



alzchem
group

AGILE SCIENCE PURE RESULTS

Alzchem Group AG

HALF-YEAR FINANCIAL REPORT 1st half-year 2023

Alzchem at a Glance

~ € 277
mn

sales generated by Alzchem in the 1st half-year 2023
1st half-year 2022: ~ € 270 mn

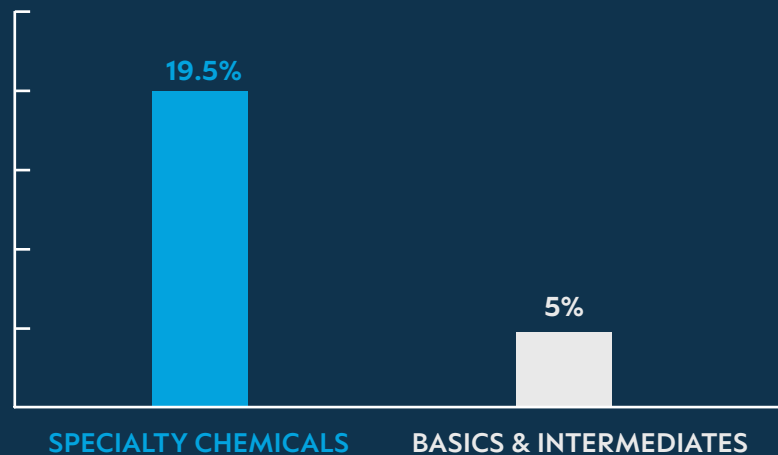
~ € 37
mn

EBITDA achieved by Alzchem in the 1st half-year 2023
1st half-year 2022: ~ € 35 mn

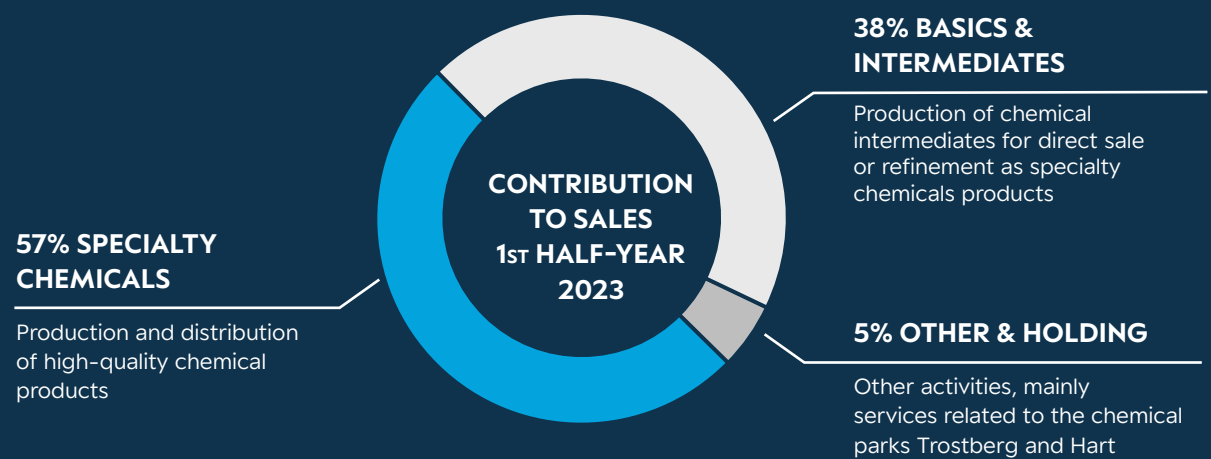
MARKETS



EBITDA MARGIN BY MAIN SEGMENTS



THREE REPORTING SEGMENTS







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Overview of the 1st half-year 2023

Positive development in a challenging environment. Further transformation towards specialty chemicals is being systematically implemented. For the full year, sales are expected to be at the lower end and EBITDA at the upper end of the forecast range.

- Sales in the first half-year EUR 7.2 million above previous year, but with varying development in the segments.
- Substantial growth in the human nutrition market; continued stable development in the steel and pharmaceutical industries and in the automotive sector; declining demand for fertilizers.
- Concentration on high-margin products and partial price declines led to lower sales in the second quarter with stable EBITDA.
- EBITDA of EUR 36.8 million above previous year's level; EBITDA margin slightly increased to 13.3%.
- Very strong free cash flow – EUR 63.4 million above previous year. Working capital build-up stopped.
- Refinancing of EUR 30 million successfully implemented.
- Additional expansion of Creapure® capacities with planned completion in fall 2023. Further growth investments about to start.

