimates reflected in the consolidated financial statements are as follows:

### (a) Useful life of tangible and intangible fixed assets

The useful life of an asset is the period during which an entity expects that asset to be available for use and must be reviewed at least at the end of each financial year.

The amortisation/depreciation method to be applied and the estimated losses resulting from the replacement of equipment before the end of its useful life, due to technological obsolescence, are essential to determining the effective useful life of an asset.

These parameters are defined according to the best management estimate for the assets and businesses in question, with the practices adopted by companies in the sectors in which the Group operates also being considered.

### (b) Deferred tax assets

Deferred tax assets are recognised for all recoverable losses to the extent that it is probable that there will be taxable profit against which the losses can be used.

Taking into account the impact it may have on future results, judgment by the Board of Directors is required to determine the amount of deferred tax assets that may be recognised taking into account:

- The probable date and amount of taxable future profits; and
- Future tax planning strategies.

### (c) Provisions for taxes

The Group, supported by the positions of its tax consultants and taking into account recognised liabilities, believes that any revisions to these tax returns will not result in material corrections in the consolidated financial statements requiring the recognition of any provision for taxes.

### (d) Fair value of financial instruments

When the fair value of financial assets and liabilities at the consolidated balance sheet date is not determinable based on active markets, it is determined based on valuation techniques that include the discounted cash flow model, or other models appropriate in the circumstances. The *inputs* for these models are taken, whenever possible, from variables observable in the market, but where this is not possible, a certain degree of judgment is required to determine the fair value, which includes considerations regarding liquidity risk, credit risk and volatility.

### (e) Post-employment benefits

The assessment of liabilities for Retirement and Health Benefits attributed to the company's employees is carried out annually by recourse to actuarial studies prepared by independent experts, based on actuarial assumptions associated with economic and demographic indicators. All indicators used are specific to the countries where the employee benefits are granted and include, among others:

- Salary Growth Rate, Fund Yield Rate and Technical Interest Rate;
- Mortality tables publicly available in Portugal;
- Future increases in wages and pensions based on expected inflation rates for the future, specific to Portugal.

Changes in the assumptions may have a material impact on liabilities.

### (f) Development costs

Development costs are capitalised according to the accounting policy described in subdivision 3.1) of Note 2.2. The initial capitalisation of the cost is based on the Board of Directors' judgment that technical and economic feasibility is confirmed, usually when a product development project has reached a milestone according to the project model established by the Board of Directors. In determining the amounts to be capitalised, the Board of Directors makes assumptions regarding the expected cash flows that will be generated in the future by the project, discount rates to be applied and the expected period of benefits.

### (g) Impairment of accounts receivable

The credit risk of accounts receivable balances is assessed at each reporting date, taking into account the debtor's historical information and risk profile, as referred to under subdivision 7) of Note 2.2.

Accounts receivable are adjusted by assessing the estimated risks of non-recovery at the balance sheet date, which may differ from the actual risk to be incurred in the future.

### (h) Provisions

The recognition of provisions is inherent to determining the likelihood of future outflows and measuring them reliably.

These factors are often dependent on future events that are not always under the control of the Group, which may lead to significant future adjustments, either due to changes in the assumptions used, or due to the future recognition of provisions previously disclosed as contingent liabilities.

### (i) Provisions for dismantling and restoration

The provisions for the costs of dismantling and removing assets from property, plant and equipment and the costs of restoring the site where they are located are dependent on assumptions and estimates that make them sensitive to:

- The expected cost to be incurred;
- The foreseeable date of occurrence of the costs;
- The discount rate used to discount expected cash outflows.

## 2.5 Changes in accounting policies

### i) Adoption of new, amended or revised standards and interpretations

As of the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions, for mandatory application to the year beginning 1 January 2023, were *endorsed* by the European Union:

- **Amendments to IAS 1 – Disclosure of accounting policies**

  *(effective in financial years beginning on or after 1 January 2023)*

  Change to accounting policy disclosure requirements based on the definition of "material", to the detriment of "significant". Information relating to an accounting policy is considered material if, in its absence, users of the financial statements do not have the ability to understand other financial information included in those same financial statements. Immaterial information relating to accounting policies does not need to be disclosed. The IFRS Practice Statement was also amended to clarify how the concept of "material" applies to the disclosure of accounting policies.

- **Amendments to IAS 8 – Definition of accounting estimates**

  *(effective in financial years beginning on or after 1 January 2023)*

  Introduction of the definition of an accounting estimate and how it differs from changes in accounting policies. Accounting estimates are now defined as monetary values subject to measurement uncertainty, used to achieve the objective(s) of an accounting policy.

- **IFRS 17 - Insurance Contracts - includes amendments to IFRS 17 insurance**

  *(effective in financial years beginning on or after 1 January 2023)*

  This new standard replaces IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features in profit or loss if they are also issuers of insurance contracts. Under IFRS 17, entities issuing insurance contracts need to assess whether the policyholder can benefit from a certain service as part of a claim, or whether that service is independent of the claim/risk event, and separate the uninsured component.

  According to IFRS 17, entities must identify portfolios of insurance contracts at initial recognition and divide them into, at a minimum, the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not present a significant possibility of later becoming onerous; and iii) remaining contracts in the portfolio. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty related to the insurance contracts. IFRS 17 requires an entity to recognise income as it provides insurance services (and not when it receives premiums) and to provide information about the gains from the insurance contract that it expects to recognise in the future. IFRS 17 provides for three measurement methods for accounting for different types of insurance contracts: i) General measurement model; ii) Premium allocation approach; and iii) Variable fee approach. IFRS 17 is for retrospective application with some exemptions at the transition date.

- **Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information**

  *(in force in annual periods beginning on or after 1 January 2023)*

  This amendment only applies to insurers in the transition to IFRS 17 and allows the adoption of an *overlay* in the classification of a financial asset for which the entity does not carry out retrospective application, under the ambit of IFRS 9. This change aims to avoid temporary accounting gaps between financial assets and insurance contract liabilities in the comparative information presented in the initial application of IFRS 17, providing for: (i) the application of financial asset to financial assets; (ii) the presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and supported information available at the transition date to determine how the entity expects that financial asset to be classified in accordance with IFRS 9.

- **Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**

  *(effective in financial years beginning on or after 1 January 2023)*

  IAS 12 now requires entities to recognise deferred tax on certain specific transactions, when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The subject transactions refer to the registration of: i) right-of-use assets and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when on the date of initial recognition they are not relevant for tax purposes. These temporary differences do not fall within the scope of the exemption from initial recognition of deferred taxes. This amendment is for retrospective application.

- **Amendments to IAS 12 – Income taxes: International Tax Reform**

  *(effective in financial years beginning on or after 1 January 2023)*

  IAS 12 now requires entities to recognise deferred tax on certain specific transactions, Pillar Two Model Rules, which clarify the treatment to be given to income taxes arising from the application of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development (OECD). The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional application of the Pillar Two Model Rules; and disclosure requirements for affected entities to help users of financial statements to better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The mandatory temporary exception – the use of which must be disclosed – may be applied. The remaining disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023, but not to any interim periods ending on or before 31 December 2023.

No material impacts are estimated on the Group's consolidated financial statements resulting from the application of these standards and amendments.

### ii) Standards, interpretations, amendments and revisions that will come into effect in future periods

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, were, until the date of approval of these financial statements, *endorsed* by the European Union:

- **Amendments to IFRS 16: Responsibility for the Lease in a Sale and Leaseback**

  *(effective in financial years beginning on or after 1 January 2024)*

  The IASB has issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognise any amount of gain or loss related to the right of use that it retains. The changes are effective for annual reporting periods beginning on or after 1 January 2024, and are intended to be applied retroactively to sale and leaseback transactions entered into after the initial date of application of IFRS 16. Early application is permitted and this fact must be disclosed.

- **Amendments to IAS 1: Classification of Liabilities as Current or Non-Current**

  *(effective in financial years beginning on or after 1 January 2024)*

  Changes were made to IAS 1 in order to specify the requirements necessary to classify liabilities as current or non-current. The changes clarify:

  - What is meant by the right to defer settlement;
  - That the right to deferral must exist at the end of the period covered by the report;
  - Classification is not affected by the likelihood of an entity exercising its right to deferral;
  - Only if a derivative embedded in a convertible liability is itself an equity instrument will the terms of a liability not affect its classification;

Furthermore, a requirement has been introduced to require disclosure when a liability arising under a loan agreement is classified as non-current and the entity's right to postpone settlement depends on compliance with future agreements within twelve months. The changes take effect for annual reference periods starting on or after 1 January 2024 and should be applied retroactively.

These amendments, although *endorsed* by the European Union, were not adopted by the Group in 2023, as their application is not yet mandatory. It is not estimated that the future adoption of the aforementioned amendments will have a significant impact on the financial statements.

Up to the date of approval of these financial statements, the following standards, interpretations, amendments and revisions, with mandatory application in the financial year and in future financial years, had not been endorsed by the European Union:

- **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

  *(effective in financial years beginning on or after 1 January 2024)*

  The IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements resulting from the changes are intended to help the users of financial statements understand the effects of supplier finance arrangements on an entity's liabilities, cash flows and liquidity risk exposure. The changes will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but must be disclosed.

- **Amendments to IAS 21 – Effect of changes in exchange rates**

  *(effective in financial years beginning on or after 1 January 2025)*

  The changes clarify how an entity should assess whether a currency is exchangeable and how the exchange rate should be determined when there is a lack of exchangeability, as well as requiring the disclosure of information that allows users of the financial statements to understand the impacts of a non-exchangeable currency. The expected changes do not specify how an entity estimates the exchange rate, but indicate that an entity may use an unadjusted exchange rate or other estimation technique.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the twelve-month period ending 31 December 2023. No significant impacts on the financial statements resulting from its adoption are estimated.

## 3. First-time adoption of the IFRS

The financial statements for the year ended 31 December 2023 are the first prepared by the Group in accordance with the IFRS. For the period up to and including the financial year ended 31 December 2022, the Group prepared its financial statements in accordance with the accounting principles laid down in the Accounting and Financial Reporting Standards (NCRF), which form an integral part of the SNC.

Consequently, the Group has prepared financial statements that comply with the applicable IFRS as of 31 December 2023, together with comparative period data for the year ended 31 December 2022, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared on 1 January 2022, the date of the Group's transition to the IFRS. This note explains the main adjustments made by the Group in the restatement of its financial statements under the SNC, including the statement of financial position as of 1 January 2022 and the financial statements for the year ended 31 December 2022.

IFRS 1 requires an entity to use the same accounting policies in its first opening statement of financial position in accordance with the IFRS and in subsequent periods. Such accounting policies must comply with each IFRS in effect at the end of its first reporting period under the IFRS, except as specified in IFRS 1 (e.g., when IFRS 1 exceptions prohibit retrospective application or when an entity benefits from one of the voluntary exceptions to IFRS 1). An entity should not apply different versions of the IFRS that have been in effect at previous dates. An entity may apply a new IFRS that is not yet mandatory if that IFRS allows for application prior to the date of its entry into force.

### Exceptions to retrospective application

IFRS 1 allows certain exceptions to apply to the retrospective application of the IFRS when a Group first adopts the IFRS. The Group applied the following exceptions:

### LEASES

On the transition date, with regard to the implementation of IFRS 16, the Group applied the following options to all its leases (subject to the practical expedients described in the option):

a) It measured a lease liability at the date of transition to the IFRS. The Group measured this lease liability at the present value of the remaining lease payments, discounted according to the lessee's incremental borrowing rate at the date of transition to the IFRS.

b) It measured a right-of-use asset at the date of transition to the IFRS. The Group, on a lease-by-lease basis, measured this right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prior or accrued lease payments relating to that lease, recognised in the statement of financial position immediately prior to the date of transition to the IFRS.

