HALF-YEAR FINANCIAL REPORT 2019

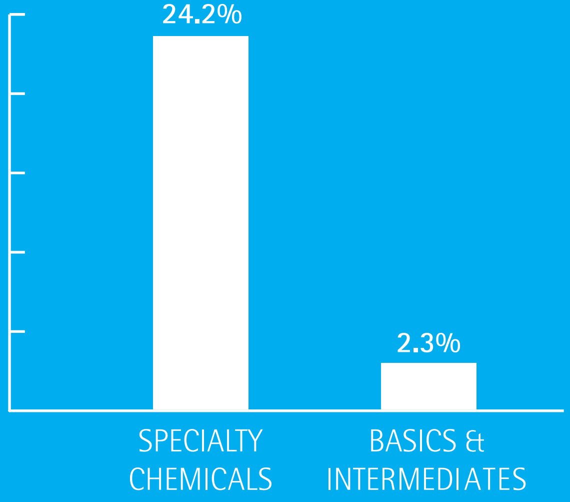
1st half-year 2019

ALZCHEM AT A GLANCE

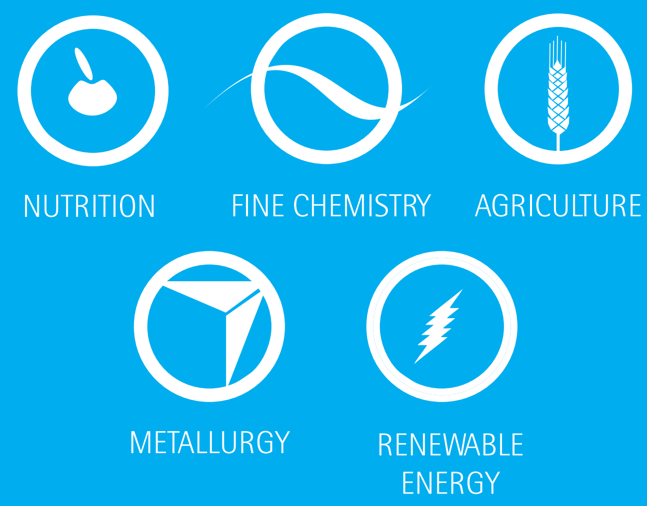
~ €188 mn sales generated by AlzChem in the 1st half-year 2019

~ €28 mn EBITDA achieved by AlzChem in the 1st half-year 2019

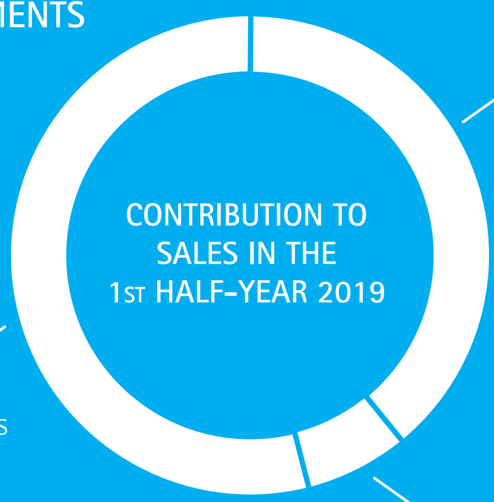
EBITDA MARGIN BY MAIN SEGMENTS



MARKETS



THREE REPORTING SEGMENTS



38.9% BASICS & INTERMEDIATES

Production of chemical intermediates for direct sale or refinement as specialty chemicals products

54.1% SPECIALTY CHEMICALS

Production and distribution of high-quality chemical products

7.0% OTHER & HOLDING

Other activities, mainly services related to the chemical parks Trostberg and Hart

CONTENT

OVERVIEW OF THE 1ST HALF-YEAR 2019

SALES AND EBITDA DEVELOPMENT ACCORDING TO PLAN

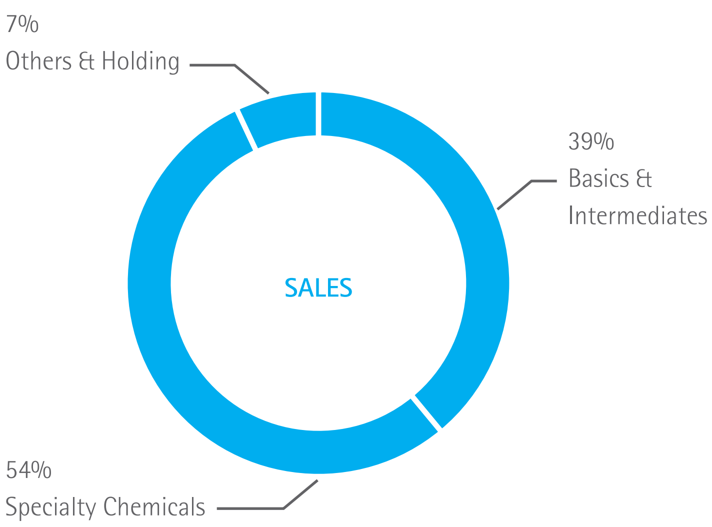
- Positive market response to the own distribution of Creamino; investment project still within budget and schedule.
- Sales in line with the expected value of the annual forecast.
- In the Basics & Intermediates segment, commodity price increases can continue to be successfully passed on in many areas.
- Investment phase at NITRALZ® completed within schedule and budget – commissioning started.
- Currency effects had a positive impact on earnings.
- Peak level of inventories overcome – first positive effects from existing project evident.
- The decline in market interest rates has a negative impact on equity and the equity ratio through significantly higher provisions.
- Robust EBITDA development in line with forecast despite challenging environment.

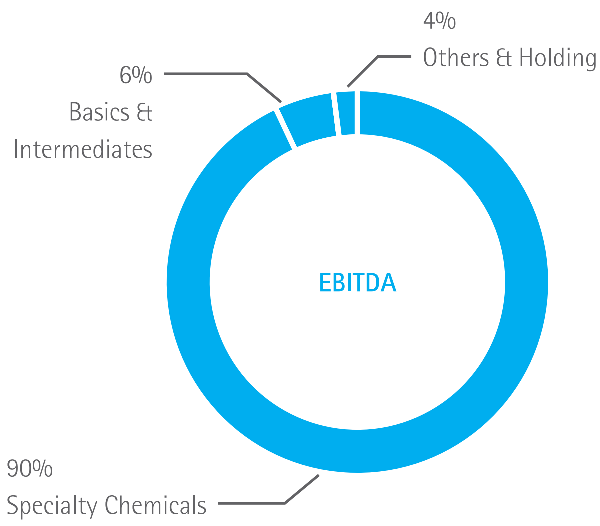
Note: Unless otherwise stated, all amounts are stated in EUR thousands. For computational reasons, rounding differences of ± one unit may occur in tables.

KEY FIGURES OF THE ALZCHEM GROUP

Figure	Unit	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Sales	EUR thousands	100,719	96,120	195,241	188,244
EBITDA	EUR thousands	15,902	14,623	30,958	27,854
EBITDA margin	%	15.8	15.2	15.9	14.8
EBIT	EUR thousands	12,124	10,321	23,460	19,255
Equity ratio	%	24.3	16.4	24.3	16.4
Inventories	EUR thousands	75,579	85,755	75,579	85,755
Inventory ratio	%	24.8	23.8	24.8	23.8
Debt ratio	Ratio	0.72	0.80	0.72	0.80

SALES AND EBITDA SHARE BY SEGMENT IN THE 1ST HALF-YEAR 2019





INTERIM GROUP MANAGEMENT REPORT AS OF JUNE 30, 2019

1. BUSINESS REPORT

1.1. BUSINESS DEVELOPMENT

1.1.1 PRELIMINARY NOTE

This interim group management report provides information on the 1st half-year 2019. The stated prior-year figures are based on the audited consolidated financial statements for the short fiscal year from January 1, 2018 to June 30, 2018 (SFY 2018/I). The figures stated for the 2nd quarter relate to the period from April 1 to June 30, 2019 and 2018 respectively. In accordance with the option provided in § 52 para. 3 of the Exchange Rules for the Frankfurt Stock Exchange, this half-year financial report was not reviewed or audited in accordance with § 317 German Commercial Code (HGB).