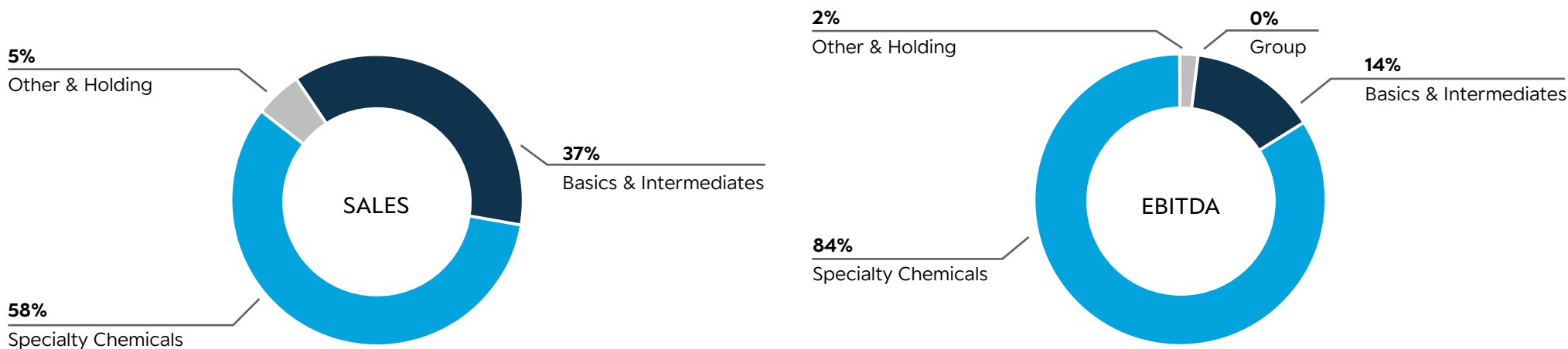
Note: Unless otherwise indicated, all amounts are stated in EUR thousand. For computational reasons, rounding differences of ± one unit may occur in tables.

KEY FIGURES OF THE ALZCHEM GROUP

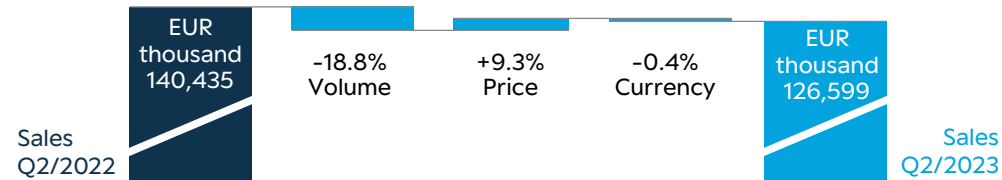
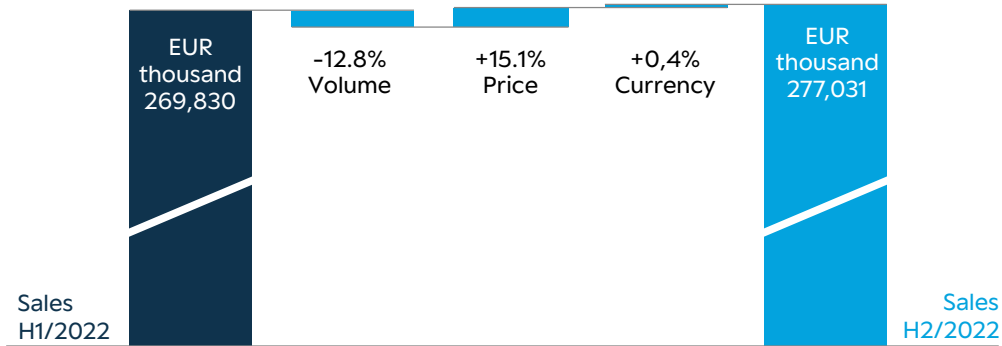
Key figure	Unit	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Sales	EUR thousand	140,435	126,599	269,830	277,031
EBITDA	EUR thousand	17,807	17,872	34,876	36,789
EBITDA margin	%	12.7	14.1	12.9	13.3
EBIT	EUR thousand	11,508	11,537	22,272	24,134
Result for the period	EUR thousand	9,630	7,240	17,370	14,950
Earnings per share (undiluted and diluted)*	EUR	0.95	0.71	1.71	1.46
Equity ratio	%	30.9	35.4	30.9	35.4

* After share transfer to employees in 2023 calculated with the average number of outstanding shares, in the period 01.01.-30.06.2023 of 10,162,808 shares and in the period 01.04.-30.06.2023 of 10,176,335 shares. In the period 2022 calculated with 10,135,754 shares.

SALES AND EBITDA SHARE BY SEGMENTS IN THE 1ST HALF-YEAR 2023



CHANGE IN SALES COMPARED TO PREVIOUS YEAR



FORECAST FOR THE FISCAL YEAR 2023

	2022	Forecast 2023
Group sales	EUR 542.2 million	Lower limit: slightly growing Upper limit: up to EUR 590 million
Adjusted EBITDA*	EUR 61.4 Mio.	Lower limit: slightly growing Upper limit: up to EUR 70 million
Adjusted EBITDA margin*	11.3%	Lower limit: stable Upper limit: up to 12%
Inventories	EUR 122.4 million	Stable
Inventory intensity (previously inventory ratio)	22.6%	Stable
Equity ratio	34.5%	Noticeably growing

* No adjustments were made.