## Reconciliation of the Consolidated statement of financial position at 01.01.2022

| HEADINGS | NOTES | REF | SNC 01/01/2022 | Translation adjustments IFRS | IFRS 01/01/2022 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, Plant and Equipment | 6 | | 121 562 705 | | 121 562 705 |
| Right-of-use assets | 7.1 | A | - | 18 667 706 | 18 667 706 |
| Investment Properties | 8 | | 18 606 505 | | 18 606 505 |
| Goodwill | 9.2 | B | 136 910 | 2 321 | 139 230 |
| Intangible Assets | 9.1 | | 3 632 158 | | 3 632 158 |
| Financial Holdings - Equity Method | 10 | | 1 014 088 | | 1 014 088 |
| Financial Holdings - Other Methods | 10 | | 9 533 | | 9 533 |
| Other Financial Assets | 14.5 | | 61 217 859 | | 61 217 859 |
| Deferred Tax Assets | 29 | | 4 886 313 | | 4 886 313 |
| | | | **211 066 072** | **18 670 027** | **229 736 099** |
| **Current Assets** | | | | | |
| Inventories | 11.1 | | 21 709 961 | | 21 709 961 |
| Trade debtors | 14.1 | | 59 980 766 | | 59 980 766 |
| State and Other Public Bodies | 12 | | 561 130 | | 561 130 |
| Other Receivables | 14.1 | | 4 781 636 | | 4 781 636 |
| Deferrals | 13.1 | | 2 138 560 | | 2 138 560 |
| Cash and Bank Deposits | 4 | | 19 182 621 | | 19 182 621 |
| | | | 108 354 673 | - | 108 354 673 |
| | | | **319 420 745** | **18 670 027** | **338 090 772** |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Subscribed Capital | 17.1 | | 30 550 000 | | 30 550 000 |
| Share Premiums | 17.2 | | 661 000 | | 661 000 |
| Legal Reserves | 17.2 | | 6 101 994 | | 6 101 994 |
| Other Reserves | 17.2 | | 17 212 408 | | 17 212 408 |
| Unappropriated Earnings | 17.2 | B | 33 017 610 | 2 321 | 33 019 931 |
| Adjustments and Other Changes in Equity | 17.3 | C | (8 424 012) | (4 843 609) | (13 267 621) |
| Net Earnings for the Period | | | 20 737 388 | | 20 737 388 |
| | | | **99 856 389** | **(4 841 289)** | **95 015 100** |
| Non-controlling interests | | | - | | - |
| **Total Equity** | | | **99 856 389** | **(4 841 289)** | **95 015 100** |
| **Liabilities** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Provisions | 15 | | 674 183 | | 674 183 |
| Borrowings | 14.4 | | 100 121 185 | | 100 121 185 |
| Lease liabilities | 7.2 | A | - | 16 669 668 | 16 669 668 |
| Liabilities for Post-Employment Benefits | 16.1 | | 2 645 769 | | 2 645 769 |
| Deferred Tax Liabilities | 29 | C | 3 645 132 | (704 618) | 2 940 514 |
| Other Payables | 14.3 | | 1 477 264 | | 1 477 264 |
| | | | **108 563 533** | **15 965 050** | **124 528 583** |
| **Current Liabilities** | | | | | |
| Trade creditors | 14.2 | | 63 416 975 | | 63 416 975 |
| Lease liabilities | 7.2 | A | - | 1 998 039 | 1 998 039 |
| Advances from Customers | 14 | | 3 665 825 | | 3 665 825 |
| State and Other Public Bodies | 12 | | 3 239 128 | | 3 239 128 |
| Borrowings | 14.4 | | 25 229 393 | | 25 229 393 |
| Other Payables | 14.3 | C | 14 954 952 | (692 610) | 14 262 342 |
| Deferrals | 13.2 | C | 494 550 | 6 240 837 | 6 735 387 |
| | | | **111 000 823** | **7 546 265** | **118 547 089** |
| **Total Liabilities** | | | **219 564 356** | **23 511 315** | **243 075 672** |
| **Total Equity and Liabilities** | | | **319 420 745** | **18 670 027** | **338 090 772** |

(Amounts stated in euros)

## Reconciliation of the Consolidated statement of financial position at 31.12.2022

| HEADINGS | NOTES | REF | SNC 31/12/2022 | Translation adjustments IFRS | IFRS 31/12/2022 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, Plant and Equipment | 6 | | 118 057 772 | | 118 057 772 |
| Right-of-use assets | 7.1 | A | - | 16 706 535 | 16 706 535 |
| Investment Properties | 8 | | 14 358 612 | | 14 358 612 |
| Goodwill | 9.2 | B | 122 987 | 16 244 | 139 230 |
| Intangible Assets | 9.1 | | 5 811 158 | | 5 811 158 |
| Financial Holdings - Equity Method | 10 | | 807 027 | | 807 027 |
| Financial Holdings - Other Methods | 10 | | 219 283 | | 219 283 |
| Other Financial Assets | 14.5 | | 61 225 734 | | 61 225 734 |
| Deferred Tax Assets | 29 | | 5 122 240 | | 5 122 240 |
| | | | **205 724 813** | **16 722 779** | **222 447 592** |
| **Current Assets** | | | | | |
| Inventories | 11.1 | | 34 418 803 | | 34 418 803 |
| Trade debtors | 14.1 | | 62 559 940 | | 62 559 940 |
| State and Other Public Bodies | 12 | | 1 094 646 | | 1 094 646 |
| Other Receivables | 14.1 | | 5 551 791 | | 5 551 791 |
| Deferrals | 13.1 | | 1 252 640 | | 1 252 640 |
| Cash and Bank Deposits | 4 | | 30 212 970 | | 30 212 970 |
| | | | 135 090 789 | - | 135 090 789 |
| **Total Assets** | | | **340 815 602** | **16 722 779** | **357 538 381** |
| | | | | | |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Subscribed Capital | 17.1 | | 30 550 000 | | 30 550 000 |
| Share Premiums | 17.2 | | 661 000 | | 661 000 |
| Legal Reserves | 17.2 | | 6 110 000 | | 6 110 000 |
| Other Reserves | 17.2 | | 14 558 426 | | 14 558 426 |
| Unappropriated Earnings | 17.2 | B | 44 987 143 | 2 321 | 44 989 464 |
| Adjustments and Other Changes in Equity | 17.3 | C | (8 346 886) | (5 621 235) | (13 968 121) |
| Net Earnings for the Period | | | 56 658 611 | (153 660) | 56 504 951 |
| | | | **145 178 295** | **(5 772 574)** | **139 405 720** |
| Non-controlling interests | | | - | | |
| **Total Equity** | | | **145 178 295** | **(5 772 574)** | **139 405 720** |
| **Liabilities** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Provisions | 15 | | 587 907 | | 587 907 |
| Borrowings | 14.4 | | 76 621 185 | | 76 621 185 |
| Lease liabilities | 7.2 | A | - | 14 849 823 | 14 849 823 |
| Liabilities for Post-Employment Benefits | 16.1 | | 2 122 023 | | 2 122 023 |
| Deferred Tax Liabilities | 29 | C | 3 224 406 | (1 054 403) | 2 170 003 |
| Other Payables | 14.3 | | 1 699 568 | | 1 699 568 |
| | | | **84 255 089** | **13 795 421** | **98 050 510** |
| **Current Liabilities** | | | | | |
| Trade creditors | 14.2 | | 56 515 120 | | 56 515 120 |
| Lease liabilities | 7.2 | A | - | 2 024 295 | 2 024 295 |
| Advances from Customers | 14 | | 45 086 | | 45 086 |
| State and Other Public Bodies | 12 | | 4 061 777 | | 4 061 777 |
| Borrowings | 14.4 | | 24 000 000 | | 24 000 000 |
| Other Payables | 14.3 | C | 26 313 636 | (542 299) | 25 771 336 |
| Deferrals | 13.2 | C | 446 600 | 7 217 936 | 7 664 536 |
| | | | **111 382 218** | **8 699 933** | **120 082 151** |
| **Total Liabilities** | | | **195 637 307** | **22 495 353** | **218 132 661** |
| **Total Equity and Liabilities** | | | **340 815 602** | **16 722 779** | **357 538 381** |

(Amounts stated in euros)

## Reconciliation of the Consolidated income statement at 31.12.2022

| INCOME AND EXPENSES | NOTES | REF | SNC 31/12/2022 | Translation adjustments IFRS | IFRS 31/12/2022 |
|---|---|---|---|---|---|
| Sales and Services | 19 | | 557 965 413 | | 557 965 413 |
| Revenue Grants | 18 | | 147 316 | | 147 316 |
| Gains/Losses of Subsidiaries, Assoc. Enter. and Joint Ventures | 20 | | 190 226 | | 190 226 |
| Changes in Production Inventories | 11.2 | | 6 083 528 | | 6 083 528 |
| Own Work Capitalised | 21 | | 167 971 | | 167 971 |
| Cost of Goods Sold and Materials Consumed | 11.3 | | (339 743 077) | | (339 743 077) |
| External Charges for Services | 22 | A | (108 995 849) | 2 391 328 | (106 604 520) |
| Staffing Costs | 16.4 | | (17 844 078) | | (17 844 078) |
| Impairment of Receivables (Losses/Reversals) | 14.1 | | (11 582) | | (11 582) |
| Provisions (Increases/Decreases) | 15 | | 31 093 | | 31 093 |
| Other Income | 23 | | 12 734 284 | | 12 734 284 |
| Other Expenses | 24 | | (4 278 018) | | (4 278 018) |
| | | | | | |
| **Earnings Before Interest, Taxes, Depreciation and Amortisation** | | | **106 447 226** | **2 391 328** | **108 838 554** |
| Depreciation and Amortisation Expenses/Reversals | 26 | B | (21 048 608) | 13 923 | (21 034 685) |
| Depreciation and Amortisation Expenses/Reversals - Leases | 26 | A | - | (2 177 059) | (2 177 059) |
| | | | | | |
| **Earnings Before Interest and Taxes** | | | 85 398 618 | 228 192 | 87 803 870 |
| Interest and Similar Income Earned | 27 | | 1 661 405 | | 1 661 405 |
| Interest and Similar Expenses Incurred | 28 | | (13 891 530) | | (13 891 530) |
| Financial expenses - Leases | 28 | A | - | (381 853) | (381 853) |
| | | | | | |
| **Earnings Before Tax** | | | **73 168 493** | **(153 660)** | **75 573 745** |
| Income Taxes for the Period | 29 | | (16 509 882) | | (16 509 882) |
| | | | | | |
| **Net Earnings for the Period** | | | 56 658 611 | (153 660) | 59 063 863 |
| Net Earnings for the Period attributable to: | | | | | |
| - Parent Company Shareholders | | | 56 658 611 | (153 660) | 56 504 951 |
| - Non-controlling interests | | | - | - | - |
| | | | **56 658 611** | **(153 660)** | **56 504 951** |

(Amounts stated in euros)

## Notes to the reconciliation of the Consolidated statement of financial position and the Consolidated income statement for the year

### A. Rights of use

The adoption of the IFRS implies the recognition of leases that meet the requirements established by IFRS 16. In this context, the Group recognised an asset under right of use and a lease liability in the amount of 18.668 million euros on the date of transition to the IFRS. This transition adjustment also impacts the recognition of amortisation and interest and deduction of rents/leases relating to the subsequent treatment of balance sheet items.

### B. Goodwill

According to the SNC, goodwill must be amortised over a maximum period of 10 years. According to the IFRS, goodwill is not amortisable and must first be tested periodically for signs of impairment. On the transition date, the Group reversed the amortisations related to goodwill and did not identify impairment in its measurement.

### C. Investment grants and other free State grants

According to the SNC, investment grants and other free State grants are recognised as an increase in Equity and are recognised in profit or loss as the expenditure related to the assets that the grant was intended to finance occurs. Under the IFRS, free subsidies and other State grants are recognised as a deferral and are recognised in profit or loss as the expenses relating to the assets that the subsidy was intended to finance are incurred, or are deducted from the value of the asset for which the subsidy was intended, with the Group having chosen to recognise free investment grants and other State grants under liabilities. With the transition to the IFRS, the Group reclassified investment subsidies and $CO_2$ emission rights and their effect on Deferred Tax Liabilities from Equity to Deferrals, the latter due to the lack of equity variations under the new method.

## 4. Cash Flows

The balance of Cash and Cash Equivalents in the Statement of Cash Flows is broken down as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Cash | 16 357 | 17 071 |
| Demand Deposits | 37 091 215 | 30 195 899 |
| Other Cash at Bank | 18 589 020 | - |
| | **55 696 592** | **30 212 970** |

(Amounts stated in euros)

A time deposit in an amount of 12.6 million euros was established at Bondalti H2 due to cash surpluses and another, at Bondalti Chemicals, amounting to 5.989 million euros.

# 5. Related parties

## 5.1 Group Entities

The Company is 100% owned by Bondalti Capital, SA.

Bondalti Capital, SA also discloses its consolidated Financial Statements.

The parent company with ultimate control is José de Mello Capital, SA, under which Bondalti Capital, SA presents its Consolidated financial statements.