1.1.2. IMPORTANT EVENTS

Personnel changes in the Management Board

The previous Chief Executive Officer (CEO) of AlzChem Group AG, Mr. Ulli Seibel, informed the Supervisory Board in April 2019 that he will leave the company for personal reasons as of December 31, 2019. As a result, the Supervisory Board of AlzChem Group AG decided in June 2019 to appoint Mr. Andreas Niedermaier (previously CFO) as the new CEO with effect from July 1, 2019. Mr. Niedermaier has also been responsible for Investor Relations and Communications, among other things, in this function since then. Mr. Dr. Georg Weichselbaumer was newly appointed to the Management Board with effect from 1 July 2019. Mr. Dr. Weichselbaumer has been with the company since 2012 as Head of the Basic Chemicals & Synthesis Components Division and is now Chief Sales Officer (CSO) with responsibility for Sales and Marketing as well as Research and Development. Mr. Klaus Englmaier will continue to serve as Chief Operating Officer (COO). Until the end of the year, Mr. Seibel will continue to serve the Management Board in an advisory capacity in all areas and will in particular be responsible for ongoing investment projects.

Share consolidation at a ratio of 10 to 1

At the Annual General Meeting on May 14, 2019, it was resolved, among other things, to consolidate shares at a ratio of 10 to 1. With this measure, the Company is responding to the wish of the majority of shareholders to reduce the number of shares to a ratio commensurate with the size and value of the Company and thereby increase the stock exchange price per share to a level customary on the capital market.

Following the redemption of 5 shares, the number of issued no-par value shares was reduced from 101,763,350 to 10,176,335 by consolidating no-par value shares at a ratio of 10 to 1. As a result of this measure, the proportionate amount of the share capital attributable to the individual no-par value shares increased from EUR 1.00 to EUR 10.00.

The capital measures were entered in the commercial register on June 19, 2019. Since July 1, 2019, the number of shares traded on the stock exchange has been 10,176,335. In this context, the AlzChem shares were allocated the new ISIN DE000A2YNT30, the new WKN A2Y NT3 and the new stock exchange symbol ACT, under which the securities have been listed since July 1, 2019.

1.1.3. DEVELOPMENT OF THE GROUP

1.1.3.1. EARNINGS POSITION

CONSOLIDATED INCOME STATEMENT (IFRS, UNAUDITED)

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Sales	**100,719**	**96,120**	**195,241**	**188,244**
Change in inventories of finished and unfinished products	-547	-321	4,790	7,574
Other operating income	4,010	6,114	6,599	10,541
Cost of materials	-39,304	-38,320	-80,180	-77,862
Personnel expenses	-29,502	-31,497	-58,625	-62,163
Other operating expenses	-19,474	-17,473	-36,867	-38,480
EBITDA	**15,902**	**14,623**	**30,958**	**27,854**
Depreciation	-3,777	-4,302	-7,498	-8,599
EBIT	**12,124**	**10,321**	**23,460**	**19,255**
Other interest and similar income	223	109	315	154
Interest and similar expenses	-725	-1,537	-1,422	-2,750
Financial result	**-503**	**-1,428**	**-1,107**	**-2,596**
Result from ordinary business activities	11,621	8,893	22,353	16,659
Taxes on income and earnings	-3,445	-2,510	-6,291	-4,723
Consolidated net income for the period	**8,176**	**6,383**	**16,062**	**11,936**
Thereof non-controlling interests	73	43	57	85
Thereof shares of the shareholders of AlzChem Group AG	8,103	6,340	16,005	11,850
Earnings per share in EUR (undiluted and diluted)[1]	**0.80**	**0.62**	**1.57**	**1.16**

In the 1st half-year 2019, sales decreased by 3.58% to EUR 188,244 thousands compared to the same period of the previous year. The increase in sales in the Basics & Intermediates segment could not fully offset the expected decline in sales in the Specialty Chemicals segment.

EBITDA decreased in line with sales by EUR 3,104 thousands to EUR 27,854 thousands. In the 1st half-year 2019, the earnings situation of the AlzChem Group was affected by stable high procurement costs. At the same time, the situation on the raw material markets remains challenging, so that the securing of production can in part only be ensured by long-term stockpiling.

Thanks to a positive price strategy, the cost of materials ratio could be kept stable at 41%.

Particularly as a result of the establishment of a direct sales organization for our product Creamino and changes in the German Law on Temporary Employment (Arbeitnehmerüberlassungsgesetz), there was an increase in personnel and a rise in personnel expenses (EUR +3,538 thousands).

Other operating expenses (EUR +1,614 thousands) were higher than in the previous year. The main reasons for this were seasonally higher consulting, research and development as well as marketing costs.

1 Based on 10,176,335 shares (number of shares of AlzChem Group AG as of June 30, 2019). See explanations in the notes to the consolidated financial statements.

The increase in depreciation in the amount of EUR +1,101 thousands is mainly due to the first-time recognition of depreciation on leasing usage rights (EUR +826 thousands).

The financial result decreased by EUR 1,489 thousands to EUR -2,596 thousands compared to the same period of the previous year. The main driver of this development was the increase in interest expenses from the compounding of long-term other provisions (mainly landfill provisions, anniversary provisions).

The tax expense, which was EUR 1,568 thousands lower than in the same period of the previous year, is associated with the lower earnings before income taxes.

Earnings per share dropped from EUR 1.57 per share to EUR 1.16 per share. The calculation was already based on the new number of shares of 10,176,335.

1.1.3.2. FINANCIAL POSITION

CONSOLIDATED CASH FLOW STATEMENT (IFRS, UNAUDITED)

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Cash flow from operating activities	**15,561**	**4,705**	**15,436**	**2,655**
Cash outflow from investing activities	-10,008	-10,281	-15,724	-22,542
Free cash flow	**5,553**	**-5,576**	**-288**	**-19,887**
Cash inflow/outflow from financing activities	-8,706	2,110	-2,742	21,007
Net increase in cash and cash equivalents	**-3,153**	**-3,466**	**-3,030**	**1,120**

The financial position of the AlzChem Group in the 1st half-year 2019 was mainly determined by the investments in the completion of the new Creamino plant. For the further construction activities, extensive liquid funds were paid, which are shown in the cash outflow from investing activities. The financing of these investments had a significant impact on the cash inflow from financing activities.

The cash inflow from operating activities fell from EUR 15,436 thousands to EUR 2,655 thousands compared to the same period of the previous year. This reflects the effects of further growth, combined with a partially seasonal increase in inventories and the forecast increase in trade receivables.

The cash outflow from investing activities rose strongly by EUR 6,818 thousands compared to the same period of the previous year. The increase results from the investments in the completion of the new Creamino plant.

To finance these investments, the remaining loan amounts of EUR 30,102 thousands were disbursed in the 1st quarter 2019. The most significant opposite effect was the outflow of liquid funds for the dividend payment to the shareholders in the amount of EUR 9,159 thousands. This resulted in a strong increase in cash flow from financing activities.

Cash and cash equivalents amounted to EUR 14,025 thousands as of June 30, 2019, representing an increase of EUR 1,168 thousands compared to December 31, 2018.