Interim Group Management Report as of June 30, 2023

1. BUSINESS REPORT

1.1. BUSINESS DEVELOPMENT

1.1.1. PRELIMINARY NOTE

This interim Group management report provides information on the first half-year 2023 and the comparative prior-year period. The figures stated for the second quarter relate in each case to the period from April 1 to June 30, 2023 and 2022 respectively. In application of the

option under § 52 (3) of the Stock Exchange Rules for the Frankfurt Stock Exchange, no review pursuant to § 115 WpHG or audit pursuant to § 317 HGB was performed for this half-year financial report.

1.1.2. IMPORTANT EVENTS AND ALZCHEM'S POSITION IN THE 1ST HALF-YEAR 2023

Alzchem was able to hold its ground well in an intensive first half of 2023 and continues to see itself in a stable position to be able to positively manage the current challenges of the market environment. Contrary to the general trend in the chemical industry, sales growth of EUR 7,201 thousand was achieved in the first six months compared to the same period of the previous year, albeit with a weakening trend in the second quarter of 2023 – here sales declined by EUR 13,836 thousand in line with expectations. EBITDA developed positively: in the first half-year with an increase of EUR 1,913 thousand and in the second quarter of 2023 with an almost stable development, both compared to the previous year. Nevertheless, the challenges remain enormous and the economic environment is very fragile.

The first half of fiscal year 2023 continued to be influenced by the war in Ukraine. The consequences of this, which have been known for some time, are energy cost increases and general cost increases on the raw material markets, as well as continued high inflation. Even if energy and raw material costs are past their absolute peaks, a comparison with the cost level before the outbreak of the Ukraine war still shows a very high level. This includes electricity prices that, depending on the day, can be three to four times as high as they were in 2021. In general, the high level of nervousness on the energy markets continues to be felt, so that smaller signals can lead to high fluctuations in the spot prices quoted daily. For Alzchem, the high electricity prices represent a significant competitive disadvantage compared with competitors from other countries. German electricity prices are on average about three times

higher in international comparison; even within the G20 countries, Germany has the highest price level. Alzchem is following the discussions about a capped industrial electricity price very closely, but has not yet incorporated the price of EUR 60/MWh discussed there into any plan scenario. However, the discussions about such possible price interventions already mean that forward purchase strategies cannot currently be planned economically.

Alzchem requires electricity as an essential raw material in production and is feeling the decline in competitiveness particularly in those product areas where a lot of electricity is needed in production. This particularly affects the Basics & Intermediates segment with products that are also referred to as "close to electricity". In some cases, the products here compete with those of Asian competitors, whose prices are sometimes very significantly lower than Alzchem's due to energy costs. A lot of convincing has to be done with customers here. However, the advantage of a reliable European supply chain with significant price differences no longer weighs as much as it did last year, when the global supply chains were significantly disrupted. In the agricultural fertilizer sector with the product Perlka[®], there is a substitution effect in addition to the price effect. Natural gas-based fertilizers are not subject to the current embargo regulations and are sold in large quantities on the European market from Russia. Against the differences in manufacturing costs prevailing there, even the quality advantage of Perlka[®] is less and less able to prevail.



However, Alzchem's manufacturing costs consist not only of electricity, but also of many other raw materials. If there are decreases in these, customer negotiations start relatively quickly with the desire to pass on the lower raw material costs to the customer in the sales price. In customer contracts with raw material-based price escalator clauses, this happens automatically; in contracts with sales prices that have to be redefined on a monthly or quarterly basis, Alzchem can rarely resist a reduction in the sales price, especially for products with high competition. Due to the lower manufacturing costs, this does not then lead to a loss of margin. Alzchem continues to strive here to offer customers fair pricing. However, Alzchem does not go along with every price reduction. After analyzing a number of product areas with low margins, it was decided not to enter into business with negative contribution margins simply to retain customers. If Asian suppliers can offer much lower prices, Alzchem prefers to forego volumes and concentrate on customers who value Alzchem's reliability and are willing to pay higher prices for it. Alzchem loses sales as a result, but can at least maintain or even increase EBITDA margins.

From a sustainability point of view, Alzchem is better positioned with its electricity-based business model than many other chemical companies. For Alzchem, it is only a question of when there will be enough renewable electricity at favorable prices. A transfer investment away from oil or gas to hydrogen is not necessary at Alzchem, since electricity can already be used directly today.