The Companies included in the consolidation, their registered offices and proportion of capital held as of 31 December 2023 and 2022 are as follows:

| Subsidiaries | Locat. | % of Interest | Effective Cont. 2022 | Effective Cont. 2021 |
|---|---|---|---|---|
| Renoeste - Valorização de Recursos Naturais, SA ("Renoeste") | Estarreja | 100% | 100% | 100% |
| Elnosa - Electroquímica del Noroeste, SA ("Elnosa") | Pontevedra | 100% | 100% | 100% |
| Nutriquim - Produtos Químicos, SA ("Nutriquim") | Barreiro | 100% | 100% | 100% |
| Bondalti Cantabria, SA ("B Cantabria") | Torrelavega | 80% | 100% | 100% |
| Miralcalis - Activos de Produção de Cloro, SA ("Miralcalis") | Oeiras | 100% | 100% | 100% |

These subsidiary companies were included in the consolidation using the full consolidation method, using the criteria indicated in paragraph 3.2.

On 19 May 2021, Bondalti Chemicals entered into a framework agreement for the sale of assets, transfer of the concession, sale of properties and transfer of workers from its wholly owned subsidiary, Renoeste.

In 2023, it was agreed with the buyer to amend the contract, which now focuses on the total sale of Renoeste shares.

As of 31 December 2023, Renoeste was classified as a divestiture group held for sale and as a discontinued operation.

The share sale contract was signed after the closing of accounts, on 10 January 2024. Renoeste's results for the year are as follows:

| | 2023 |
|---|---|
| External Charges for Services | (108 572) |
| Staffing costs | (65 419) |
| Other income | 56 630 |
| Other expenses | (3 313) |
| Depreciation and Amortisation Expenses/Reversals | (96) |
| Income tax for the period | 31 645 |
| **Net earnings related to assets held for sale** | **(89 125)** |

(Amounts stated in euros)

Renoeste's main classes of assets and liabilities, classified as held for sale as of 31 December are as follows:

| | 2023 |
|---|---|
| **Assets** | |
| Property, plant and equipment | 715 993 |
| Deferred tax assets | 324 298 |
| Trade debtors | 13 |
| State and other public bodies | 109 679 |
| Other receivables | 86 686 |
| **Deferrals** | **1 736** |
| **Cash and Bank Deposits** | **75 343** |
| | |
| **Liabilities** | |
| Provisions | 55 964 |
| Trade creditors | 13 115 |
| State and other public bodies | 2 689 |
| Other payables | 7 725 |
| | |
| **Net assets related to assets held for sale** | **1 234 255** |

(Amounts stated in euros)

The associated companies, their registered offices and proportion of capital held as of 31 December 2023 and 2022 are as follows:

| Subsidiaries | Location | % Interest | 2023 | 2022 |
|---|---|---|---|---|
| AQP - Aliada Química de Portugal, Lda ("AQP") | Estarreja | 49.9% | 49.9% | 49.9% |

These associated companies were included in the consolidation using the equity method, using the criteria indicated in subdivision (6) of paragraph 2.1.

The companies considered in Other holdings, their registered offices and proportion of capital held as of 31 December 2023 and 2022 are as follows:

| Other holdings | Location | % Interest |
|---|---|---|
| Hytlantic, SA | Sines | 13.50% |

## 5.2 Related party transactions

The Group's subsidiaries have relationships with each other that qualify as related party transactions, which were carried out at market prices. Under consolidation procedures, transactions between companies included in the consolidation using the full consolidation method are eliminated, since the consolidated financial statements present information about the holder and its subsidiaries as if they were a single company, and are therefore not disclosed in this note.

The nature of the relationship with related parties is as follows:

| Related party | Nature of relationship (Services provided / Transactions carried out) | Nature of relationship (Services received / Transactions received) |
|---|---|---|
| **Parent company:** Bondalti CAPITAL, SA | Services by retainer fee | Management fee |
| **Subsidiaries** | | |
| - ELNOSA Electroquimica del Noroeste, SL | Sale of Chemical Products / Management fee | Purchase of chemical products |
| - NUTRIQUIM Produtos Químicos, SA | - | - |
| - RENOESTE Valorização de Recursos Naturais, SA | Expenses on account | Purchases of salt |
| - MIRALCALIS - Activos de Produção de Cloro SA | Expenses on account | - |
| - Bondalti CANTABRIA, SA | Expenses on account / Supplies | - |
| - Bondalti H2, SA | Expenses on account / Supplies | |
| **Associated Enterprises** | | |
| -AQP Aliada Química de Portugal, Lda | Sale - Hydrochloric and sulfuric acids / Management fee | - |
| **Other Related Parties** | | |
| - INNOVNANO - Materiais Avançados, SA | Staff subcontracting | - |
| - DOLOPAND - Investimentos Imobiliários e Turísticos, SA | - | Purchases of land |
| - ENKROTT - Gestão e Tratamento de Águas, SA | - | Water treatment services |

As of 31 December 2023 and 2022, the following transactions with related parties were carried out:

| Companies | 2023 | | |
|---|---|---|---|
| | Sales / Services | Purchases Goods / Services | Other Income |
| Bondalti CAPITAL, SA | - | 4 019 530 | - |
| AQP Aliada Química de Portugal, Lda | 662 435 | - | 37 392 |
| INNOVNANO - Materiais Avançados, SA | - | - | 44 154 |
| ENKROTT - Gestão e Tratamento de Águas, SA | 32 331 | 116 216 | - |
| AGUAS RIOJA MEDIOAMBIENTE, SLU | 213 000 | - | - |
| | **907 766** | **4 135 746** | **81 546** |

(Amounts stated in euros)

| Companies | 2022 | | |
|---|---|---|---|
| | Sales / Services | Purchases Goods / Services | Other Income |
| Bondalti CAPITAL, SA | - | 4 019.530 | - |
| AQP Aliada Química de Portugal, Lda | 614 415 | - | 36 698 |
| INNOVNANO - Materiais Avançados, SA | - | - | 89 719 |
| ENKROTT - Gestão e Tratamento de Águas, SA | - | 117 142 | - |
| AGUAS RIOJA MEDIOAMBIENTE, SLU | 49 939 | - | - |
| | **664 354** | **4 136 673** | **126 417** |

(Amounts stated in euros)

As of 31 December 2023 and 2022, balances with related parties were as follows:

| Companies | 31/12/2023 | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | Trade Debtors (Note 14.1) | Other Accounts Receivable (Note 14.1) | Trade Creditors (Note 14.2) | Other Payables (Note 14.3) |
| Bondalti CAPITAL, SA | 72 486 | 108 064 | 414 488 | 12 132 740 |
| AQP Aliada Química de Portugal, SA | 114 469 | - | - | - |
| INNOVNANO – Materiais Avançados, SA | 7 835 | - | - | - |
| ENKROTT - Gestão e Tratamento de Águas, SA | 15 106 | - | - | - |
| ENKROTT ESPANHA, SA | - | - | - | 9 118 |
| GRUPO ÁGUAS ALFARO, SL | - | 2 102 | - | - |
| AGUA, ENERGIA Y MEDIOAMBIENTE, SERVICIOS INTEGRALES, SLU | - | - | - | 190 865 |
| LABORATORIOS ALFARO, SLU | - | 16 703 | - | - |
| AGUAS RIOJA MEDIOAMBIENTE, SLU | - | 27 779 | - | - |
| AGUA, GESTION Y TRATAMIENTOS, SERVICIOS INTEGRALES, SL | - | - | - | 1 000 |
| | **209 896** | **154 648** | **414 488** | **12 333 722** |

(Amounts stated in euros)

| Companies | 31/12/2022 | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | Trade Debtors (Note 14.1) | Other Accounts Receivable (Note 14.1) | Trade Creditors (Note 14.2) | Other Payables (Note 14.3) |
| Bondalti CAPITAL, SA | 15 508 | 2 047 067 | 12 154 | 14 823 127 |
| AQP Aliada Química de Portugal, SA | 115 595 | - | - | - |
| INNOVNANO – Materiais Avançados, SA | 34 502 | - | - | - |
| ENKROTT - Gestão e Tratamento de Águas, SA | - | - | 34 096 | - |
| GRUPO ÁGUAS ALFARO, SL | - | - | - | 574 |
| AGUA, ENERGIA Y MEDIOAMBIENTE, SERVICIOS INTEGRALES, SLU | - | - | - | 28 893 |
| LABORATORIOS ALFARO, SLU | - | 22 791 | - | - |
| AGUAS RIOJA MEDIOAMBIENTE, SLU | 60 426 | 90 292 | - | - |
| AGUA, GESTION Y TRATAMIENTOS, SERVICIOS INTEGRALES, SL | - | - | - | 1.755 |
| | **226 031** | **2 160 150** | **46 250** | **14 854.349** |

(Amounts stated in euros)

As in previous years, the balance with Bondalti Capital in Other debts payable refers to movements occurring under the ambit of the RETGS.

## 6. Property, plant and equipment

The gross carrying amount and accumulated depreciation and impairment losses and the reconciliation of the carrying amount at the beginning and end of the period showing the additions, disposals, assets classified as held for sale, depreciation, impairment losses and their reversals and other changes are detailed in the following table:

| | Land and natural resources | Buildings and other structures | Basic Equipment | Transport Equipment | Office Equipment | Other Fixed Assets | Investments in progress | Total Tangible Assets |
|---|---|---|---|---|---|---|---|---|
| Acquisition | | | | | | | | |
| **1 January 2022** | **1 151 349** | **43 487 567** | **355 488 702** | **763 335** | **2 746 745** | **1 909 381** | **5 076 703** | **410 623 782** |
| Increases | 14 738 | 222 620 | 10 209 594 | - | 161 096 | 19 914 | 4 769 016 | 15 396 977 |
| Transfers | - | 32 802 | 825 751 | 59 094 | 116 099 | 21 350 | (1 055 096) | - |
| Disposals | (11 490) | - | - | (2 169) | - | (265) | - | (13 923) |
| Write-offs | (881) | - | - | - | (750) | - | - | (1 631) |
| **31 December 2022** | **1 153 716** | **43 742 988** | **366 524 047** | **820 261** | **3 023 190** | **1 950 380** | **8 790 624** | **426 005 205** |
| Increases | 5 430 | 264 734 | 5 465 299 | 74 360 | 261 733 | 101 151 | 22 533 251 | 28 705 957 |
| Transfers | - | 6 690 | 4 480 501 | - | 213 197 | 5 736 | (4 706 124) | - |
| Disposals | (2 993) | - | - | - | (9 413) | (462) | - | (12 868) |
| Write-offs | (1 468) | (1 506 001) | - | - | - | - | - | (1 507 469) |
| **31 December 2023** | **1 154 685** | **42 508 412** | **376 469 847** | **894 620** | **3 488 706** | **2 056 805** | **26 617 751** | **453 190 826** |

(Amounts stated in euros)

| | Land and natural resources | Buildings and other structures | Basic Equipment | Transport Equipment | Office Equipment | Other Fixed Assets | Investments in progress | Total Tangible Assets |
|---|---|---|---|---|---|---|---|---|
| Acquisition | | | | | | | | |
| **1 January 2022** | **219 308** | **28 178 521** | **256 074 054** | **649 647** | **2 444 117** | **1 495 429** | **-** | **289 061 077** |
| Increases | - | 834 239 | 17 768 869 | 34 939 | 96 818 | 154 674 | - | 18 889 539 |
| Transfers | - | - | - | (2 169) | - | (265) | - | (2 433) |
| Disposals | - | - | - | - | (750) | - | - | (750) |
| Write-offs | 219 308 | 29 012 760 | 273 842 923 | 682 417 | 2 540 185 | 1 649 839 | - | 307 947 433 |
| **31 December 2022** | **-** | **832 791** | **18 811 013** | **28 067** | **169 697** | **127 797** | **-** | **19 969 365** |
| Increases | (3 509) | - | - | - | - | - | - | (3 509) |
| Transfers | - | - | - | - | (9 413) | (462) | - | (9 875) |
| Disposals | - | (1 491 722) | - | - | - | - | - | (1 491 722) |
| Write-offs | | 79 294 | - | - | - | - | - | 79 294 |
| **31 December 2023** | **215 799** | **28 433 123** | **292 653 935** | **710 484** | **2 700 469** | **1 777 173** | **-** | **326 490 985** |
| | | | | | | | | |
| **Net book value:** | | | | | | | | |
| **At 31 December 2023** | **938 886** | **14 075 289** | **83 815 911** | **184 135** | **788 237** | **279 631** | **26 617 751** | **126 699 840** |
| **At 31 December 2022** | **934 408** | **14 730 228** | **92 681 124** | **137 843** | **483 004** | **300 541** | **8 790 624** | **118 057 772** |
| **At 1 January 2022** | **932 041** | **15 309 045** | **99 414 648** | **113 688** | **302 628** | **413 951** | **5 076 703** | **121 562 705** |

(Amounts stated in euros)

As shown in the previous table, depreciation for the period amounted to 19.969 million euros (2022: 18.890 million euros) and accumulated depreciation and impairments at the end of the period stood at 326.491 million euros (2022: 307.947 million euros).