1.1.3.3. NET ASSETS

CONSOLIDATED BALANCE SHEET (IFRS, UNAUDITED)

In EUR thousands	12/31/2018	06/30/2019	Delta
Assets			
Intangible assets	870	941	+71
Property, plant and equipment	144,265	155,941	+11,676
Leasing usage rights	0	2,604	+2,604
Financial assets	20	20	-
Other receivables and other assets	891	454	-437
Deferred tax assets	24,954	30,103	+5,149
Non-current assets	**171,000**	**190,063**	**+19,063**
Inventories	78,856	85,755	+6,899
Trade receivables	34,351	53,624	+19,273
Other receivables and other assets	14,510	16,230	+1,720
Income tax claims	1,977	103	-1,874
Cash and cash equivalents	12,857	14,025	+1,168
Total current assets	**142,551**	**169,737**	**+27,186**
Total assets	**313,551**	**359,800**	**+46,249**
Capital			
Equity	68,392	59,152	-9,240
Non-current liabilities	164,002	209,165	+45,163
Current liabilities	81,157	91,483	+10,326
Balance sheet total	**313,551**	**359,800**	**+46,249**

Since December 31, 2018, assets have increased by EUR 46,249 thousands to EUR 359,800 thousands. This was mainly due to the expanded investment activity in connection with the construction of the new Creamino plant, the partially planned build-up of inventories and the balance sheet date related increase in trade receivables. The initial recognition of leasing usage rights in accordance with IFRS 16 resulted in an increase in non-current assets of EUR 2,604 thousands as of June 30, 2019.

Equity fell by EUR 9,240 thousands to EUR 59,152 thousands as of June 30, 2019 compared with December 31, 2018, which led to a reduction in the Group equity ratio from 21.8% to 16.4%. The positive effect of EUR 11,936 thousands from the consolidated net income was more than offset by two effects. One reason for this was the interest-related increase in pension provisions, which led to a reduction in equity of EUR 16,726 thousands. The resulting increase in deferred tax assets by EUR 4,684 thousands had the opposite effect on equity. The development of pension provisions is significantly influenced by actuarial parameters. A change in these parameters does not affect the consolidated net income, but is recognized directly in equity in other comprehensive income. The risk-free market interest rate plays a significant role in the actuarial parameters. If this market interest rate falls, there is an increase in pension provisions, while an increase in the market interest rate leads to a decrease in pension provisions. The risk-free market interest rate developed historically as follows:

in %	12/31/2015	12/31/2016	12/31/2017	06/30/2018	12/31/2018	06/30/2019
Actuarial interest	2.50	1.75	1.75	1.80	1.90	1.10

The second reason for the decrease in equity is the dividend payment to shareholders in the 1st half-year 2019 in the amount of EUR 9,159 thousands.

In total, non-current liabilities increased by EUR 45,163 thousands compared to December 31, 2018. Here, two main effects were responsible: In addition to the interest-related increase in pension provisions, the outstanding loan amounts were fully utilized for the investment activities in the new Creamino plant, which is why loan liabilities rose by EUR 30,102 thousands. Furthermore, the first-time recognition of leasing liabilities in accordance with IFRS 16 as of June 30, 2019 led to an increase in non-current liabilities of EUR 807 thousands.

The rise in current liabilities by EUR 10,326 thousands to EUR 91,483 thousands is mainly due to the raising of short-term money market loans and the first-time recognition of leasing liabilities in accordance with IFRS 16 as of June 30, 2019.

1.1.4. DEVELOPMENT IN THE SEGMENTS

1.1.4.1. SPECIALTY CHEMICALS SEGMENT

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
External sales	56,817	51,686	110,734	101,749
EBITDA	**16,127**	**12,919**	**28,776**	**24,629**
Depreciation	-1,318	-1,318	-2,623	-2,620
EBIT	**14,809**	**11,601**	**26,153**	**22,010**
Inventories	47,403	52,695	47,403	52,695
EBITDA margin	**28.4%**	**25.0%**	**26.0%**	**24.2%**

The development within the Specialty Chemicals segment was generally positive. Sales in the 1st half-year 2019 amounted to EUR 101,749 thousands after EUR 110,734 thousands in the prior-year period. Despite an overall pleasing development of the segment, the previous year's key figures could not be fully achieved due to a challenging environment.

With Creamino, expectations were fully met in the 1st half-year 2019. Due to inventory sales by the former sales partner, sales are still below the previous year's level. However, the own distribution of Creamino in the USA and the entry into new regions and countries through newly obtained approvals are developing within the internal schedule.

In the persistently competitive market environment of the photovoltaic industry, it is our goal to maintain our position with product quality and service offerings. At the same time, we are working on a dual strategy with a view to the continuous expansion of our product catalog, including increased entry into the ceramics industry. In addition, we are working on several research projects to make silicon nitride even broader and therefore more robust.

In the area of specialty chemicals, there was a decline due to the postponement of the ordering of specialty products until the 2nd half-year 2019.

With our new product LIVADUR® as a dietary supplement for Best Agers, the AlzChem Group is launching its first end-customer product on the market. The first test sales of LIVADUR® have already been made and we will gradually increase availability and brand awareness through intensive marketing campaigns with pharmacies.

Despite falling demand from the automotive industry, the wide range of applications for our products has resulted in an overall balanced picture. The first slight decline in demand on the part of the automotive industry was compensated for by stable development on a broad basis.

In the area of agro-applications, the AlzChem Group continued to perform positively despite intense competition from Asia.

The successful adjustment of some sales prices enabled cost increases to be minimized and in some cases passed on. In connection with the distribution expansion for Creamino, the resulting increase in personnel expenses and sales below the previous year's level, the EBITDA margin in the Specialty Chemicals segment of 24% could not fully reach the previous year's level.

Inventories rose as planned to EUR 52,695 thousands. A high delivery capability and adherence to delivery dates play an important role for us, so that in the interests of customer satisfaction and long-term supply partnerships, no default risk was accepted. Risks of the supply chain over longer distances were thus absorbed and a basis for continued successful customer loyalty was created. A major part of the temporarily planned build-up of inventories is to be seen in connection with campaign productions, seasonal business in the agricultural sector as well as stock filling due to the establishment of a worldwide Creamino distribution network. Based on an existing project, measures were defined to reduce inventories permanently and according to plan.

1.1.4.2. BASICS & INTERMEDIATES SEGMENT

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
External sales	36,926	37,844	71,081	73,309
EBITDA	**188**	**628**	**1,248**	**1,666**
Depreciation	-1,215	-1,559	-2,407	-3,112
EBIT	**-1,027**	**-931**	**-1,159**	**-1,446**
Inventories	26,327	31,691	26,327	31,691
EBITDA margin	**0.5%**	**1.7%**	**1.8%**	**2.3%**

In the Basics & Intermediates segment, we see an encouraging increase in sales in the 1st half-year 2019. At EUR 73,309 thousands, sales were EUR 2,228 thousands higher than in the same period of the previous year. The market environment remained competitive and quite challenging.

The chemical basic products that we market under the name NITRALZ® performed extremely well in the 1st half-year 2019, confirming the strategic expansion of the NITRALZ® plant. This enables us to expand our existing business relationships and enter into new and interesting business fields.

The steel industry in Europe continues to be volatile and characterized by uncertainty. Nevertheless, the business volume of metallurgical products was maintained at a satisfactory level.

AlzChem is also not immune to the effects of the currently weakened automotive industry. Thanks to our broad product range and very close customer relationships, we were able to react at an early stage and shift volumes within the NCN chain. At the same time, we reacted actively with a temporarily adapted plant operating mode.

Despite major regulatory changes and a persistently low level of producer prices (among other things for grain), sales volumes for fertilizer applications in the Basics & Intermediates segment were maintained at about the same level of the previous year. In order to additionally support business development, intensive efforts are being made to market our applications in further regions.

Inventories amounted to EUR 31,691 thousands as of June 30, 2019. In the NCN chain, there is an increased storage of raw materials during the summer months for seasonal reasons. An intensive inventory build-up was already carried out in advance of the production expansion of the nitrile plant in order to cover the high level of demand and to be able to ensure delivery capability.