In addition to the effects listed above, Alzchem's business is already feeling the effects of the overall economic environment. According to some experts, Germany is on its way into a recession, and the chemical industry, as the upstream producer of most raw materials, is naturally feeling the effects at a very early stage. Most of Alzchem's major customers, who manufacture chemical base materials as volume products, are already experiencing this and are cutting back their production. In addition, customers still have very high inventories due to the supply bottlenecks of the previous year. At the moment, customers are first reducing inventories to a minimum level before making new purchases. Alzchem is noticing this above all in the change in customers' ordering behavior. Whereas last year order books were filled many months in advance, increasingly shorter order times are being recorded. Of course, this is also taking place against the background of much better available logistics. Nevertheless, incoming orders remain stable, albeit with significantly shorter lead times.

Alzchem felt these effects above all in its sales in the second quarter of 2023. Here, sales fell by EUR 13,836 thousand year-on-year to EUR 126,599 thousand. However, Alzchem had a strong first quarter of 2023, which resulted in sales increasing by EUR 7,201 thousand to

EUR 277,031 thousand in the six-month period. The decline in sales in the second quarter did not impact EBITDA. Alzchem achieved EBITDA of EUR 36,789 thousand in the first six months of the fiscal year 2023, an increase of EUR 1,913 thousand year-on-year. In the second quarter, Alzchem generated EBITDA of EUR 17,872 thousand, which was slightly above the level of the previous year, when EUR 17,807 thousand was recorded. It can thus be seen that the decline in sales in the second quarter was merely a result of passing on partially lower manufacturing costs and deliberately foregoing volumes for products with weak margins.

However, there are also product areas that can show significant sales growth. In nutritional supplements, Alzchem was able to grow significantly with Creapure® after the new facility started operations, more than doubling sales. As the highest quality supplier, Alzchem continues to experience growing customer demand, so the next expansion of the existing facility is already being implemented. The work is on schedule and is expected to be completed in the fourth quarter of 2023. Apart from dietary supplements, growth was also recorded in some product areas with applications of guanidine salts as gas generators.

In the area of ceramic products (especially Silzot®), Alzchem is currently examining the expansion of existing production capacities. A new area of application for high-purity ceramics led here to a significantly higher volume requirement from a customer with whom the investment project is currently being reviewed. It is worth mentioning here that the establishment of a completely European supply chain is important to the customer. This behavior is increasingly being felt and could well help the European market to grow.

In the area of multi-purpose plants, an expansion investment is also currently underway, which should bring Alzchem growth in very specific product areas.

In the animal nutrition sector, sales of the Creamino® product were confirmed at the previous year's level. However, the still rampant avian flu remains one of the main challenges in this area.

In the agriculture product area, Alzchem is preparing the market for the use of the climate protection product Eminex®. Eminex® is a component of the climate roadmap adopted by the Annual General Meeting in 2023 and can make a significant contribution to Alzchem's overall climate balance in so-called Scope 4 – and even make it literally CO₂ positive. The benefits of the product with the permanent reduction of three key greenhouse gases (methane, CO₂, nitrous oxide) by 90% to 100% during manure storage at the farmers are sufficiently well known. However, the majority of farmers currently still lack the incentive to use the product – except to make themselves climate-neutral, since this emission has so far been free of charge. From an



economic point of view alone, it is usually only worthwhile for the farmer to use the product if he has an appropriate business model. This is where private-sector climate sponsorships can help. Companies, institutions or private individuals can become climate sponsors and thus reduce their own carbon footprint. Neutral certification platforms ensure that farmers who use Eminex® and thus engage in voluntary regional climate protection are rewarded accordingly. One supplier has already included Eminex® in such a certification platform. However, it is not only German farmers who are opting for climate-friendly manure storage with Eminex®; some farmers from Austria, the Netherlands and Belgium are already joining in. Inquiries from Australia, New Zealand and the USA show that avoiding emissions in agriculture and animal husbandry is not a purely European endeavor, but a global issue.

Alzchem reported very strong operating cash flow in the first half-year of 2023. This represents a significant difference from the previous year, when operating cash flow was inhibited by the build-up of working capital. However, the peaks in inventory levels now appear to have been reached and supply chains and logistics are again functioning more smoothly than in the previous year. As a result, Alzchem was also able to significantly reduce safety stock

levels on the raw materials and finished goods side compared to the previous year. The operating cash flow in the first half-year of 2023 was EUR 39,814 thousand, EUR 56,984 thousand higher than in the previous year. Even after deducting investments, a clearly positive free cash flow of EUR 31,328 thousand was achieved. In the previous year, this was still negative at EUR 32,190 thousand.

Furthermore, Alzchem was able to successfully conclude a refinancing with the accompanying banks in February 2023. In total, EUR 30 million was converted from short-term working capital financing into long-term financing with unchanged financing lines. As a result, it was possible to significantly decrease the short-term line utilization. The positive free cash flow made it possible to further reduce short-term financing lines beyond the refinancing and also the utilization of factoring.