Depreciation for the period was not included as part of the cost of other assets, and was fully recognised in profit or loss under the heading Depreciation and Amortisation Expenses/Reversals.

# 7. Right of use

## 7.1 Right-of-use assets

During the years ended 31 December 2023 and 2022, the movement in the value of right-of-use assets, as well as in the respective amortisation, was as follows:

| | Land and natural resources | Buildings and other structures | Transport Equipment | Right-of-Use Assets Total |
|---|---|---|---|---|
| **Cost:** | | | | |
| **1 January 2022** | **1 910 147** | **16 284 252** | **473 307** | **18 667 706** |
| Increases | - | 139 225 | 76 663 | 215 888 |
| **31 December 2022** | **1 910 147** | **16 423 477** | **549 970** | **18 883 595** |
| Increases | 114 616 | 1 448 357 | 538 830 | 2 101 803 |
| **31 December 2023** | **2 024 763** | **17 871 834** | **1 088 800** | **20 985 397** |

(Amounts stated in euros)

| | Land and natural resources | Buildings and other structures | Transport Equipment | Right-of-Use Assets Total |
|---|---|---|---|---|
| **Depreciation and Impairment:** | | | | |
| **1 January 2022** | - | - | - | - |
| Depreciation (Note 26) | 44 220 | 1 916 329 | 216 510 | 2 177 059 |
| **31 December 2022** | **44 220** | **1 916 329** | **216 510** | **2 177 059** |
| Depreciation (Note 26) | 46 772 | 2 139 002 | 271 834 | 2 457 608 |
| **31 December 2023** | **90 992** | **4 055 331** | **488 344** | **4 634 667** |
| | | | | |
| **Net book value:** | | | | |
| **At 31 December 2023** | **1 933 771** | **13 816 503** | **600 457** | **16 350 731** |
| **At 31 December 2022** | **1 865 927** | **14 507 148** | **333 461** | **16 706 535** |
| **At 1 January 2022** | **1 910 147** | **16 284 252** | **473 307** | **18 667 706** |

(Amounts stated in euros)

As shown in the previous table, amortisation for the period amounted to 2.458 million euros (2022: 2.177 million euros) and accumulated depreciation at the end of the period amounted to 4.635 million euros (2022: 2.177 million euros).

## 7.2 Lease liabilities

During the years ended 31 December 2023 and 2023, the movement in the value of lease liabilities was as follows:

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Opening balance** | **16 874 119** | **18 667 706** |
| Increases | 994 858 | 76 663 |
| Write-offs and decreases | 1 106 945 | 139 225 |
| Accrued interest | 387 555 | 381 853 |
| Payments | (2 695 572) | (2 391 328) |
| **Closing balance** | **16 667 905** | **16 874 119** |
| | | |
| Current | 2 322 670 | 2 024 295 |
| Non-current | 14 345 235 | 14 849 823 |

(Amounts stated in euros)

Additionally, the following amounts of expenses relating to right-of-use assets were recognised in 2023 and 2022:

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Depreciation of right-of-use assets (Note 26) | 2 457 608 | 2 177 059 |
| Interest expenses related to lease liabilities (Note 28) | 387 555 | 381 853 |
| Total amount recognised in the income statement | **2 845 163** | **2 558 912** |

(Amounts stated in euros)

The repayment period for lease liabilities is as follows:

| | 31.12.2023 | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | > 2027 | Total |
| Lease liabilities | 2 322 670 | 2 293 236 | 2 320 546 | 2 157 982 | 7 453 174 | 16 547 608 |
| | **2 322 670** | **2 293 236** | **2 320 546** | **2 157 982** | **7 453 174** | **16 547 608** |

(Amounts stated in euros)

| | 31.12.2022 | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | > 2026 | Total |
| Lease liabilities | 2 024 295 | 1 976 248 | 1 934 602 | 1 951 175 | 8 987 799 | 16 874 119 |
| | **2 024 295** | **1 976 248** | **1 934 602** | **1 951 175** | **8 987 799** | **16 874 119** |

(Amounts stated in euros)

## 8. Investment properties

Investment properties are held to earn income, or for capital appreciation or for both purposes. Therefore, an investment property generates cash flows highly independent of the other assets held by the entity, which are either occupied by Group companies, or are profitable through their use in the production of goods and services, or are intended for sale in the short term in the ordinary course of business.

As described in subdivision 2) of Note 2.2, the company adopts the fair value model in valuing its investment properties.

The gross carrying amount and accumulated depreciation and impairment losses and the reconciliation of the carrying amount at the beginning and end of the period showing additions, revaluations, disposals, assets classified as held for sale, depreciation, impairment losses and their reversals and other changes are detailed in the following table:

| | Land and natural resources | Buildings and other structures | Total Investment Properties |
|---|---|---|---|
| Cost: | | | |
| **1 January 2022** | **18 286 344** | **2 252 941** | **20539285** |
| Revaluations | 66 443 | 565 847 | 632 290 |
| Disposals | (4 796 637) | (1 017 497) | (5 814 134) |
| Write-offs | (49 486) | (3 879) | (53 366) |
| **31 December 2022** | **13 506 664** | **1 797 411** | **15 304 075** |
| Increases | 11 340 | - | 11 340 |
| Revaluations | (460 456) | (565 847) | (1 026 303) |
| Disposals | (1 497 922) | - | (1 497 922) |
| **31 December 2023** | **11 559 626** | **1 231 564** | **12 791 190** |

(Amounts stated in euros)

| | Land and natural resources | Buildings and other structures | Total Investment Properties |
|---|---|---|---|
| Depreciation and Impairment: | | | |
| **1 January 2022** | **-** | **1 932 780** | **1 932 780** |
| Depreciation (Note 26) | - | 33 764 | 33 764 |
| Disposals | - | (1 017 202) | (1 017 202) |
| Write-offs | - | (3 879) | (3 879) |
| **31 December 2022** | **-** | **945 462** | **945 462** |
| Depreciation (Note 26) | - | 33 756 | 33 756 |
| **31 December 2023** | **-** | **979 219** | **979 219** |
| | | | |
| **Net book value:** | | | |
| **At 31 December 2023** | **11 559 626** | **252 346** | **11 811 971** |
| **At 31 December 2022** | **13 506 664** | **851 948** | **14 358 612** |
| **At 1 January 2022** | **18 286 344** | **320 161** | **18 606 505** |

(Amounts stated in euros)

As shown in the table above, depreciation for the period amounted to 34 thousand euros (2022: 34 thousand euros) and accumulated depreciation at the end of the period stood at 979 thousand euros (2022: 945 thousand euros).

# 9. Intangible assets

## 9.1 Intangible assets

The gross carrying amount and any accumulated amortisation and the reconciliation of the carrying amount at the beginning and end of the period that separately shows additions, disposals, assets classified as held for sale, amortisations, impairment losses and other changes are found in the following table:

| | Development Projects | Computer Programs | Industrial Property | Emission Rights | Total Intangible Assets |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| **1 January 2022** | **1 986 490** | **833 885** | **57 475** | **5 400 179** | **8 278 029** |
| Emission rights allocated | - | - | - | 4 043 034 | 4 043 034 |
| Uses of emission rights | - | - | - | (2 268 545) | (2 268 545) |
| Change in Fair Value | - | - | - | 247 347 | 247 347 |
| Transfers | - | - | - | (688 019) | (688 019) |
| **31 December 2022** | **1 986 490** | **833 885** | **57 475** | **6 733 995** | **9 611 845** |
| Emission rights allocated | - | - | - | 4 031 137 | 4 031 137 |
| Acquisitions | - | 176 593 | - | - | 176 593 |
| Uses of emission rights | - | - | - | (2 056 603) | (2 056 603) |
| Change in Fair Value | - | - | - | 1 785 883 | 1 785 883 |
| **31 December 2023** | **1 986 490** | **1 010 478** | **57 475** | **10 494 413** | **13 548 856** |

(Amounts stated in euros)

| | Development Projects | Computer Programs | Industrial Property | Emission Rights | Total Intangible Assets |
|---|---|---|---|---|---|
| **Amortisation and Impairment:** | | | | | |
| **1 January 2022** | **1 986 490** | **776 519** | **23 553** | **1 859 309** | **4 645 870** |
| Amortisation (Note 26) | - | 55 223 | 8 397 | 2 047 761 | 2 111 381 |
| Transfers | - | - | - | (688 019) | (688 019) |
| Write-offs | - | - | - | (2 268 545) | (2 268 545) |
| **31 December 2022** | **1 986 490** | **831 742** | **31 950** | **950 506** | **3 800 688** |
| Amortisation (Note 26) | - | 6 892 | 8 397 | 2 123 603 | 2 138 892 |
| Write-offs | - | - | - | (2 047 761) | (2 047 761) |
| Adjustments | - | - | - | 1 097 255 | 1 097 255 |
| **31 December 2023** | **1 986 490** | **838 635** | **40 347** | **2 123 603** | **4 989 074** |
| | | | | | |
| **Net book value:** | | | | | |
| **At 31 December 2023** | **-** | **171 844** | **17 128** | **8 370 810** | **8 559 782** |
| **At 31 December 2022** | **-** | **2 143** | **25 526** | **5 783 489** | **5 811 158** |
| **At 1 January 2022** | **-** | **57 366** | **33 923** | **3 540 869** | **3 632 158** |

(Amounts stated in euros)

As shown in the previous table, amortisation for the period amounted to 2.139 million euros (2022: 2.111 million euros) and accumulated depreciation at the end of the period amounted to 4.989 million euros (2022: 3.801 million euros).

## 9.2 Goodwill

The positive consolidation differences recorded in assets, the acquisition cost and the proportional value of the equity of the subsidiaries, reported on the acquisition date, are shown in the table below:

| | Goodwill |
|---|---|
| **Cost:** | |
| 1 January 2022 | 139 230 |
| 31 December 2022 | 139 230 |
| 31 December 2023 | 139 230 |

(Amounts stated in euros)

Goodwill refers to the acquisition of the subsidiary Miralcalis.

# 10. Financial holdings

As of 31 December 2023 and 2022, the Financial holdings were as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Equity method** | | |
| Investments in associated enterprises (Note 10.1) | 1 056 630 | 807 027 |
| | **1 056 630** | **807 027** |

(Amounts stated in euros)

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Other methods** | | |
| Investments in other companies | | |
| Unlisted shares (Note 10.2) | 101 837 | 219 283 |
| | **101 837** | **219 283** |

(Amounts stated in euros)

## 10.1 Investments in associated enterprises

Associated enterprises, consolidated using the equity method, their respective headquarters and the proportion of capital held, are as follows:

| | | Financial information | | | | |
|---|---|---|---|---|---|---|
| | Location | Equity | Net Income | % | 31/12/2023 | 31/12/2022 |
| **Equity method** | | | | | | |
| AQP - Aliada Química de Portugal, Lda | Estarreja | 1 617 288 | 439 830 | 49.90 | 1 056 630 | 807 027 |

(Amounts stated in euros)

The movements that occurred during the year in associated enterprises measured using the equity method were those shown in the following table:

| | Balance at 1 January 2023 | Net Earnings (Note 20) | Dividend Distribution | Balance at 31 December 2023 |
|---|---|---|---|---|
| AQP - Aliada Química de Portugal, Lda | 807 027 | 439 830 | (190 226) | 1 056 630 |

(Amounts stated in euros)

| | Balance at 1 January 2022 | Net Earnings (Note 20) | Dividend Distribution | Balance at 31 December 2022 |
|---|---|---|---|---|
| AQP - Aliada Química de Portugal, Lda | 1 014 088 | 190 226 | (397 288) | 807 027 |

(Amounts stated in euros)

As of 31 December 2023 and 2022, the summarised financial information of the associated companies, excluding investments that were transferred to discontinued activities, can be analysed as follows:

| | 31/12/2023 AQP | 31/12/2022 AQP |
|---|---|---|
| Non-current assets | 1 103 169 | 1 044 487 |
| Current assets | 2 692 703 | 1 872 936 |
| | | |
| Non-current liabilities | - | - |
| Current liabilities | 1 678 376 | 1 300 136 |
| | | |
| Equity | 2 117 496 | 1 617 288 |
| | | |
| Turnover | 5 399 248 | 4 240 360 |
| Net profit for the year | 881 423 | 381 215 |

(Amounts stated in euros)

The accounting policies of the joint ventures and associated enterprises do not differ significantly from the Group's policies, which is why there was no need for any harmonisation of accounting policies.