1.1.4.3. OTHER & HOLDING SEGMENT

In EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
External sales	6,971	6,591	13,421	13,186
EBITDA	**-262**	**838**	**497**	**1,195**
Depreciation	-1,318	-1,513	-2,614	-3,042
EBIT	**-1,580**	**-675**	**-2,117**	**-1,847**
Inventories	3,761	4,069	3,761	4,069
EBITDA margin	**-3.8%**	**12.7%**	**3.7%**	**9.1%**

With solid sales of EUR 13,186 thousands in the 1st half-year 2019, there was no significant change in the Other & Holding segment compared to the same period of the previous year. The improvement in earnings is to a large extent attributable to maintenance measures scheduled at different times, so that these are shifts between periods.

In addition, the 1st half-year 2018 was affected by the expenses from the repayment of grid fee exemptions for the fiscal years 2012 and 2013 as a result of the EU Commission's decision of May 2018.

The development in inventories with a volume of EUR 4, 069 thousands is to be seen, among other things, in connection with regular fluctuations in consumables and supplies.

2. RISK AND OPPORTUNITY REPORT

The management system for identifying risks and opportunities as well as risk mitigation measures were described in detail in the group management report 2018. In addition, the main risks and opportunities arising in the course of business activities were also explained there. There were no changes to this risk and opportunity situation in the 1st half-year 2019. Nevertheless, we would like to emphasize at this point that the current development of CO_2 prices and thus also indirectly of electricity prices will have an impact on the earnings situation of the AlzChem Group in the future. AlzChem has been proactively involved in the electricity market for years and has concluded volume contracts in the medium term. For this reason, we assume in the following forecast report that the key figures will develop unchanged.

3. FORECAST REPORT

The forecasts made in the consolidated financial statements as of December 31, 2018 for the fiscal year 2019 can be confirmed in this half-year financial report – with the exception of the equity ratio. We expect the following development as of June 30, 2019 for the fiscal year 2019:

Forecast[2] for 2019 in EUR millions	Sales	Adjusted EBITDA	Adjusted EBITDA margin	Adjusted EBIT	Inventory ratio	Equity ratio	Debt ratio
AlzChem Group	**389.9 – 398.9**	**46.5 – 51.9**	**11.6% – 13.0%**	**27.1 – 32.5**	**17.4% – 19.6%**	**15.9% – 17.9%**	**0.73 – 0.75**
Specialty Chemicals	213.7 - 216.7	43.1 - 46.5	19.8% - 21.5%	35.9 – 39.3	19.2% – 21.0%	-	-
Basics & Intermediates	150.4 - 154.4	3.2 - 4.9	2.1% - 3.2%	-3.5 – -1.8	16.7% – 18.7%	-	-
Other & Holding	25.8 - 27.8	0.2 - 0.5	0.8% - 1.8%	-5.3 – -5.0	8.3% – 14.3%	-	-

2 The forecasts are based on unchanged regulatory assumptions, such as the continuation of the Renewable Energy Sources Act (EEG), § 19 (2) StromNEV, electricity price compensation or product approvals. Furthermore, forward-looking statements based on current management assessments and currently available information are included. Such statements are subject to risks and uncertainties that are beyond AlzChem's ability to control or estimate precisely. Should any of these uncertainties or other imponderables materialize, or should the assumptions on which these statements are based prove incorrect, actual results may differ materially from those expressed or implied.

The planned sales growth is to be achieved organically. Volume effects are the primary growth driver.

The goal will continue to be to further develop the product mix towards tailor-made molecules and value-added chain-intensive products, thus generating additional impetus for sales and earnings.

The start of the additional capacities in the new Creamino production facility is expected to take place as planned in the current 3rd quarter 2019. Based on a stable plant infrastructure, production capacities can be successively expanded in line with expected market growth. In line with this, continuous process optimization and the elimination of bottlenecks will be driven forward.

On the earnings side, the cost increases from the raw materials sector no longer show the same dynamics as in the full year 2018 compared to 2017. We regard the peak of raw material prices as having been reached and observed a certain calming at a relatively high level in the 1st half-year 2019. The picture is different in the energy sector, where electricity prices on the German and Swedish stock exchanges have been following the rising trend in CO_2 prices for months. In addition, the forwards show a high to sometimes very high level until 2020.

Particularly as a result of the establishment of a direct sales organization for our product Creamino and changes in the German Law on Temporary Employment (Arbeitnehmerüberlassungsgesetz), there was an increase in personnel. Based on the actual figures, we continue to regard the expected personnel cost increases of 8% to 12% as realistic.

The EBITDA margin is likely to be constant to slightly declining.

We currently see the greatest risks for the financial performance indicator inventories, but we are actively working on optimizations and continue to adhere to our targets. The Management Board has already launched various initiatives, so that the first measures have already been implemented.

For the financial performance indicator equity ratio, we are adjusting our forecast range from 22.9% to 23.9% to 15.9% to 17.9%. The reason for this is the reduction in the actuarial interest rate from 1.90% as of December 31, 2018 to 1.10% as of June 30, 2019 mentioned in the discussion on equity (page 9). The resulting increase in pension provisions led to a reduction in equity through other comprehensive income.

In summary, it can still be concluded that the AlzChem Group, with its broad positioning and solid financial basis, is well equipped for challenging phases and will continue to adhere to its ambitious targets after the 1st half-year 2019.

4. RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that, in accordance with the applicable accounting principles for half-year financial reporting, the interim consolidated financial statements give a true and fair view of the earnings position, net assets and financial position of the Group and that the interim group management report provides a true and fair view of the business performance, including the results of operations, and the position of the Group, and that the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year are described.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2019

CONSOLIDATED INCOME STATEMENT OF ALZCHEM GROUP AG, TROSTBERG (UNAUDITED)

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Sales	100,719	96,120	195,241	188,244
Change in inventories of finished and unfinished products	-547	-321	4,790	7,574
Other operating income	4,010	6,114	6,599	10,541
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Other operating expenses	-19,474	-17,473	-36,867	-38,480
EBITDA	**15,902**	**14,623**	**30,958**	**27,854**
Depreciation	-3,777	-4,302	-7,498	-8,599
EBIT	**12,124**	**10,321**	**23,460**	**19,255**
Other interest and similar income	223	109	315	154
Interest and similar expenses	-725	-1,537	-1,422	-2,750
Financial result	**-503**	**-1,428**	**-1,107**	**-2,596**
Result from ordinary business activities	**11,621**	**8,893**	**22,353**	**16,659**
Taxes on income and earnings	-3,445	-2,510	-6,291	-4,723
Consolidated net income for the period	**8,176**	**6,383**	**16,062**	**11,936**
Non-controlling interests in consolidated net income for the period	73	43	57	85
Shares of the shareholders of AlzChem Group AG in the consolidated net income for the period	8,103	6,340	16,005	11,850
Earnings per share in EUR (undiluted and diluted)	**0.80**	**0.62**	**1.57**	**1.16**

* See explanations in the notes to the consolidated financial statements in "explanations on the principles and methods of the interim consolidated financial statements".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALZCHEM GROUP AG, TROSTBERG (UNAUDITED)

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Consolidated net income for the period	**8,176**	**6,383**	**16,062**	**11,936**
Other income				
Items that are not reclassified to the income statement				
Result from the revaluation of defined benefit plans	1,152	-7,815	1,152	-16,726
Deferred taxes	-321	2,188	-321	4,684
Total items that are not reclassified to the income statement	**831**	**-5,627**	**831**	**-12,042**
Items that will later be reclassified to the income statement				
Result from the market valuation of financial assets	-2	0	4	0
Difference from currency translation	293	-120	125	26
Deferred taxes	-1	0	-1	0
Total items that will later be reclassified to the income statement	**290**	**-120**	**128**	**26**
Other income	**1,121**	**-5,747**	**959**	**-12,016**
Non-controlling interests in other income	7	0	2	0
Shares of the shareholders of AlzChem Group AG in other income	1,114	-5,747	957	-12,016
Consolidated comprehensive income	**9,297**	**636**	**17,021**	**-80**
Non-controlling interests in other consolidated comprehensive income	78	43	59	85
Shares of the shareholders of AlzChem Group AG in consolidated comprehensive income	9,219	593	16,962	-166