At the virtual Annual General Meeting on May 11, 2023, a dividend of EUR 1.05 per share was resolved, among other things. Subsequently, EUR 10,685 thousand was paid out to the shareholders.



1.1.3 GLOBAL ECONOMIC ENVIRONMENT

The increase in global production slightly accelerated at the beginning of 2023, but there are no signs of a sustained upturn. This was due to the much more positive underlying conditions, to which reduced supply bottlenecks contributed in addition to lower energy prices. Furthermore, China's prospects for steady expansion had improved briefly as a result of the departure from the zero-covid policy. Nevertheless, there are still no signs of a sustained global upswing. A dampening effect was exerted by the tendency toward restrictive fiscal policy and the sharp tightening of monetary policy, which led to significantly higher financing costs and slowed the propensity to spend. Overall, the global economy grew by 0.8% in the first quarter of 2023. The main contributor to this highest rate since the end of 2021 was the significant pickup in the emerging markets, which was largely influenced by China's departure from its zero-covid policy. However, economic activity in the advanced economies

also picked up again (+0.3%), although the pace of expansion in the USA slowed noticeably and the euro zone economy slightly contracted again. However, the indicator for the global economic climate calculated by IfW Kiel on the basis of sentiment indicators from 42 countries has recently declined again and is expected to lead to weaker expansion in the second quarter. As a result, expectations for GDP growth in the world's developed economies have been revised down to around 1% for 2023.

Increasingly, weak signals are also coming from China. Domestic demand is at a weak level and the construction sector in particular is struggling with declines in demand. This is forcing Chinese companies to adopt an aggressive pricing strategy abroad, putting pressure on European companies, among others.

Source: KIEL INSTITUTE ECONOMIC OUTLOOK NO. 91 (2022|Q2); World Economy Summer 2022 from July 15, 2022.

1.1.4 EU COMMISSION ISSUES NON-APPROVAL FOR ALZOGUR® ACTIVE INGREDIENT

More than 15 years after the application was submitted, after several changes to the law in the meantime, and despite two recommendations to the contrary from its own scientific experts, the responsible EU biocide committee has agreed to a proposal from the EU Commission not to grant the active ingredient of Alzogur® (cyanamide) approval as a biocide at EU level. Alzchem considers this decision to be wrong and will defend itself against it with all available legal means. An action to this effect will be filed with the European Court of Justice (ECJ) in August 2023. The aim is to prevent Alzogur®, which has been used successfully for decades with national approvals to combat dysentery pathogens in pigsties and the larvae of the stable fly as their vector, from no longer being available for the market.

The EU Commission justifies the non-approval by stating that, on the basis of the available data, it could not be proven beyond reasonable doubt that the biocidal product does not

have unacceptable effects on human health and the environment. In Alzchem's view, the way in which the decision was reached shows considerable technical, legal and procedural deficiencies. For example, Alzchem was denied the opportunity to submit the latest scientific data proving beyond doubt that the active ingredient is harmless.

When the Commission's decision comes into force on June 25, 2023, the national transitional authorizations granted to date will expire with a transitional period. As things stand, Alzogur® can still be sold for twelve months and used in pig houses within the next 18 months. Alzchem will do everything in its power to achieve a positive decision by the ECJ for the company and its customers by then.

1.1.5 DEVELOPMENT OF THE GROUP

1.1.5.1 RESULTS OF OPERATIONS

CONSOLIDATED INCOME STATEMENT (IFRS, UNAUDITED)

In EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Sales	140,435	126,599	269,830	277,031
Change in inventories of finished goods and work in progress	14,467	9,105	28,611	10,021
Other operating income	5,736	1,906	9,804	7,480
Cost of materials	-74,027	-62,374	-147,563	-138,533
Personnel expenses	-36,287	-36,012	-70,286	-71,274
Other operating expenses	-32,517	-21,352	-55,520	-47,936
EBITDA	17,807	17,872	34,876	36,789
Depreciation and amortization	-6,299	-6,335	-12,604	-12,655
EBIT	11,508	11,537	22,272	24,134
Other interest and similar income	2,393	106	3,575	155
Interest and similar expenses	-643	-1,661	-1,246	-3,542
Financial result	1,750	-1,555	2,329	-3,387
Result from ordinary business activities	13,258	9,982	24,601	20,747
Taxes on income and earnings	-3,628	-2,742	-7,231	-5,797
Consolidated result for the period	9,630	7,240	17,370	14,950
thereof non-controlling interests	43	43	85	85
thereof shares of the shareholders of Alzchem Group AG	9,587	7,197	17,285	14,865
Earnings per share in EUR (undiluted and diluted)*	0.95	0.71	1.71	1.46

* After share transfer to employees in 2023 calculated with the average number of outstanding shares, in the period 01.01.-30.06.2023 of 10,162,808 shares and in the period 01.04.-30.06.2023 of 10,176,335 shares. In the period 2022 calculated with 10,135,754 shares.