## 10.2 Financial holdings - Other methods

Associated enterprises, consolidated using the equity method, their respective headquarters and the proportion of capital held, are as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Erase - Emp. Regeneração de Águas e Solos de Estarreja, ACE | 9 228 | 9 228 |
| Hytlantic, SA | 209 750 | 209 750 |
| Other | 13 705 | 13 705 |
| | **232 683** | **232 683** |
| Amortisation and Provisions for losses on securities and other investments | (130 846) | (13 400) |
| | **101 837** | **219 283** |

(Amounts stated in euros)

# 11. Inventories

## 11.1 Inventories

The total carrying amount of inventories and the carrying amount in appropriate classifications are shown in the following table:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Gross Value** | | |
| Raw materials, Subs. Materials and Consumables | 24 882 772 | 24 478 169 |
| Intermediate and Finished Products | 8 730 753 | 10 851 244 |
| | **33 613 526** | **35 329 413** |
| **Impairment losses** | | |
| Raw materials, Subs. Materials and Consumables | (798 837) | (442 962) |
| Intermediate and Finished Products | (467 648) | (467 648) |
| | **(1 266 485)** | **(910 610)** |
| | **32 347 041** | **34 418 803** |

(Amounts stated in euros)

The amounts of inventories recognised as an expense during the period are shown in the following tables.

## 11.2 Change in production

| | Intermediate and Finished Products |
|---|---|
| **Balance at 1 January 2022** | **5 166 904** |
| Adjustments | (399 188) |
| Increase/Decrease for the year | 6 083 528 |
| **Balance at 31 December 2022** | **10 851 244** |
| | |
| **Balance at 1 January 2023** | **10 851 244** |
| Adjustments | 328 866 |
| Increase/Decrease for the year | (2 449 357) |
| **Balance at 31 December 2023** | **8 730 753** |

(Amounts stated in euros)

## 11.3 Cost of goods sold and materials consumed

| | Goods | Raw Materials, Subsidiary Materials and Consumables | Total |
|---|---|---|---|
| Inventories at 1 January 2022 | 21 624 | 16 989 081 | 17 010 705 |
| Purchases | 6 958 527 | 339 033 246 | 345 991 772 |
| Adjustment of inventories | - | 775 807 | 775 807 |
| Inventories at 31 December 2022 | 0 | 24 035 207 | 24 035 207 |
| **Cost of goods sold and materials consumed** | **6 980 151** | **332 762 926** | **339 743 077** |
| | | | |
| Inventories at 1 January 2023 | 0 | 24 035 207 | 24 035 207 |
| Purchases | 14 271 683 | 259 519 387 | 273 791 070 |
| Adjustment of inventories | - | 338 061 | 338 061 |
| Inventories at 31 December 2023 | - | 24 439 811 | 24 439 811 |
| **Cost of goods sold and materials consumed** | **14 271 683** | **259 452 844** | **273 724 527** |

(Amounts stated in euros)

## 11.4 Impairment losses on inventories

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Impairment Losses:** | | |
| Raw materials, Subs. Materials and Consumables | 355 875 | - |
| | **355 875** | **-** |

(Amounts stated in euros)

## 12. State and other public bodies

As of 31 December 2023 and 2022, this heading is broken down as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Balance Receivable** | | |
| Income tax | 1 702 633 | 924 678 |
| Income Tax Withholdings | 208 | - |
| VAT | 298 014 | 169 968 |
| | **2 000 855** | **1 094 646** |
| **Balance Payable** | | |
| Income tax | | |
| Tax estimate | 158 731 | - |
| Income Tax Withholdings | 243 449 | 221 201 |
| VAT | 3 061 830 | 3 554 160 |
| Social Security Contribution | 317 215 | 286 416 |
| | **3 781 226** | **4 061 777** |

(Amounts stated in euros)

# 13. Deferrals

## 13.1 Reportable expenses

As of 31 December 2023 and 2022, reportable expenses are broken down as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Reportable expenses** | | |
| Insurance | 2 526 387 | 83 299 |
| Financial charges | 1 132 865 | 1 169 341 |
| Other | 280 000 | - |
| | **3 939 252** | **1 252 640** |

(Amounts stated in euros)

Financial charges relate to the amortised cost in relation to the financing.

## 13.2 Reportable income

As of 31 December 2023 and 2022, reportable income is broken down as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Reportable earnings** | | |
| Development rights | 419 650 | 446 600 |
| Grants | 15 038 086 | 2 531 702 |
| Emission right subsidies | 8 034 155 | 4 686 234 |
| | **23 491 891** | **7 664 536** |

(Amounts stated in euros)

The movement in subsidies was as indicated in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Opening balance** | **2 531 702** | **3 109 204** |
| Received during the year | 13 117 343 | 229 545 |
| Transferred to Profit or Loss (Note 23) | (610 959) | (807 047) |
| Closing balance | **15 038 086** | **2 531 702** |

(Amounts stated in euros)

The amounts received during the year relate to the subsidy for the H2Enable project, at Bondalti H2.

## 14. Financial instruments

The measurement bases used for financial instruments and other accounting policies used for the accounting of financial instruments relevant to the understanding of the financial statements are described under subdivision 7) of Note 2.2.

The following table summarises the financial instruments:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Non-current** | | |
| Other financial assets (Note 14.5) | 61 232 314 | 61 225 734 |
| Other Financial Holdings (Note 10.2) | 101 837 | 219 283 |
| | **61 334 151** | **61 225 734** |
| **Current** | | |
| Trade debtors (Note 14.1) | 45 549 908 | 62 559 940 |
| Other receivables (Note 14.1) | 6 144 582 | 5 551 791 |
| Cash and Bank Deposits (Note 4) | 55 696 592 | 30 212 970 |
| | **107 391 082** | **98 324 701** |

(Amounts stated in euros)

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Non-current** | | |
| Borrowings (Note 14.4) | 51 621 185 | 76 621 185 |
| Lease liabilities (Note 7.2) | 14 345 235 | 14 849 823 |
| Other payables (Note 14.3) | 1 221 512 | 1 699 568 |
| | **67 187 932** | **93 170 576** |
| **Current** | | |
| Trade creditors (Note 14.2) | 54 607 708 | 56 515 120 |
| Advances from customers | 309 128 | 45 086 |
| Borrowings (Note 14.4) | 25 000 000 | 24 000 000 |
| Lease liabilities (Note 7.2) | 2 322 670 | 2 024 295 |
| Other payables (Note 14.3) | 33 304 897 | 25 771 336 |
| | **115 544 403** | **108 355 838** |

(Amounts stated in euros)

All financial assets and liabilities are subsequently measured at amortised cost, with the exception of "Other Financial Holdings", which are subsequently measured at fair value through profit or loss.

The fair value of financial assets and liabilities, measured at amortised cost, is not materially different from the carrying amount.

## 14.1 Trade accounts receivable and other receivables

The financial assets for which impairment was recognised – indicating, for each class, separately, i) the book value that results from measurement at amortised cost and ii) accumulated impairment – are those indicated in the following tables:

| | 31/12/2023 | | | 31/12/2022 | | |
|---|---|---|---|---|---|---|
| | Gross Amount | Accumulated impairment | Net Amount | Gross Amount | Accumulated impairment | Net Amount |
| **Trade Debtors** | | | | | | |
| Customers c/a | 45 309 367 | - | 45 309 367 | 61 861 576 | - | 61 861 576 |
| Trade Bills Receivable Trade Debtors | 20953 | - | 20953 | 456 082 | - | 456 082 |
| Group Customers and Other Related Parties (Note 5.2) | 209 896 | - | 209 896 | 226 031 | - | 226 031 |
| Doubtful receivables | 2 343 404 | (2 333 713) | 9 692 | 2 356 387 | (2 340 136) | 16 251 |
| | **47 883 621** | **(2 333 713)** | **45 549 908** | **64 900 076** | **(2 340 136)** | **62 559 940** |
| **Other receivables** | | | | | | |
| Other Receivables | 4 858 503 | - | 4 858 503 | 3 076 735 | - | 3 076 735 |
| Other Doubtful Receivables | 910 792 | (269 316) | 641 476 | 269 316 | (269 316) | - |
| Other Receivables - Group (Note 5.4) | 68 130 | - | 68 130 | 2 307 183 | - | 2 307 183 |
| Staff | 15 752 | - | 15 752 | 20 455 | - | 20 455 |
| Advances to Trade Creditors | 560 721 | - | 560 721 | 147 418 | - | 147 418 |
| | **6 413 898** | **(269 316)** | **6 231 100** | **5 821 107** | **(269 316)** | **5 551 791** |

(Amounts stated in euros)

The amount of impairment losses recognised for each of the financial asset classes is shown in the following tables:

| 31/12/2023 | Opening balance | Impairment (IS) | Use and Correction | Closing balance |
|---|---|---|---|---|
| **Financial assets measured at cost less impairment** | | | | |
| Trade Debtors | | | | |
| General trade debtors | (2 340 136) | - | 6 423 | (2 333 713) |
| Other Receivables – Current | | | | |
| Other Debtors c/a | (269 316) | - | - | (269 316) |
| | **(2 609 451)** | **-** | **6 423** | **(2 603 029)** |

(Amounts stated in euros)

| 31/12/2022 | Opening balance | Impairment (IS) | Use and Correction | Closing balance |
|---|---|---|---|---|
| **Financial assets measured at cost less impairment** | | | | |
| Trade Debtors | | | | |
| General trade debtors | (2 328 553) | (11 582) | - | (2 340 136) |
| Other Receivables – Current | | | | |
| Other Debtors c/a | (269 316) | - | - | (269 316) |
| | **(2 597 869)** | **(11 582)** | **-** | **(2 609 451)** |

(Amounts stated in euros)

The Group's exposure to credit risk is attributable to accounts receivable from its normal business activities. The amounts presented in the statement of financial position are net of accumulated impairment losses that were estimated by the Group. The Management believes that the book value of the accounts receivable is close to its fair value, given that they do not bear interest and the discount effect is deemed immaterial.

As of 31 December 2023 and 2022, the age of the net value of the trade creditors balance can be analysed as follows:

| | | | Overdue debt | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Unpaid debt | <3 months | 3-6 months | 6-12 months | 12-18 months | 18-24 months | >24 months |
| Year 2023 | 45 549 908 | 42 243 248 | 1 139 056 | 160 315 | 61 888 | 63 394 | 1 666 | 1 880 340 |
| Year 2022 | 62 559 940 | 58 729 465 | 1 816 798 | 61 366 | 37 857 | 734 | - | 1 913 719 |

(Amounts stated in euros)

Management understands that accounts receivable that are not overdue will be fully paid, taking into account the history of uncollectibility and the characteristics of the counterparties. Additionally, with the adoption of IFRS 9, the Group determines the expected impairment losses for its accounts receivable in accordance with the criteria disclosed in Note 2.2.

For amounts owed, overdue for more than 24 months, there is an impairment, as per Note 14.1.

## 14.2 Trade creditors

The heading Trade creditors as of 31 December 2023 and 2022 shows the following detail:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Trade creditors** | | |
| Trade creditors c/a | 44 842 307 | 47 924 393 |
| Trade creditors - Related parties (Note 5.2) | 414 488 | 46 250 |
| Receipt and checking of invoices | 9 350 913 | 8 544 477 |
| | **54 607 708** | **56 515 120** |

(Amounts stated in euros)

On 31 December 2023 and 2022, the ageing of the balance of trade creditors can be broken down as follows:

| 31/12/2023 | 31/12/2023 | 0-90 days | 90-180 days | > 180 days |
|---|---|---|---|---|
| Trade creditors c/a | 44 842 307 | 44 774 366 | 67 942 | - |
| Trade creditors notes payable | - | - | - | - |
| Trade creditors - Related parties (Note 5.2) | 414 488 | 414 488 | - | - |
| Receipt and checking of invoices | 9 350 913 | 8 762 007 | 215 169 | 373 737 |
| | **54 607 708** | **53 950 861** | **283 111** | **373 737** |

(Amounts stated in euros)

| 31/12/2023 | 31/12/2023 | 0-90 days | 90-180 days | > 180 days |
|---|---|---|---|---|
| Trade creditors c/a | 47 924 393 | 47 882 054 | 30 915 | 11 424 |
| Trade creditors notes payable | - | - | - | - |
| Trade creditors - Related parties (Note 5.2) | 46 250 | 46 250 | - | - |
| Receipt and checking of invoices | 8 544 477 | 5 980 744 | 1 857 540 | 706 193 |
| | **56 515 120** | **53 909 048** | **1 888 455** | **717 617** |

(Amounts stated in euros)

## 14.3 Other payables

As of 31 December 2023 and 2022, the heading Other payables took the following form:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Other payables** | | |
| **Non-Current** | | |
| Investment providers c/a | 1 221 512 | 1 699 568 |
| | **1 221 512** | **1 699 568** |
| **Current** | | |
| Investment providers c/a | 9 973 247 | 5 285 134 |
| Staff | 4 410 | 90 811 |
| Holiday surcharge and holiday allowance | 2 770 339 | 2 198 990 |
| Other accruals | 1 453 775 | 1 784 585 |
| Other payables | 6 769 403 | 1 557 467 |
| Other payables - Group (Note 5.2) | 12 333 722 | 14 854 349 |
| | **33 304 897** | **25 771 336** |

(Amounts stated in euros)

Under the heading Investment providers, non-current, a debt from B Cantabria was considered, which will only be settled within a period of more than one year.