CONSOLIDATED BALANCE SHEET OF ALZCHEM GROUP AG, TROSTBERG (UNAUDITED)

Assets in EUR thousands	12/31/2018	06/30/2019
Non-current assets		
Intangible assets	870	941
Property, plant and equipment	144,265	155,941
Leasing usage rights	0	2,604
Financial assets	20	20
Other receivables and other assets	891	454
Deferred tax assets	24,954	30,103
Total non-current assets	**171,000**	**190,063**
Current assets		
Inventories	78,856	85,755
Trade receivables	34,351	53,624
Other receivables and other assets	14,510	16,230
Income tax claims	1,977	103
Cash and cash equivalents	12,857	14,025
Total current assets	**142,551**	**169,737**
Total assets	**313,551**	**359,800**

Equity and liabilities in EUR thousands	12/31/2018	06/30/2019
Equity		
Capital and reserves		
Subscribed capital	101,763	101,763
Capital reserve adjustment item reverse acquisition	-88,128	-88,128
Capital reserve	24,981	24,981
Other accumulated equity	-32,123	-44,140
Retained earnings	60,478	63,170
	66,971	**57,645**
Non-controlling interests	1,420	1,507
Total equity	**68,392**	**59,152**
Liabilities		
Non-current liabilities		
Provisions for pensions and similar obligations	109,960	127,748
Other provisions	18,863	20,782
Loan liabilities to banks	32,577	56,714
Leasing liabilities	0	807
Other liabilities	513	513
Deferred tax liabilities	2,089	2,601
Total non-current liabilities	**164,002**	**209,165**
Current liabilities		
Other provisions	2,554	3,225
Loan liabilities to banks	25,353	32,443
Leasing liabilities	0	1,408
Trade payables	30,863	25,606
Other liabilities	20,859	26,619
Income tax liabilities	1,528	2,182
Total current liabilities	**81,157**	**91,483**
Total liabilities	**245,159**	**300,648**
Total equity and liabilities	**313,551**	**359,800**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF ALZCHEM GROUP AG, TROSTBERG (UNAUDITED)

in EUR thousands	Subscribed capital	Capital reserve-adjustment item reverse acquisition	Capital reserve	Other accumulated equity
As of 01/01/2018	**101,763**	**-88,128**	**24,981**	**-31,993**
Effect of change in accounting rules	0	0	0	4
Compensation claim non-controlling interests	0	0	0	0
Total transactions with shareholders	**0**	**0**	**0**	**0**
Consolidated net income for the period	0	0	0	0
Other income	0	0	0	957
Consolidated comprehensive income	**0**	**0**	**0**	**957**
As of 06/30/2018	**101,763**	**-88,128**	**24,981**	**-31,033**
As of 01/01/2019	**101,763**	**-88,128**	**24,981**	**-32,123**
Dividends	0	0	0	0
Total transactions with shareholders	**0**	**0**	**0**	**0**
Consolidated net income for the period	0	0	0	0
Other income	0	0	0	-12,016
Consolidated comprehensive income	**0**	**0**	**0**	**-12,016**
As of 06/30/2019	**101,763**	**-88,128**	**24,981**	**-44,140**

in EUR thousands	Retained earnings	Shares of the shareholders of AlzChem Group AG	Non-controlling interests	Total equity
As of 01/01/2018	**49,047**	**55,670**	**2,224**	**57,894**
Effect of change in accounting rules	-21	**-17**	0	**-17**
Compensation claim non-controlling interests	0	**0**	-855	**-855**
Total transactions with shareholders	**0**	**0**	**-855**	**-855**
Consolidated net income for the period	16,005	**16,005**	57	**16,062**
Other income	0	**957**	2	**959**
Consolidated comprehensive income	**16,005**	**16,962**	**59**	**17,021**
As of 06/30/2018	**65,032**	**72,615**	**1,429**	**74,044**
As of 01/01/2019	**60,478**	**66,971**	**1,420**	**68,392**
Dividends	-9,159	**-9,159**	0	**-9,159**
Total transactions with shareholders	**-9,159**	**-9,159**	**0**	**-9,159**
Consolidated net income for the period	11,850	**11,850**	85	**11,936**
Other income	0	**-12,016**	0	**-12,016**
Consolidated comprehensive income	**11,850**	**-166**	**85**	**-80**
As of 06/30/2019	**63,170**	**57,645**	**1,507**	**59,152**

CONSOLIDATED CASH FLOW STATEMENT OF ALZCHEM GROUP AG, TROSTBERG (UNAUDITED)

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Consolidated earnings before taxes for the period	**11,621**	**8,893**	**22,353**	**16,659**
Depreciation	3,777	4,302	7,498	8,599
Payments from pension provisions	-175	-215	-340	-544
Profit from the sale of non-current assets	-3	-15	-3	-12
Other non-cash expenses	3,661	3,549	4,716	5,817
Financial result	503	1,428	1,107	2,596
Interest received	61	54	128	90
Interest paid	-173	-397	-332	-428
Income taxes paid	-1,563	-1,962	-4,186	-2,170
Increase in inventories	-348	-1,632	-3,840	-9,528
Increase in trade receivables and other receivables	-8,047	-9,127	-15,921	-21,431
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	5,975	-360	4,026	2,923
Change in other balance sheet items	272	187	230	84
Cash inflow from operating activities (net cash flow)	**15,561**	**4,705**	**15,436**	**2,655**
Payments for investments in property, plant and equipment	-10,245	-10,301	-15,961	-22,591
Proceeds from the sale of property, plant and equipment	237	20	237	49
Cash inflow from the company acquisition/reverse acquisition	0	0	0	0
Cash outflow from investing activities	**-10,008**	**-10,281**	**-15,724**	**-22,542**
Free cash flow	**5,553**	**-5,576**	**-288**	**-19,887**
Proceeds from new loans	0	0	0	30,102
Proceeds (+)/payments (-) from short-term financing lines	-7,306	13,030	-119	2,764
Payments for the repayment of loan liabilities	-1,400	-1,400	-2,623	-1,802
Repayment of lease liabilities	0	-361	0	-727
Dividend payments	0	-9,159	0	-9,159
Dividend payments to non-controlling interests	0	0	0	-171
Cash outflow (-)/inflow (+) from financing activities	**-8,706**	**2,110**	**-2,742**	**21,007**
Net decrease (-)/increase (+) in cash and cash equivalents	**-3,153**	**-3,466**	**-3,030**	**1,120**
Cash and cash equivalents at the beginning of the period (at the closing rate of the previous year)	12,926	17,734	12,802	12,857
Changes due to exchange rate changes	72	-243	72	48
Cash and cash equivalents at the end of the period	9,844	14,025	9,844	14,025
Net decrease (-)/increase (+) in cash and cash equivalents	**-3,153**	**-3,466**	**-3,030**	**1,120**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2019

I. SEGMENT REPORTING

Segment reporting by operating segments for the 2nd quarter 2018:

in EUR thousands	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	56,817	36,926	6,971	5	100,719
EBITDA	**16,127**	**188**	**-262**	**-152**	**15,901**
Depreciation	-1,318	-1,215	-1,318	74	-3,777
EBIT	**14,809**	**-1,027**	**-1,580**	**-78**	**12,124**
Other interest and similar income					223
Interest and similar expenses					-725
Financial result					**-503**
Result from ordinary business activities					**11,621**
Inventories as of 06/30/2018	**47,403**	**26,327**	**3,761**	**-1,912**	**75,579**