DEVELOPMENT IN THE 1ST HALF-YEAR 2023

In the first half-year of 2023, Alzchem achieved an increase in sales from EUR 269,830 thousand to EUR 277,031 thousand, which corresponds to growth of 3%. As expected, the rapid – mainly price-driven – sales increase of the previous year could not be repeated. The picture varied from segment to segment. The Specialty Chemicals segment proved its status as a growth driver and once again grew sales compared to the previous year, but suffered a slight decline in volumes, which was more than offset by the price trend. By contrast, the Basics & Intermediates segment experienced a year-on-year decline in sales. The price increases still achieved in some areas were unable to offset the volume declines. In addition, the contracts with energy-based price escalator clauses, which are strongly represented here, led to price declines. Sales in the Other & Holding segment rose slightly year-on-year.

The cost of materials is considered together with changes in inventories as the “extended cost of materials ratio”. Since all raw materials and energy purchases important to Alzchem have become more expensive than they were in the same period of the previous year, the extended cost of materials ratio has also increased from 44% to 46%. This shows that it was still not possible to fully pass on the increased manufacturing costs in sales, and that the price reductions that were partly necessary on the market side were not always immediately followed by the raw material and energy costs.

Other operating income increased by EUR 2,326 thousand to EUR 7,480 thousand. The higher level of own construction work on the expansion of the Creapure® plant in the previous year led to higher own work capitalized in the comparative period.

Personnel expenses increased by 2% compared with the first half-year of 2022 to EUR 71,274 thousand. The fact that the collectively agreed increase in wages and salaries compared with the previous year is not fully apparent here is due to the fact that in the previous year the collectively agreed special payment resulting from the suspension of collective bargaining in the chemical industry was included in full in personnel expenses.

At EUR 47,936 thousand, other operating expenses were EUR 7,584 thousand lower than in the previous year. Here, there was also a general decline across all cost items. While expenses from foreign currency translation increased, logistics costs and other costs in particular were lower than in the previous year. Foreign currency losses rose by EUR 2,768 thousand compared with the first half-year of 2022. The previous year was still influenced here by

accruals necessary during the year due to the constant and sharp rise in costs at that time, which were not necessary to the same extent in this period.

EBITDA also increased slightly in line with the rise in sales. It amounted to EUR 36,789 thousand in the first half-year of 2023, compared with EUR 34,876 thousand in the previous year. This led to a slight increase in the EBITDA margin from 12.9% in the previous year to 13.3%.

Depreciation and amortization amounted to EUR 12,655 thousand and thus, as planned, almost at the level of the previous year (EUR 12,604 thousand).

The financial result shows an exactly opposite trend compared to the first half-year 2022 – it was negative EUR 3,387 thousand in the first half-year 2023 compared to positive EUR 2,329 thousand in the previous year. Due to higher market interest rates, interest expenses for Alzchem’s variable-interest financing instruments, such as working capital financing lines and factoring, grew significantly. An increase of EUR 1,069 thousand was recorded here compared to the previous year. However, the interest rate change effects for non-current provisions and pension obligations had a much more significant impact. The discount rates for non-current provisions fell slightly in the first half-year of 2023 compared with the last valuation date of December 31, 2022, and thus interest rate change effects led to valuation-related interest expenses of EUR 272 thousand. In the previous year, there was still a significant increase in interest rates here, which led to valuation-related interest income of EUR 3,391 thousand. Furthermore, higher interest expenses for pension obligations were also recognized, as the interest rates as of December 31 of each year are always used for this purpose. These were higher on December 31, 2022 than on December 31, 2021 and resulted in higher interest expenses of EUR 955 thousand in the first half-year 2023 than in the previous year.

Tax expense amounted to EUR 5,797 thousand in the first half-year of 2023 and decreased in line with the decline in earnings before taxes due to the lower interest result. The current Group tax rate of 28% is slightly below the previous year’s level of 29%.

In total, a consolidated result for the period of EUR 14,950 thousand was achieved in the first half-year of 2023, which was therefore EUR 2,420 thousand lower than the previous year’s figure of EUR 17,370 thousand, mainly due to interest.

Earnings per share for the first half-year of 2023 decreased slightly from EUR 1.71 to EUR 1.46. The transfer of previously held treasury shares to employees resulted in a slight increase in shares outstanding compared to the prior-year period. For the period from January 1 to

June 30, 2023, earnings per share were calculated using a weighted average number of shares outstanding of 10,162,808 and for the period from January 1 to June 30, 2022 of 10,135,754.