The balance of the heading Other accruals consists of:

- 416 thousand euros in water and effluent treatment fees;
- 589 thousand euros relating to an electricity settlement for 2023, which will only be invoiced in 2024;
- 41 thousand euros in IMI for 2023;
- 143 mil de euros relating to the Volume Discount to be issued in 2024.

The heading Other payables includes:

- 5.989 million euros referring to an IAPMEI advance relating to the lithium project subsidy, but which is still at the study phase;
- 337 thousand euros relating to the value of $CO_2$ licences to be delivered to our partner;
- 280 thousand euros from a contribution agreement with the ANPC, to be paid in 2024 and 2025.

## 14.4 - Borrowings

Borrowings as of 31 December 2023 and 2022 are detailed as follows:

| | 31/12/2023 | | 31/12/2022 | |
|---|---|---|---|---|
| **Financing entity** | **Current** | **Non-current** | **Current** | **Non-current** |
| Bank loans at amortised cost | 25 000 000 | 51 621 185 | 24 000 000 | 76 621 185 |
| | **25 000 000** | **51 621 185** | **24 000 000** | **76 621 185** |

(Amounts stated in euros)

Bank loans measured at current and non-current amortised cost are shown in the following table:

| Financing entity | Maturity | 31/12/2023 | 31/12/2022 |
|---|---|---|---|
| **Financing payable** | | | |
| **Non-current** | | | |
| Bank Loans | | | |
| Commercial Banks | 30/06/2027 | 51 621 185 | 76 621 185 |
| | | **51 621 185** | **76 621 185** |
| **Current** | | | |
| Bank Loans | | | |
| Commercial Banks | 30/06/2027 | 25 000 000 | 24 000 000 |
| | | **25 000 000** | **24 000 000** |
| | | **76 621 185** | **100 621 185** |

(Amounts stated in euros)

In 2019, Bondalti Chemicals restructured its financial debt, concluding a syndicated long-term loan with 8 banks, which allowed it to refinance its entire debt and create conditions for new investments in the coming years.

This refinancing presupposes compliance with financial autonomy ratios of a minimum of 25% and a maximum net debt to EBITDA of 4.0X. At the closing date of the financial year, the ratios were being met.

The repayment period for bank loans, other loans and repayable incentives is as follows:

| | 31/12/2023 | | | | |
|---|---|---|---|---|---|
| **Financing entity** | **2024** | **2025** | **2026** | **2027** | **> 2027** |
| Bank loans | 51 621 185 | 25 621 185 | 121 185 | - | - |

(Amounts stated in euros)

| | 31/12/2022 | | | | |
|---|---|---|---|---|---|
| **Financing entity** | **2023** | **2024** | **2025** | **2026** | **> 2026** |
| Bank loans | 76 621 185 | 51 621 185 | 25 621 185 | 121 185 | - |

(Amounts stated in euros)

## 14.5 Other financial assets

The financial assets for which impairment was recognised – indicating, for each class, separately, i) the book value resulting from the measurement at cost or amortised cost and ii) accumulated impairment – are indicated in the following tables:

| | 31/12/2023 | | | 31/12/2022 | | |
|---|---|---|---|---|---|---|
| | **Gross Amount** | **Accumulated impairment** | **Net Amount** | **Gross Amount** | **Accumulated impairment** | **Net Amount** |
| **Assets – Non-current** | | | | | | |
| Other financial assets | | | | | | |
| Loans to Other Related Parties | 61 219 328 | - | 61 219 328 | 61 212 748 | - | 61 212 748 |
| Other | 12 986 | - | 12 986 | 12 986 | - | 12 986 |
| | **61 232 314** | **-** | **61 232 314** | **61 225 734** | **-** | **61 225 734** |

(Amounts stated in euros)

The other investments, loans to other related parties, relate to the subscription of bonds issued by the José de Mello Capital, SA group company, in an amount of 61 180 000 euros. The bonds have a 10-year maturity and bear interest at normal market rates.

# 15. Provisions

The accounting policies adopted for the recognition of Provisions are described in subdivision 16) of Note 2.2.

## 15.1 Provisions

The movement in provisions, for each provision, is reflected in the following table:

| | Provisions for environmental matters | Other provisions | Total |
|---|---|---|---|
| **At 1 January 2022** | **-** | **674 183** | **674 183** |
| Uses in the year | - | (55 183) | (55 183) |
| Reversals for the year | (150 000) | 118 907 | (31 093) |
| **At 31 December 2022** | **(150 000)** | **737 907** | **587 907** |
| | | | |
| **At 1 January 2023** | **(150 000)** | **737 907** | **587 907** |
| Uses in the year | - | (60 759) | (60 759) |
| **At 31 December 2023** | **(150 000)** | **677 148** | **527 148** |

(Amounts stated in euros)

The subsidiary Elnosa has a provision set aside, in the amount of 58 thousand euros, related to compensation.

Within Nutriquim, and in order to take account of the company's decommissioning plan, a provision was also set up in an overall amount of 1.15 million euros in 2013. However, over the course of the last few years, part of the provision was used to cover costs within the same scope. The remainder of the provision, at 31 December 2023, is 471 thousand euros.

# 16. Employee benefits

## 16.1 Employee benefits

The reconciliation between the opening and closing balances of the present value of the benefit obligation is shown in the following table:

| | Post-employment benefit | | |
|---|---|---|---|
| | Defined Benefit Retirement Pension Plan (with no Fund established) | Medical Procedures Plan (with no Fund established) | Total |
| **Obligation related to defined benefits, as of 1 January 2022** | **2 379 373** | **266 397** | **2 645 770** |
| Interest cost | 16 844 | - | 16 844 |
| Benefits paid | (267 091) | - | (267 091) |
| Actuarial gains and losses | (277 788) | 4 288 | (273 499) |
| **Obligation relating to defined benefits, as of 31 December 2022** | **1 851 338** | **270 685** | **2 122 023** |
| Interest cost | 51 745 | - | 51 745 |
| Benefits paid | (339 610) | - | (339 610) |
| Actuarial gains and losses | 93 475 | (35 461) | 58 015 |
| **Obligation relating to defined benefits, as of 31 December 2023** | **1 656 949** | **235 224** | **1 892 172** |

(Amounts stated in euros)

## 16.2 Post-employment benefits

The Group's accounting policy for recognising actuarial gains and losses relating to Post-employment benefits under defined Benefit plans is described in subdivision 17.1) of Note 2.2.

| Company | Plan Name | Type | Beneficiaries | Location |
|---|---|---|---|---|
| Bondalti CHEMICALS | Retirement Pension Plan | Defined Benefit - Old age disability or survivor's pension supplement | Some of the former and current staff members | Portugal |
| Bondalti CHEMICALS | Medical Procedures Plan | Defined Benefit - Medical Procedures with no fund established | Some of the former and current staff members | Portugal |

Bondalti Chemicals has commitments to some of its employees for the payment of supplements for old age, invalidity and survivor's pensions.

The above actuarial studies are carried out using the following method:

Method called "Project Unit Credit", which uses the following assumptions and technical and actuarial bases, in 2023 and 2022:

| | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Salary Growth Rate for the purposes of Social Sec. | 2% | 2% |
| Salary Growth Rate | 2% | 2% |
| Discount Rate | 3% | 3% |
| Pension Growth Rate | 0% | 0% |
| Discount Rate (Life Income) | 0.75% | 0.75% |
| Revaluation of Social Security Salaries | 1% | 1% |
| Mortality table | TV 88/90 | TV 88/90 |
| Disability table | EKV80 | EKV80 |

Bondalti Chemicals is responsible for supplementing the retirement pensions of some of its former and current employees, and only in relation to them, with whom this responsibility has been assumed.

Although it has not set up any fund or insurance to cover these liabilities, the Company has set up a provision for this purpose, which is updated in accordance with an actuarial study carried out by a specialised and independent body. According to the evaluation report presented by Actuariado - Estudos Actuariais, Económicos e Financeiros, the current value of the company's liabilities for retirement pensions, at the balance sheet date, is estimated at 1.657 million euros (1.851 million euros in 2022), with the Liability for post-employment benefits being adjusted to this amount.

## 16.3 Medical procedure benefits

Bondalti Chemicals is also responsible for covering the costs of hospitalisation, consultations and surgery, in accordance with company regulations and the current agreement with Hospital CUF Tejo, as well as the part of the medicines not covered by the National Health Service for some of its former and current employees with whom this responsibility has been assumed.

Although it did not set up any fund or insurance to cover this liability, this subsidiary (Bondalti Chemicals) set up a liability to pay for the purpose, which is updated according to an actuarial study carried out by Actuariado - Estudos Actuariais, Económicos e Financeiros. According to the evaluation report presented, the current value of Bondalti Chemicals' past service liabilities with medical procedures, as of 31 December 2023, is estimated at 235 thousand euros (271 thousand euros as of 31 December 2022), which is included under the heading Liabilities for post-employment benefits.

## 16.4 Staffing Costs

The details of Staffing Costs are shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| Remuneration of Directors | 1 606 622 | 1 513 243 |
| Compensation of Staff | 13 017 255 | 11 627 259 |
| Retirement Benefits | | |
| Retirement Pension Plan | 115 049 | 46 340 |
| Compensation Payments | 866 834 | 396 421 |
| Charges on Compensation | 3 087 062 | 2 900 677 |
| Insurance against accidents at work and occupational diseases | 136 474 | 127 129 |
| Social action expenses | 1 172 570 | 1 008 623 |
| Other staffing costs | 416 353 | 224 386 |
| | **20418220** | **17 844 078** |

(Amounts stated in euros)

During the years 2023 and 2022, the average number of staff employed by the Group was 337 and 312, respectively, as follows:

| | 2023 | 2022 | Change |
|---|---|---|---|
| Bondalti CHEMICALS | 286 | 261 | 25 |
| Renoeste | 2 | 2 | – |
| Elnosa | 5 | 5 | - |
| Nutriquim | - | - | – |
| Bondalti CANTABRIA | 44 | 44 | – |
| | **337** | **312** | **25** |

(5 remunerated directors are included)

# 17. Equity instruments

## 17.1 Capital

As of 31 December 2023 and 2022, the company's capital, fully subscribed and paid up, consisted of 6 110 000 shares, with a nominal value of 5 euros each, 100% owned by Bondalti Capital, SA, which, in turn, is 100% owned by José de Mello Capital, SA, the Group's ultimate controller.

## 17.2 Reserves and earnings

Reserve amounts are available for distribution.

The net earnings for 2022, approved at the General Meeting – minutes no. 64, in the amount of 56 658 611.49 euros, were distributed as follows:

- Dividends – 20 500 000 euros
- Unappropriated Retained Earnings – 36 158 611.49 euros

As a result of the change in the accounting framework to the IFRS, the 2022 Net Earnings, amounting to 56 504 951.14 euros, as per Note 3, saw a positive variation in the amount of 153 660.35 euros, which is found in the Unappropriated Retained Earnings account.

## 17.3 Adjustments/Other changes in equity

The amounts resulting from the change in fair value of hedging instruments that was recognised in equity during the period, to cover the interest rate risk of loans contracted for the Capacity Expansion Plan and other adjustments, are those indicated in the following table:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Adjustments to financial assets and liabilities** | | |
| **Assets** | | |
| Financial holdings | 13 990 059 | 13 968 121 |
| | **13 990 059** | **13 968 121** |

(Amounts stated in euros)

As described in 2.2, the heading Adjustments to financial assets has been rewritten and grouped to this new balance sheet line.