Segment reporting by operating segments for the 2nd quarter 2019:

in EUR thousands	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	51,686	37,844	6,591	0	96,120
EBITDA	**12,919**	**628**	**838**	**239**	**14,623**
Depreciation	-1,318	-1,559	-1,513	87	-4,302
EBIT	**11,601**	**-931**	**-675**	**326**	**10,321**
Other interest and similar income					109
Interest and similar expenses					-1,537
Financial result					**-1,428**
Result from ordinary business activities					**8,893**
Inventories as of 06/30/2019	**52,695**	**31,691**	**4,069**	**-2,700**	**85,755**

Segment reporting by operating segments for the 1st half-year 2018:

in EUR thousands	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	110,734	71,081	13,421	5	195,241
EBITDA	**28,776**	**1,248**	**497**	**437**	**30,958**
Depreciation	-2,623	-2,407	-2,614	146	-7,498
EBIT	**26,153**	**-1,159**	**-2,117**	**583**	**23,460**
Other interest and similar income					315
Interest and similar expenses					-1,422
Financial result					**-1,107**
Result from ordinary business activities					**22,353**
Inventories as of 06/30/2018	**47,403**	**26,327**	**3,761**	**-1,912**	**75,579**

Segment reporting by operating segments for the 1st half-year 2019:

in EUR thousands	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	101,749	73,309	13,186	0	188,244
EBITDA	**24,629**	**1,666**	**1,195**	**364**	**27,854**
Depreciation	-2,620	-3,112	-3,042	174	-8,599
EBIT	**22,010**	**-1,446**	**-1,847**	**538**	**19,255**
Other interest and similar income					154
Interest and similar expenses					-2,750
Financial result					**-2,596**
Result from ordinary business activities					**16,659**
Inventories as of 06/30/2019	**52,695**	**31,691**	**4,069**	**-2,700**	**85,755**

Segment reporting by regions:

in EUR thousands	Domestic	Foreign	Group
External sales 2nd quarter 2018	42,357	58,362	**100,719**
External sales 2nd quarter 2019	31,358	64,762	**96,120**
External sales 1st half-year 2018	80,385	114,856	**195,241**
External sales 1st half-year 2019	60,604	127,640	**188,244**
Long-term assets as of 06/30/2018	121,505	2,646	**124,151**
Long-term assets as of 12/31/2018	142,078	3,057	**145,135**
Long-term assets as of 06/30/2019	155,877	3,609	**159,486**

II. PRELIMINARY NOTE

These interim consolidated financial statements relate to AlzChem Group AG, a corporation under German law with its registered office at Dr.-Albert-Frank-Str. 32, Trostberg, Germany, and its subsidiaries. The responsible register court is located in Traunstein (HRB 28592). AlzChem Group AG is the parent company of the AlzChem Group and prepares these condensed interim consolidated financial statements (interim consolidated financial statements) as of June 30, 2019.

The companies of the AlzChem Group develop, produce and trade in chemical products and provide services, among other things, as operators of chemical parks. The basic raw materials coal, lime and electricity are used in further production steps at the Trostberg, Schalchen, Hart, Waldkraiburg and Sundsvall (Sweden) sites to produce highly versatile products with typical nitrogen-carbon-nitrogen compounds of very high quality. In addition, smaller sales units are located in Atlanta (USA) and Shanghai (China).

III. EXPLANATIONS ON THE PRINCIPLES AND METHODS OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The condensed interim consolidated financial statements of AlzChem Group AG as of June 30, 2019 have been prepared according to the provisions of the International Accounting Standards Board (IASB), London, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The interpretations of the IFRS Interpretations Committee (formerly IFRIC and SIC) were applied.

Accordingly, these interim consolidated financial statements have been prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting".

The interim consolidated financial statements are presented in Euro (EUR), the functional currency of the parent company AlzChem Group AG. For reasons of clarity, the figures in the interim consolidated financial statements are presented in thousands of Euro (EUR thousands) unless otherwise stated. All figures have been rounded up or down to EUR thousands according to commercial rounding, so that some figures do not add up exactly to the total stated.

Those provisions of the International Financial Reporting Standards (IFRS) were applied that were mandatory as of the balance sheet date June 30, 2019. The early adoption of standards that were not yet mandatory as of June 30, 2019 was waived.

The explanations in the notes to the consolidated financial statements as of December 31, 2018 apply accordingly, particularly with regard to the principal accounting and valuation methods. The interim consolidated financial statements have been prepared under the going concern assumption.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS WHICH WERE APPLIED FOR THE FIRST TIME IN THE FISCAL YEAR

Beginning with the fiscal year 2019, the following standards and interpretations revised or newly issued by the IASB were required to be applied for the first time:

- IFRS 16 Leases

IFRS 16 replaces the previous standard IAS 17. As a result, assets for the acquired rights of use are now generally to be capitalized in the lessee's balance sheet for all leases and liabilities for the payment obligations entered into are to be recognized as liabilities. To date, future payment obligations from operate leases have only been disclosed in the notes as part of other financial obligations. Exceptions to this rule apply to short-term leases (with terms of up to 12 months) and leasing contracts for assets of lesser value. These may continue to be recognized systematically as expenses over the lease term by exercising an option. The lessee recognizes the lease liabilities at the present value of the lease payments still to be made. At initial recognition, the right of use to be capitalized corresponds to the present value of the lease payments still to be made plus initial direct costs, advance payments and dismantling costs as well as less incentive payments received. The lease liability is subsequently compounded using the effective interest method and reduced by the lease payments. Consequently, the lease payments must now be divided into an interest portion and a repayment portion. The right of use is depreciated systematically over the term of the lease.

The rules for accounting by the lessor are similar to the previous provisions of IAS 17. IFRS 16 also contains a number of other new rules on the definition of a lease, disclosure and information in the notes as well as sale-and-leaseback transactions. The first-time application of IFRS 16 had a significant impact on the balance sheet of the AlzChem Group. Leases as lessees mainly exist for motor vehicles, forklifts, railway wagons and software.

Upon initial application, the AlzChem Group chose the simplified transition method and did not fully apply IFRS 16 retrospectively. Accordingly, the lease payments outstanding as of January 1, 2019 were discounted at the current marginal capital interest rate and recognized as liabilities for the first time determination of the corresponding lease liabilities. The related rights of use are capitalized in the same amount, but less prepaid or deferred lease payments.

Lease usage rights and lease liabilities are shown as a separate item in the balance sheet. The initial recognition resulted in the capitalization of leasing rights in the amount of EUR 2,941 thousands and the recognition of leasing liabilities in the same amount as of January 1, 2019. On these amounts, deferred tax assets and liabilities were recognized in the amount of EUR 764 thousands. In the amount of EUR 488 thousands, an additional lease right was recognized, which was recognized in the same amount as other non-current assets on December 31, 2018.

The simplified option was applied to short-term leases (with terms of up to 12 months) and leases for low-value assets. These contracts are not recognized as rights of use. Smaller, primarily workplace-related IT equipment such as printers and copiers were classified as low-value assets.

The application of the provisions of IFRS 16 to leases of intangible assets was waived.

If the contracts also contain a non-leasing component in addition to a leasing component, these components were considered separately if separation results directly from the contract. If the contract does not contain any separation of these components, the non-leasing components are treated as the leasing components.

The interest rate for the valuation of rights of use and leasing liabilities corresponds to the marginal capital interest rate, unless an interest rate was implicitly stated in the lease. To determine the marginal borrowing rate, reference interest rates are derived from risk-free interest rates with appropriate maturities, plus credit risk premiums and adjusted for a country risk premium.