DEVELOPMENT IN THE 2ND QUARTER 2023

The development of sales in the second quarter of 2023 shows a different picture compared with the first half-year. Sales decreased by EUR 13,836 thousand to EUR 126,599 thousand. The decline in sales affected both operating segments – albeit to different degrees. This mainly affected the Basics & Intermediates segment, while the Specialty Chemicals segment suffered only a slight decline in sales. The Other & Holding segment, on the other hand, saw slight growth in sales.

The “extended cost of materials ratio” (cost of materials incl. changes in inventories) was unchanged year-on-year at 42% in the second quarter of 2023. Within the first half-year of 2023, a slight downward trend is therefore discernible, resulting from the reduced sales volume, but also from the slightly stronger decrease in manufacturing costs.

Other operating income decreased significantly by EUR 3,830 thousand. Of this amount, EUR 1,826 thousand is attributable to lower foreign currency gains and EUR 1,013 thousand to lower own work capitalized as a result of the reduced level of own construction activities.

Personnel expenses amounted to EUR 36,012 thousand and were thus almost on a par with the previous year’s figure of EUR 36,287 thousand. In the previous year, the one-off special payment under collective bargaining agreements resulting from the suspension of collective bargaining in the chemical industry was recognized in full in May and thus had an extraordinary impact on personnel expenses. In the current period, only the collectively agreed increase was recognized.

Other operating expenses in the second quarter of 2023 amounted to EUR 21,352 thousand and were thus significantly lower than in the previous year. The explanations on the development in the first half-year of 2023 apply here in equal measure. The high and rapid cost increases of the previous year resulted in significantly higher accruals during the year than in the current quarter.

EBITDA in the second quarter of fiscal year 2023 was EUR 17,872 thousand, almost exactly at the level of the previous year. The analysis of the second quarter thus shows that the lower sales result only from the passing on of lower manufacturing costs, but also from the deliberate decision not to sell products with low earnings contributions. The EBITDA margin thus increased from 12.7% to 14.1% in the second quarter of 2023.

At EUR 6,335 thousand, depreciation and amortization remained stable at the prior-year level of EUR 6,299 thousand.

The same effects were recorded in the financial result as in the analysis of the first half-year 2023. While the financial result was still positive at EUR 1,750 thousand in the previous year, a negative financial result of EUR 1,555 thousand was recorded in the second quarter of 2023. The effects correspond to those of the half-year figures. The previous year was significantly influenced by valuation-related interest change income of EUR 2,361 thousand, which did not recur in this quarter. In addition, actual financing costs increased as a result of developments on the interest rate market.

Tax expense amounted to EUR 2,742 thousand and was thus below the previous year’s tax expense, in line with the decrease in earnings before taxes. The Group tax rate was thus stable at 27% in both periods.

In the second quarter of 2023, the consolidated result for the period amounted to EUR 7,240 thousand, which was EUR 2,390 thousand lower than in the previous year.

Earnings per share in the second quarter of 2023 were EUR 0.71, slightly below the prior-year quarterly figure of EUR 0.95. Here, the transfer of treasury shares to employees also had an impact on the number of shares to be included. In the second quarter of 2023, earnings per share were calculated on the weighted basis of 10,176,335 shares and in the second quarter of 2022 on the basis of 10,135,754 shares.

1.1.5.2 FINANCIAL POSITION

CONSOLIDATED CASH FLOW STATEMENT (IFRS, UNAUDITED)

In EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Cash flow from operating activities	-11,588	29,570	-17,169	39,814
Cash outflow from investing activities	-7,672	-3,739	-15,021	-8,577
Free cash flow	-19,260	25,831	-32,190	31,238
Cash inflow/outflow from financing activities	20,917	-24,430	33,953	-30,812
Net increase in cash and cash equivalents	1,657	1,401	1,763	426

DEVELOPMENT IN THE 1ST HALF-YEAR 2023

The first half-year of 2023 was characterized by strong operating cash flow. The financial position of the Alzchem Group was secure at all times. Compared to the previous year, the significant changes in the management of working capital are evident. Cash flow from operating activities was EUR 39,814 thousand, EUR 56,983 thousand higher than in the previous year, when a negative cash flow from operating activities of EUR 17,169 thousand was recorded. The reasons for this are the now positive effects from the strict working capital management, which was started in the second half of the last fiscal year and has been consistently continued since then. Furthermore, the very high sales in the first three months of the fiscal year 2023 led to significant incoming payments in the first half-year 2023. The Group received EUR 6,699 thousand from the change in working capital in the first half-year 2023, following an outflow of EUR 49,252 thousand in the previous year.

In the first half-year of 2023, EUR 8,577 thousand and thus EUR 6,444 thousand less flowed into Alzchem's investing activities than in the same period of the previous year. This reflects the deliberately more cautious investment policy in the first months of the fiscal year 2023, which is constantly reviewed with a view to the development of the economic environment.