## 18. Subsidies and other support from public bodies

The accounting policies adopted for the recognition of Government subsidies, including the presentation methods adopted in the financial statements, are described in subdivisions 14) and 21) of Note 2.2.

The nature and extent of Government grants recognised in the financial statements are shown in the following table.

### Recognised in Profit or Loss for the Year

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **Investment grant (Note 23)** | 610 959 | 661 410 |
| **Revenue grant** | 1 534 829 | 147 316 |
| | **2 145 788** | **808 726** |

(Amounts stated in euros)

Revenue grants include the amount received in relation to Credits from indirect issuers, in the amount of 1.521 million euros.

## 19. Revenue

The accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving services provided, are described in subdivision 20) of Note 2.2.

As of 31 December 2023 and 2022, the heading Sales and Services breaks down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Sales of Goods** | | |
| Goods | 24 913 374 | 27 105 736 |
| Intermediate and Finished Products | 469 889 079 | 551 603 770 |
| By-products, Waste and Scrap | 221 295 | 263 886 |
| Sales Returns | (3 418 939) | (4 621 523) |
| Sales discounts and rebates | (25 791 400) | (18 597 320) |
| | **465 813 411** | **555 754 550** |
| | | |
| **Services Provided** | | |
| Services | 2 037 086 | 7 222 659 |
| Discounts and rebates | (142 390) | (5 011 796) |
| | **1 894 696** | **2 210 864** |
| | | |
| | **467 708 106** | **557 965 413** |

(Amounts stated in euros)

Sales and services by significant geographic market are as shown in the following table:

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Portugal | Europe | Africa | Asia | America | Total |
| Sales of goods | 210 933 126 | 210 678 268 | 192 797 | 704 541 | 43 304 678 | 465 813 411 |
| Services provided | 1 813 874 | 80 822 | - | - | - | 1 894 696 |
| | **212 747 000** | **210 759 089** | **192 797** | **704 541** | **43 304 678** | **467 708 106** |

(Amounts stated in euros)

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Portugal | Europe | Africa | Asia | America | Total |
| Sales of goods | 262 553 265 | 228 929 278 | 101 646 | 49 414 | 64 120 947 | 555 754 550 |
| Services provided | 1 370 124 | 840 740 | - | - | - | 2 210 864 |
| | **263 923 388** | **229 770 017** | **101 646** | **49 414** | **64 120 947** | **557 965 413** |

(Amounts stated in euros)

The gross margin is as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Sales** | 465 813 411 | 555 754 550 |
| Variation in Production (Note 11.2) | (2 449 357) | 6 083 528 |
| Cost of goods sold and materials consumed (Note 11.3) | (273 724 527) | (339 743 077) |
| | **189 639 527** | **222 095 000** |

(Amounts stated in euros)

As described in the management report, the value of sales in the 2022 financial year was due not only to an increase in quantities sold, but also to an increase in prices, the formation mechanism of which is indexed to the price of various raw materials, which in 2022 reached all-time highs.

In 2023, despite the increase in quantities produced, market selling prices fell considerably compared to the previous year, which meant that the value of the sales was lower.

## 20. Gains/Losses charged to subsidiaries, associated enterprises and joint ventures

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Income and Gains, subs., assoc. ent. and joint vent.** | | |
| Application of the equity method (Note 10.1) | 439 830 | 190 226 |
| | **439 830** | **190 226** |

(Amounts stated in euros)

## 21. Own work capitalised

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Own work capitalised for:** | | |
| Property, Plant and Equipment (Note 6) | 256 195 | 167 971 |
| | **256 195** | **167 971** |

(Amounts stated in euros)

## 22. External charges for services

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Specialised Services** | | |
| Specialised Work | 10 228 139 | 10 001 793 |
| Advertising and Promotion | 77 935 | 77 595 |
| Security and Safety | 636 352 | 626 981 |
| Fees | 151 467 | 150 625 |
| Commissions | 5 896 | 12 303 |
| Maintenance and Repair | 8 129 627 | 7 769 841 |
| Services by Retainer Fee | 1 491 317 | 1 652 766 |
| **Materials** | | |
| Tools and Fixtures | 9 241 | 13 168 |
| Books and Technical Documentation | 32 551 | 45 218 |
| Office Supplies | 316 192 | 288 844 |
| Samples | 2 972 | 33 836 |
| Other | 145 203 | 264 354 |
| **Energy and Fluids** | | |
| Electricity | 17 693 122 | 45 517 623 |
| Fuels | 4 035 964 | 5 190 062 |
| Water | 1 989 618 | 1 604 135 |
| Gases | 3 195 872 | 2 089 932 |
| Other Fluids | - | 3 270 |
| **Travel, lodging and transport** | | |
| Travel and Lodging | 879 669 | 614 279 |
| Transport of Goods | 28 660 091 | 26 757 668 |
| Transport - Other | 83 922 | 53 672 |
| **Miscellaneous services** | | |
| Leases and Rents | 1 170 219 | 733 655 |
| Communication | 112 522 | 70 565 |
| Insurance | 2 693 754 | 2 581 426 |
| Litigation and Notaries | 7 233 | 6 411 |
| Representation Expenses | 108 547 | 72 622 |
| Cleaning, Hygiene and Comfort | 372 209 | 312 414 |
| Other | 89 463 | 59 313 |
| | **82 319 234** | **106 604 520** |

(Amounts stated in euros)

The Specialised work heading includes around 2 million euros relating to consultancy work for new projects.

The decrease in electricity values is due to the reclassification, in 2023, at Bondalti Chemicals, of the amounts received relating to the interruptibility mechanism, which is

now considered under Other income, as per Note 23, and the provision of the reserve band service, which was considered as an operating subsidy as per Note 18.

With the increase in production and quantities sold, transport costs increased by around 2.2 million euros, an increase that did not follow the value of sales for the reasons explained in Note 19.

## 23. Other income

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Additional Income** | | |
| Assignment of staff | 44 154 | 89 719 |
| Equipment hire | 408 767 | 1 749 221 |
| Other | 13 002 116 | 289 471 |
| Cash discounts received | - | 137 |
| Recovery of receivables | - | 19 |
| **Income and Gains on Non-Financial Investments** | | |
| Disposals | 3 481 | 5 041 007 |
| Income and other Income from Investment Prop. | 3 778 | 3 679 |
| Gains on emission rights | | |
| Use of allocated rights (Note 33.1) | 2 123 603 | 2 047 761 |
| Gains on the sale of emission rights | - | 688 019 |
| Other | 46 200 | 46 200 |
| **Other** | | |
| Corrections relating to previous periods | 144 886 | 334 747 |
| Overestimation of Taxes | 329 563 | 114 876 |
| Apportionment of Investment Grants (Note 18) | 610 959 | 661 410 |
| Contractual Benefits/Penalties | - | 2 816 |
| Compensation payments for Insurable Events | 36 049 | 367 826 |
| Operating exchange differences (Note 25) | 883 781 | 847 953 |
| Other unspecified | 685 381 | 449 423 |
| | **18 322 718** | **12 734 284** |

(Amounts stated in euros)

The Other supplementary income heading included support for the provision of the regulatory reserve band service, worth 11.543 million euros. In previous years, this support had different characteristics, being called an "interruptibility mechanism" and was considered under the ECS heading. In 2022, the amount was around 4.9 million euros.

The gains from emission rights refer to the apportionment of the grant from the Portuguese Carbon Fund relating to the reduction of $CO_2$ Emissions, in an amount of 2.124 million euros.

Under the heading Other unspecified headings, 337 thousand euros and 317 thousand euros were considered, relating to the delivery of $CO_2$ licences to one of our partners and the return of amounts paid in excess in previous years, by the ACE in which we participate, respectively.

## 24. Other expenses

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| Taxes | 503 550 | 451 590 |
| Prompt payment discounts | 11 506 | 14 306 |
| **Expenses and Losses on Non-Financial Investments** | | |
| Disposals | 1 286 582 | - |
| Write-offs | 94 524 | 7 756 |
| **Other** | | |
| Corrections relating to previous periods | 17 424 | 41 964 |
| Donations | 1 881 789 | 1 673 003 |
| Contributions | 181 714 | 112 312 |
| Inventory gifts and samples | 345 | 506 |
| Underestimation of taxes | - | 51 783 |
| Operating exchange differences (Note 25) | 997 207 | 1 811 547 |
| Fines and penalties | | |
| Non-tax fines | 12 178 | 1 208 |
| Sundry expenses | 429 247 | 112 043 |
| | **5 416 066** | **4 278 018** |

(Amounts stated in euros)

The taxes largely reflect the values of water resources and effluent treatment fees, amounting to 410 thousand euros, as well as IMI and AIMI values, amounting to 59 thousand euros.

The value of 1.286 million euros refers to the sale of a plot of land in Loulé.

The amount of 1.881 million euros, from Donations, includes a donation worth 1 million euros to the Portuguese Catholic University and another of 500 thousand euros to the World Youth Days.

## 25. Effects of changes in exchange rates

The amount of exchange differences recognised in profit or loss is as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Exchange gains included in:** | | |
| Sundry income | | |
| Other operating exchange differences (Note 23) | 883 781 | 847 953 |
| | **883 781** | **847 953** |
| **Exchange losses included in:** | | |
| Sundry expenses | | |
| Other operating exchange differences (Note 24) | 997 207 | 1 811 547 |
| | **997 207** | **1 811 547** |

(Amounts stated in euros)

There were no significant changes in the functional currency either in relation to the parent company or in relation to each of the foreign operating units.

Exchange rate differences, both favourable and unfavourable, arise exclusively from the depreciation of the dollar against the euro resulting from the acquisition of raw materials.

## 26. Depreciation and Amortisation Expenses/Reversals

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Depreciation and amortisation expenses** | | |
| Investment Properties (Note 8) | 33 756 | 33 764 |
| Property, Plant and Equipment (Note 6) | 19 969 365 | 18 889 539 |
| Intangible Assets (Note 9.1) | 2 138 892 | 2 111 381 |
| Right-of-use assets (Note 7.1) | 2 456 740 | 2 177 059 |
| | **24 598 754** | **23 211 744** |

(Amounts stated in euros)

## 27. Interest and similar income

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Interest income** | | |
| From Deposits | 2 857 842 | 367 559 |
| **Other similar income** | | |
| SWAP hedging of raw materials | - | 1 293 847 |
| | **2 857 842** | **1 661 405** |

(Amounts stated in euros)

## 28. Interest and similar expenses incurred

As of 31 December 2023 and 2022, this heading is broken down as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Interest payable** | | |
| On Borrowings | 2 007 705 | 3 083 260 |
| From Finance Leases | 387 555 | 381 853 |
| **Other financing expenses** | | |
| Stamp Duty on Borrowings | 5 712 | 21 965 |
| Swap raw material hedge | - | 10 612 574 |
| Other | 213 751 | 173 732 |
| | **2 614 723** | **14 273 383** |

(Amounts stated in euros)

A breakdown of interest paid on financial leasing is indicated in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Financial expenses - Leases** | | |
| Land and natural resources | 55 014 | 60 346 |
| Buildings and other structures | 316 119 | 316 414 |
| Transport Equipment | 16 420 | 5 093 |
| | **387 552** | **381 853** |

(Amounts stated in euros)

## 29. Income Tax

Expenditure (income) for current taxes is as shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Current Tax** | | |
| Corporation Tax for the year | 20245269 | 17 849 346 |
| | **20245269** | **17 849 346** |
| **Deferred Tax** | | |
| Originated and reversed due to temporary differences | 293 984 | (1 339 464) |
| | **293 984** | **(1 339 464)** |
| | | |
| | **20539252** | **16 509 882** |

(Amounts stated in euros)

The aggregate deferred and current tax related to items debited or credited to equity is shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| **Deferred tax** | | |
| Recognised in Revaluation Reserves | 1 594 458 | 2 170 003 |
| | **1 594 458** | **2 170 003** |

(Amounts stated in euros)

The amounts of deferred tax assets and liabilities recognised in the balance sheet for each period – presented by each type of temporary difference and with respect to each type of unused tax losses and unused tax credits – are shown in the following table:

| | Balance Sheet Accounts | | Income Statement Accounts | |
|---|---|---|---|---|
| | 31/12/2023 | 31/12/2022 | 2023 | 2022 |
| **Deferred Tax Assets** | | | | |
| **Temporary differences:** | | | | |
| **Other** | | | | |
| Post-employment benefits - Medical procedures | 52 925 | 60 904 | (7 979) | 965 |
| Post-employment benefits - Pensions | 372 813 | 416 551 | (43 738) | (118 808) |
| Provisions not accepted for tax purposes | 118 608 | 737 535 | 264 | (290 715) |
| Impairment of depreciable assets | 311 706 | 365 569 | (53 862) | (18 974) |
| Tax Losses | 2 156 780 | 3 541 682 | (1 896 029) | 712 512 |
| | **3 012 833** | **5 122 240** | **(2 001 343)** | **284 981** |
| Tax Exemptions or Reductions | - | - | 1 131 814 | 283 973 |
| | **3 012 833** | **5 122 240** | **(869 529)** | **568 953** |

(Amounts stated in euros)

| | Balance Sheet Accounts | | Income Statement Accounts | |
|---|---|---|---|---|
| | 31/12/2023 | 31/12/2022 | 2023 | 2022 |
| **Deferred Tax Liabilities** | | | | |
| **Temporary differences:** | | | | |
| **Adjustments for transition to the SNC** | | | | |
| Revaluation of property, plant and equipment | - | - | - | (6 889) |
| Revaluation of investment properties | 1 594 458 | 2 170 003 | (575 546) | (763 622) |
| | **1 594 458** | **2 170 003** | **(575 546)** | **(770 511)** |

(Amounts stated in euros)

# 30. Financial risk management

The Group's activity is exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and property risk), credit risk and liquidity risk.