Based on the rental and lease obligations from operating leasing contracts disclosed in the consolidated financial statements as of December 31, 2018 under No. 30 “Other financial obligations”, the following reconciliation is made to the value recognized for the first time of lease liabilities as of January 1, 2019:

Operating lease obligations as of December 31, 2018 in EUR thousands	6,428
Facilitation of application for short-term leases and leases of low-value assets	-1,046
Change due to redefinition of leases and lease payments	-1,019
Reassessment of renewal and termination options	-1,118
Operating lease obligations from contracts not yet commenced	-230
Undiscounted lease liabilities as of January 1, 2019	3,015
Discounting (weighted average interest rate as of January 1: 2.06%)	-74
Total recognized lease liabilities as of January 1, 2019	**2,941**

The first-time application of IFRS 16 to contracts for which AlzChem is the lessor did not result in any material effects.

- Amendments to IAS 19 Employee Benefits

The amendments relate to the accounting treatment of plan amendments, curtailments or settlements of a defined benefit plan. In these cases, the current service cost and the net interest for the remainder of the financial year must be recalculated using current actuarial assumptions. In addition, a clarification was included as to how a plan amendment, curtailment or settlement would affect the asset ceiling requirements. The first-time application had no impact on the net assets, financial position and earnings position of the AlzChem Group.

- Amendment to IAS 28 Investments in Associates and Joint Ventures

The amendment to IAS 28 clarifies that the requirements of IFRS 9 Financial Instruments apply to long-term investments in an associate or joint venture that form part of a net investment in that associate or joint venture but are not accounted for using the equity method. The first-time application had no impact on the net assets, financial position and earnings position of the AlzChem Group.

- Amendments to IFRS 9 Financial Instruments

The amendments relate to the accounting treatment of financial assets where, in the event of premature termination, a settlement payment may become due to the terminating party. The first-time application had no impact on the net assets, financial position and earnings position of the AlzChem Group.

- IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the requirements for the recognition and measurement of uncertain income tax positions. When assessing uncertainty, it must be evaluated whether it is probable that the tax jurisdiction will accept the income tax treatment. The first-time application had no impact on the net assets, financial position and earnings position of the AlzChem Group.

- Annual improvement cycle 2015 – 2017

The annual improvement cycle resulted in clarifications for some already published standards (IFRS 3, IAS 12, IAS 23). The first-time application had no impact on the net assets, financial position and earnings position of the AlzChem Group.

Further information on published but not yet applied standards, interpretations and amendments as well as information on the recognition and measurement of balance sheet items and on discretionary decisions and estimation uncertainties can be found in the "Accounting principles" section of the notes to the IFRS consolidated financial statements as of December 31, 2018.

EQUITY AND EARNINGS PER SHARE

The Annual General Meeting held on May 14, 2019, resolved, among other things, a share consolidation at a ratio of 10 to 1. This measure reduces the number of shares to a ratio commensurate with the size of the company and thereby increases the stock exchange price per share to a level customary on the capital market. The following two-stage procedure was necessary for implementation:

- The Company's previous share capital of EUR 101,763,355.00, divided into 101,763,355 no-par value bearer shares with a notional value of EUR 1.00 per share, was initially reduced by EUR 5.00 to EUR 101,763,350.00 by way of a capital reduction through the redemption of 5 shares in accordance with § 237 paragraph 1 sentence 1 2nd case in conjunction with paragraph 3 no. 1 German Stock Corporation Act (AktG). The redeemed shares were made available to the Company free of charge by a shareholder; the issue price for the shares was paid in full. The sole purpose of this capital reduction was to create a capital stock figure that would enable a straight consolidation ratio when carrying out the capital reduction by consolidating shares. The total amount of EUR 5.00 of the share capital attributable to the redeemed shares was transferred to the Company's capital reserve in accordance with § 266 paragraph 3 A II German Commercial Code (HGB).
- Following the redemption of these 5 shares, the number of no-par value shares issued was reduced from 101,763,350 to 10,176,335 by consolidating no-par value shares at a ratio of 10 to 1. As a result of this measure, the proportionate amount of the share capital attributable to each no-par value share increased from EUR 1.00 to EUR 10.00. The share capital itself remained unchanged at EUR 101,763,350.00.

The capital measures were entered in the commercial register on June 19, 2019. Since July 1, 2019, the number of shares traded on the stock exchange has been 10,176,335.

This results in a new number of 10,176,335 shares for the calculation of earnings per share in accordance with IAS 32. For better presentation, we have already used this number of shares for the calculations as of June 30, 2019. In accordance with the requirements of IAS 32, the previous periods have also been restated accordingly.

IV. EXPLANATIONS ON THE INCOME STATEMENT

1. SALES

Group sales can be broken down into product sales and services as follows:

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Sales from product sales	94,553	90,438	182,997	176,768
Sales from services	6,166	5,682	12,244	11,476
	100,719	**96,120**	**195,241**	**188,244**

Sales are broken down as follows by the segments presented in the segment report:

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Product sales in the Specialty Chemicals segment	56,817	51,686	110,734	101,749
Product sales in the Basics & Intermediates segment	36,926	37,844	71,081	73,309
Product sales in the Other & Holding segment	810	909	1,182	1,710
Service sales in the Other & Holding segment	6,166	5,682	12,244	11,476
	100,719	**96,121**	**195,241**	**188,244**

Total sales are distributed geographically as follows:

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Germany	42,357	31,358	80,385	60,604
European Union	26,272	30,484	54,450	62,979
Rest of Europe	5,827	4,249	13,343	8,095
NAFTA	8,907	11,481	17,312	23,551
Asia	9,080	8,643	17,319	16,522
Rest of the world	8,275	9,905	12,432	16,494
	100,719	**96,121**	**195,241**	**188,244**

2. OTHER OPERATING INCOME

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Capitalized own services	1,860	2,667	3,376	4,499
Income from currency conversion	1,051	164	1,799	1,616
Income from services to third parties	523	98	619	316
Income from the reversal of provisions and liabilities	286	2,660	294	3,124
Income from grants	75	291	149	506
Income from energy tax refunds	79	92	79	189
Remaining other income	136	141	283	292
	4,010	**6,114**	**6,599**	**10,541**

3. OTHER OPERATING EXPENSES

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Selling expenses	6,407	4,467	10,083	8,319
Environmental and disposal costs	2,439	2,380	4,717	4,677
Maintenance	2,781	2,018	4,475	4,352
Other external services	2,281	2,518	4,185	4,265
Consulting, research and development costs	756	1,171	1,568	2,122
Insurances	422	854	1,239	1,724
Expenses from currency translation	610	715	1,810	1,582
IT costs	623	903	1,235	1,521
Remaining other expenses	3,155	2,447	7,555	9,918
	19,474	**17,473**	**36,867**	**38,480**

4. FINANCIAL RESULT

The financial result for the 1st half-year 2019 includes an interest expense of EUR 1,041 thousands (1st half-year 2018: EUR 935 thousands; 2nd quarter 2019: EUR 521 thousands; 2nd quarter 2018: EUR 468 thousands) from additions to pension provisions.

V. EXPLANATIONS ON THE BALANCE SHEET

5. EQUITY

The share capital of AlzChem Group AG, Trostberg, amounted to EUR 101,763,355.00 as of the reporting date (December 31, 2018: EUR 101,763,355.00). With regard to the change in the 1st half-year 2019, we refer to the explanations under III. Explanations on the principles and methods of the interim consolidated financial statements.

In the 1st half-year 2019, a dividend of EUR 9,159 thousands (previous year: EUR 0 thousands) was distributed to the shareholders of AlzChem Group AG.

6. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions and similar obligations increased by EUR 17,789 thousands to EUR 127,748 thousands as of June 30, 2019 compared to December 31, 2018. The rise includes an amount of EUR 16,726 thousands, which was recognized directly in equity in other comprehensive income. The reason for the increase in pension provisions is the decrease in the discount rate from 1.90% as of December 31, 2018 to 1.10% as of June 30, 2019. The related deferred tax assets, the change in which was also recognized in other comprehensive income, climbed by EUR 4,684 thousands to EUR 17,507 thousands as of June 30, 2019.

7. FINANCIAL ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount for which an asset is exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The following table shows the book values and fair values of the financial assets by measurement category in accordance with IFRS 9:

12/31/2018 in EUR thousands	At amortized cost Financial assets measured at amorti-zed cost	At fair value Financial assets measured at fair value through other comprehensive income with subsequent reclassification to the income statement	Financial assets measured at fair value through profit or loss	Total	
Balance sheet items	**Book value**	**Book value**	**Book value**	**Book value**	**Fair value**
Financial assets	-	-	20	**20**	**20**
Other receivables and other assets	11,781	-	-	**11,781**	**11,781**
Trade receivables	13,856	20,495	-	**34,351**	**34,351**
Cash and cash equivalents	12,857	-	-	**12,857**	**12,857**
Total financial assets	**38,494**	**20,495**	**20**	**59,009**	**59,009**

06/30/2019 in EUR thousands	At amortized cost Financial assets measured at amorti-zed cost	At fair value Financial assets measured at fair value through other comprehensive income with subsequent reclassification to the income statement	Financial assets measured at fair value through profit or loss	Total	
Balance sheet items	**Book value**	**Book value**	**Book value**	**Book value**	**Fair value**
Financial assets	-	-	20	**20**	**20**
Other receivables and other assets	11,106	-	-	**11,106**	**11,106**
Trade receivables	8,545	45,080	-	**53,624**	**53,624**
Cash and cash equivalents	14,025	-	-	**14,025**	**14,025**
Total financial assets	**33,676**	**45,080**	**20**	**78,775**	**78,775**

The following table shows the book and fair values of the financial liabilities by measurement category in accordance with IFRS 9:

12/31/2018 in EUR thousands	At amortized cost – Financial liabilities measured at amortized cost	Valuation in accordance with IAS 17	Total	
Balance sheet items	Book value	Book value	Book value	Fair value
Loan liabilities to banks	57,930	-	57,930	61,233
Liabilities from finance leases	-	-	0	0
Trade payables	30,863	-	30,863	30,863
Financial liabilities	-	-	-	-
Other liabilities	6,704	-	6,704	6,704
Total financial liabilities	**95,497**	**-**	**95,497**	**98,800**

06/30/2019 in EUR thousands	At amortized cost – Financial liabilities measured at amortized cost	Total	
Balance sheet items	Book value	Book value	Fair value
Loan liabilities to banks	89,156	89,156	93,667
Trade payables	25,606	25,606	25,606
Financial liabilities	-	-	-
Other liabilities	7,286	7,286	7,286
Total financial liabilities	**122,048**	**122,048**	**126,559**

The fair values of the financial instruments were determined on the basis of the market information available on the balance sheet date and the methods and premises described below.

Due to the short-term maturities of the financial assets, it is assumed that the fair values approximate the book values.

The balance sheet items trade payables and other liabilities generally include liabilities with regularly short residual terms, so that the fair values are assumed to approximate the carrying amounts reported.

Loan liabilities to banks and liabilities from finance leases (only as of December 31, 2018) include current and non-current financial liabilities. The fair values of liabilities with residual terms of more than one year are determined by discounting the cash flows associated with the liabilities, taking into account the current interest rate parameters observable on the market. The individual credit ratings of the Group are taken into account in the present value calculation in the form of standard market credit or liquidity spreads. This procedure corresponds to hierarchy level 2 of IFRS 13. The following table shows the financial assets that are recognized at fair value on a recurring basis after initial recognition and their measurement levels in accordance with IFRS 13:

12/31/2018 in EUR thousands

Assets	Level 2	Level 3	Total
Trade receivables - Valued at fair value through other income	20,495	0	20,495
Financial assets - Valued at fair value through profit or loss	0	20	20
Total assets	**20,495**	**20**	**20,515**

06/30/2019 in EUR thousands

Assets	Level 2	Level 3	Total
Trade receivables - Valued at fair value through other income	45,080	0	45,080
Financial assets - Valued at fair value through profit or loss	0	20	20
Total assets	**45,080**	**20**	**45,100**

Financial liabilities were not recognized at fair value in the reporting period.

There were no reclassifications between the individual hierarchies to determine fair values in the reporting period.

The fair value of trade receivables measured at fair value directly in equity is allocated to level 2. The fair values of trade receivables measured at fair value are derived by reference to transactions in comparable instruments. In particular, transaction prices are used for the sale of receivables, where the buyer regularly uses the nominal value. In the event of a default event, these values are adjusted for the need for value adjustments.

The AlzChem Group holds an investment in the category "at fair value through profit or loss" whose market value is assigned to level 3. There were no changes due to additions or disposals in the reporting period. Due to the lack of reliable input parameters for a more complex model and the minor importance of these investments for the AlzChem Group, the market value was estimated on the basis of the acquisition costs. A deviation of the actual market value from this estimate within a realistic range would not have a material impact on the significance of the item for the AlzChem Group or on the net assets, financial position and earnings position of the AlzChem Group. In the 1st half-year 2019, income of EUR 62 thousands (1st half-year 2018: EUR 37 thousands; Q2 2019: EUR 53 thousands; Q2 2018: EUR 29 thousands) was recognized from these financial assets, which were reported in the financial result.

VI. OTHER EXPLANATIONS

8. EXPLANATIONS ON SEGMENT REPORTING

The presentation of the key figures in the segment reporting follows the internal management reporting.

In the reporting period, one different customer each contributed at least 10% of total consolidated sales. The sales of these customers, who exceeded the 10% threshold in the respective period, are as follows and are included in the Specialty Chemicals, Basic & Intermediates and Other & Holding segments:

in EUR thousands	2nd quarter 2018	2nd quarter 2019	1st half-year 2018	1st half-year 2019
Customer 1	17,122	-	31,548	-
Customer 2	-	-	-	19,132
	17,122	**-**	**31,548**	**19,132**

9. RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

Related persons include persons in key positions of the AlzChem Group.

The companies controlled by the shareholders LIVIA Corporate Development SE, HDI Vier CE GmbH (both based in Munich) and four two na GmbH, Bichl, and companies controlled by their shareholders or legal representatives are considered related companies of the AlzChem Group.

In the reporting period, there were no transactions with related companies.

10. SEASONAL INFLUENCES

The business of the AlzChem Group is partly subject to seasonal influences. In particular, the supply cycles for agrochemical products mean that sales and thus EBITDA in the 1st half-year of a fiscal year are slightly higher than in the 2nd half-year.

11. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date of the 1st half-year 2019, there were no events with a material effect on the net assets, financial position and earnings position of the AlzChem Group up to the date of preparation of the interim consolidated financial statements.

Trostberg, July 31, 2019

AlzChem Group AG

The Management Board

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FINANCIAL CALENDAR

September 19 to 20, 2019	Roadshow, Paris und Madrid
September 25, 2019	Berenberg European Conference, Munich
September 27, 2019	Baader Investment Conference, Munich
November 14, 2019	Quarterly Statement 3rd Quarter 2019
November 25 to 27, 2019	Deutsches Eigenkapitalforum, Frankfurt
December 2, 2019	Berenberg European Conference, London

REMARKS

This half-year financial report may contain forward-looking statements based on current assumptions and forecasts made by the management of AlzChem Group AG. Such statements are subject to risks and uncertainties. These and other factors may cause actual results, financial position, development or performance of the company to differ materially from the estimates made here. The company assumes no liability whatsoever to update such forward-looking statements or to conform them to future events or developments.

This half-year financial report is also available in German. In the event of deviations, only the German version is binding.

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