Financial risk is the risk that the fair value or future cash flows of a financial instrument will vary and results different from those expected will be obtained, whether positive or negative, changing the Company's equity value.

In carrying out its current activities, the Group is exposed to a variety of financial risks that may alter its equity value, which, according to their nature, may be grouped into the following categories:

- Market risk
  - o Interest rate risk
  - o Exchange rate risk
- Credit risk
- Liquidity risk

The management of the risks mentioned above – risks that result, to a large extent, from the unpredictability of financial markets – requires the careful application of a series of rules and methodologies approved by Management, the ultimate objective of which is to minimise their potential negative impact on the company's asset value and performance.

Risk management is evaluated centrally and any measure applies across all companies in the Group.

With this objective, all management is guided by two essential concerns:

- To reduce, whenever possible, fluctuations in earnings and cash flows subject to risk situations;
- To limit deviations from the forecast results, through rigorous financial planning, based on multi-annual budgets.

## 30.1 Market Risk

The volatility of international markets requires scrupulous compliance with the procedures that have already been established, in order to avoid the possible impact of adverse events.

Management is monitoring the impacts of the current macroeconomic environment on the Group's chain of operations, ensuring that mitigating measures are applied to minimise, whenever possible, the negative effects and uncertainty that threatens global economic stability.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will vary, due to changes in market interest rates, changing the Group's equity value.

As a rule, the company does not use the financial derivatives market in order to minimise its exposure to changes in interest rates.

For the years ended 31 December 2023 and 2022, the Group's sensitivity to changes in the interest rate index of plus or minus one percentage point, measured as the change in financial results, can be analysed as follows, not considering the hedging effect of derivative financial instruments (Note 14.4):

| Rate | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Decrease of 1% in the interest rate applied to the entire debt | (101 212) | (101 212) |
| Increase of 1% in the interest rate applied to the entire debt | 101 212 | 101 212 |

(Amounts stated in euros)

The above sensitivity analysis was calculated based on the exposure to interest rates existing at the end date of each financial year. For this analysis, the basic assumption was that the financing structure (interest-bearing assets and liabilities) remained stable throughout the year and similar to that presented at the end of each financial year, and that everything else remained constant.

### (b) Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will vary as a result of changes in exchange rates. The Group is exposed to exchange rate variations.

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of 1% and -1%, with all other variables remaining constant. The impact on the Group's pre-tax profit is due to changes in the fair value of the monetary assets and liabilities, including undesignated foreign currency derivatives and embedded derivatives. The impact on the Group's equity before tax is due to changes in the fair value of forward exchange contracts, designated as cash flow hedges and net investment hedges. The Group's exposure to exchange rate variations for all other currencies is not material.

| | Changes in the exchange rate | Effect on earnings before tax |
|---|---|---|
| | USD | |
| 2023 | 10% | 1 318 403 |
| | -10% | (1 611 381) |
| 2022 | 10% | 343 570 |
| | -10% | (419 919) |

(Amounts stated in euros)

## 30.2 Credit Risk

Credit risk is the risk that a counterparty will not comply with its obligations under a financial instrument, leading to a loss. In the Group, the most significant credit is with its customers, related to its operational activity, and the company has a risk coverage policy based on Credit Insurance.

In cases where there is no credit insurance coverage, the transactions involved are subject to validation by the Credit Committee, which analyses the customer's history, uses means to guarantee the debt's collectibility or, alternatively, requires payment conditions that allow for the total elimination of the risk.

## 30.3 Liquidity Risk

Liquidity risk is the risk of not having funds available to meet agreed payments, or the risk of non-renewal of loans that mature. The main objective of the liquidity risk management policy is to ensure that the Group has available, at all times, the necessary financial resources to meet its responsibilities and pursue the outlined strategies, honouring all commitments made to third parties, when they fall due, through appropriate management of the maturity of financing. In this way, risk management is evaluated centrally and in this specific case, the following aspects are safeguarded:

- Short and medium-term financial planning, taking into account the forecast cash-flow, in order to guarantee sources of financing in a timely manner;
- Diversification strategy for financial partners, in order to minimise the risk of dependence and take the best options;
- Temporal spacing of the maturity of financing, in order to balance the cash position, when debts are repaid.

## 31. Fair Value

The following table presents the measurement hierarchy of the fair value of the Group's assets and liabilities:

| | 2023 Measurement of fair value used | | |
|---|---|---|---|
| | Prices quoted in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value** | | | |
| Emission rights (Note 9) | 8 370 810 | - | - |
| Other Financial Holdings (Note 10.2) | - | 101 837 | - |
| | | | |
| **Liabilities measured at fair value** | | | |
| Emission rights (Note 13) | 8 034 155 | - | - |

(Amounts stated in euros)

| | 2022 Measurement of fair value used | | |
|---|---|---|---|
| | Prices quoted in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value** | | | |
| Emission rights (Note 9) | 5 783 489 | - | - |
| Other Financial Holdings (Note 10.2) | - | 219 283 | - |
| | | | |
| **Liabilities measured at fair value** | | | |
| Emission rights (Note 13) | 4 686 234 | - | - |

(Amounts stated in euros)

The fair value of accounts payable and receivable corresponds to the carrying amount indicated in the balance sheet, since the effect of discounting future cash flows is immaterial.

# 32. Other information

## 32.1 Environmental matters - Greenhouse gas emissions

The European Emissions Trading System (ETS) is a mechanism for regulating greenhouse gas (GHG) emissions in activities that are responsible for around 45% of GHG emissions in the European Union, such as the burning of fuels, the refining of mineral oils, metallurgy, the production of clinker, lime and glass, ceramics, pulp and paper, chemicals and aviation.

The global GHG emissions limit set at EU level has been reduced over time. In the fourth ETS implementation period (2021-2030), a linear reduction factor of 2.2% was introduced in the total quantity of available emission allowances (instead of 1.74% in the 2013-2020 period).

An emissions licence allows the emission of one ton of carbon dioxide ($CO_2$) equivalent during a given period. Emission licences are usually acquired by means of an auction. The revenue generated by the auctions of emission licences allocated to Portugal forms part of the Environmental Fund.

A portion of the emission licences are allocated free of charge, as a transitional rule of this system, namely to avoid "carbon leakage" – the transfer of production to countries where restrictions on emissions are less stringent. The production of electricity and the capture, transport and storage of carbon dioxide are excluded from the free allocation of emission licences. The allocation of free emission licences has been reduced and, with the exception of urban heating, will be abolished by 2030.

During the course of the year, emphasis was placed on environmental legal compliance, the completion of the process of allocating $CO_2$ emission licences for the period 2021-2030 and identifying environmental improvement actions.

A total of 52 183 licences were granted to Bondalti Chemicals for the 2023 financial year.

At the moment, the APA has not yet published the number of licences that will be granted in the remaining years (2024-2030) under the ambit of the fourth period of ETS implementation.

| | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|
| **Assigned permits** | 50 441 | 50 299 | 52 183 | 152 893 |

The movement in tons of carbon dioxide, related to greenhouse gas emission licenses, had the following movement during the year:

| | Opening balance | Allocation and purchase | Transfers | Used (Note 23) | Adjustments | Fair Value | Closing Balance |
|---|---|---|---|---|---|---|---|
| **Balance 1 January 2023** | | | | | | | |
| Tons | 83 777 | 52 183 | (110) | (27 490) | - | - | 108 360 |
| Amount | 5 783 489 | 4 031 137 | (8 842) | (2 123 603) | (1 097 255) | 1 785 883 | 8 370 810 |
| **Balance 1 January 2022** | | | | | | | |
| Tons | 67 536 | 50 299 | (8 582) | (25 476) | - | - | 83 777 |
| Amount | 3 540 869 | 4 043 034 | - | (2 047 761) | - | 247 347 | 5 783 489 |

(Amounts stated in euros)

Emissions during the year 2023 were 27 490 t, and it can be seen that, in relation to the allocated emissions, and to the reduced consumption in recent years, we have a positive difference of 108 360 t.

Movements occurring in Adjustments and Fair value are considered under the heading Unappropriated retained earnings and Reportable income, respectively.

## 32.2 Bank guarantees and suretyship insurance

As of 31 December 2023 and 2022, the Group had assumed liabilities for guarantees provided as follows:

| | Amount 2023 | Amount 2022 |
|---|---|---|
| Portuguese Environment Agency | 21 122 | 21 122 |
| Loulé City Council | 74 282 | 74 282 |
| REN Rede Elétrica Nacional, SA | 260 213 | - |
| Directorate-General of Energy and Geology | 14 964 | 14 964 |
| EDP Clientes SAU | 700 000 | - |
| Merlin Properties, Socimi, SA | 28 948 | - |
| Autoridad Portuaria de Vigo | 24 500 | 24 500 |
| Xunta de Galicia | 6 500 | 6 500 |
| | **1 130 529** | **141 368** |
| Bureau of Indian Standards | $10 000 | - |

(Amounts stated in euros)

The amount of 74 282 euros corresponds to the guarantee required by Loulé City Council, under the ambit of the execution of the infrastructures of the subdivision titled by Licence 2/2002, located in Betunes.

Suretyship insurance taken out this year is as follows:

| | Amount 2023 | Amount 2022 |
|---|---|---|
| Tax and Customs Authority - Aveiro Customs | 200 000 | 200 000 |
| Tax and Customs Authority - Aveiro Customs | 75 000 | 75 000 |
| Tax and Customs Authority - Aveiro Customs | 75 000 | 75 000 |
| AdP - Águas de Portugal Serv Ambientais | 76 628 | 16 875 |
| | **426 628** | **366 875** |

(Amounts stated in euros)

## 32.3 Pledges and mortgages

Under the financing contract concluded in 2019 and in order to guarantee the proper fulfilment of the obligations arising from it, the company arranged a mortgage on land, pledge of equipment, pledge of bank account balances, pledge on the shares representing the share capital of Elnosa and Bondalti Cantabria, the shares and supplies of Miralcalis and some credits and supplies were pledged in guarantees.

## 32.4 Other credits

As part of a project to replace electrolysers at the chlorine factory in Estarreja, Bondalti Chemicals took out a documentary credit in 2022 for the amount of 10.2 million euros, but in 2023, the debt balance is 3.12 million euros, which will fall due in 2025.

## 33. Events after the Balance Sheet date

As of 31 December 2023, Renoeste was classified as a company held for sale and as a discontinued operation. However, in consolidated terms, it continues to be fully considered, as we maintain control of it.

The share purchase and sale contract was signed after the end of the year, on 10 January 2024.

On 5 March 2024, Bondalti announced the launch of a public takeover bid (OPA) for 100% of the shares of the Spanish company Ercros, SA, through its subsidiary Bondalti Ibérica, SLU, established for this purpose in February 2024, based in Barcelona.

The offer was made at a price of 3.60 euros per Ercros, SA share, which represents a premium of 40.6% over the shares' closing price on the previous day, of 2.56 euros. Thus, the offer could amount to 329 170 316.40 euros.

The offer is conditional on the acceptance of more than 75% of the capital and the obtaining of all relevant regulatory and governmental approvals, which will be described in the prospectus accompanying the offer.

Bondalti's objective, after the operation is completed, is to delist the shares of Ercros, SA from the Spanish stock exchange.