However, no brakes were applied to investments in capacity expansion. Construction work on the renewed capacity expansion of the Creapure® production plant is right on schedule. This is also the case with the renewal of our own network operations. In the case of replacement investments that can be postponed, the economic viability of the investments continues to be strictly examined. Various investment projects are currently in the review phase and a decision will be made on their implementation in the second half-year 2023. The previous year was still dominated by the significantly higher investment in the expansion of the Creapure® production plant.

As a result, free cash flow also developed positively, amounting to EUR 31,238 thousand and thus significantly above the previous year, when a negative free cash flow of EUR 32,190 thousand was generated. Alzchem was thus in a position to pay for current investments from the cash generated in operating activities.

Cash flow from financing activities in the first half-year of 2023 was negative EUR 30,812 thousand. In the previous year, an inflow of EUR 33,953 thousand was still necessary here to finance the working capital build-up. However, financing activities were characterized by



several factors. Alzchem successfully concluded a EUR 30 million refinancing in February 2023, thereby creating a more flexible financing structure for working capital. As part of the refinancing, Alzchem received EUR 30 million in long-term loans, which were used to partially repay short-term financing lines and also factoring financing. As a result of the refinancing, the existing potential short-term working capital financing lines remained unchanged and continue to give Alzchem the opportunity to react flexibly to changing market conditions. The positive free cash flow also allowed far more funds than the inflow from the refinancing to be used for the repayment of short-term financing lines and also the dividend and scheduled redemption payments to be made. In total, the short-term financing lines have

DEVELOPMENT IN THE 2ND QUARTER 2023

In the second quarter of 2023, the development of cash outflow from operating activities is similar to that of the first half-year of 2023. Due to the strict working capital reduction, the operating cash flow is now positive again. Alzchem received a total of EUR 29,570 thousand from operating activities, which corresponds to a year-on-year increase of EUR 41,158 thousand.

Payments for investing activities amounted to EUR 3,739 thousand and were thus significantly lower than in the same quarter of the previous year. The cautious investment activity with the concentration on a few projects is also reflected in the second quarter of 2023.

been reduced by EUR 44,033 thousand since December 31, 2022 (previous year: addition of EUR 50,662 thousand), the dividend has been paid in the amount of EUR 10,685 thousand (previous year: EUR 10,136 thousand), and scheduled repayments of loan and lease liabilities amounted to EUR 5,923 thousand (previous year: EUR 6,402 thousand).

Cash and cash equivalents amounted to EUR 9,299 thousand as of June 30, 2023, which corresponds to an increase of EUR 426 thousand compared to December 31, 2022, taking into account currency effects.

There was an outflow of EUR 24,430 thousand for the financing activities of Alzchem. In the previous year, there was an inflow of EUR 20,917 thousand, which was necessary to finance the increase in working capital. In contrast, Alzchem used the liquidity generated from operations in this quarter to reduce short-term financing lines by EUR 10,791 thousand. Furthermore, long-term loans and leasing liabilities amounting to EUR 2,953 thousand were repaid. The dividend to shareholders was paid in the amount of EUR 10,685 thousand in the second quarter of 2023.

Cash and cash equivalents amounted to EUR 9,299 thousand as of June 30, 2023, which corresponds to an increase of EUR 1,401 thousand compared to March 31, 2023, taking into account currency effects.

1.1.5.3 NET ASSETS

CONSOLIDATED BALANCE SHEET (IFRS, UNAUDITED)

In EUR thousand	12/31/2022	06/30/2023	Delta
Assets			
Intangible assets	2,954	3,038	84
Property, plant and equipment	181,526	176,826	-4,701
Lease usage rights	6,250	5,476	-774
Financial assets	6	6	0
Other receivables and other assets	1,531	1,454	-76
Deferred tax assets	15,956	16,634	678
Non-current assets	208,223	203,434	-4,789
Inventories	122,404	126,492	4,088
Trade receivables	55,712	54,636	-1,076
Financial assets	5,228	3,066	-2,162
Other receivables and other assets	19,743	19,741	-2
Income tax claims	2,307	2,566	259
Cash and cash equivalents	9,243	9,299	56
Total current assets	214,637	215,800	1,163
Total assets	422,860	419,234	3,626
Capital			
Equity	145,946	148,334	2,388
Non-current liabilities	144,808	173,118	28,310
Current liabilities	132,106	97,782	-34,324
Balance sheet total	422,860	419,234	-3,626



Compared with the balance sheet date of December 31, 2022, total assets decreased slightly by EUR 3,626 thousand to EUR 419,234 thousand. Current and non-current assets developed in slightly opposite directions. In non-current assets, depreciation and amortization in excess of investments led to a decline. As already described, Alzchem held back slightly on capital expenditure initially. In contrast, current assets increased by EUR 1,163 thousand to EUR 215,800 thousand. There was a slight increase of EUR 4,088 thousand in inventories, which was mainly due to higher production for planned summer overhauls at the plants. The rise is due to the build-up of inventories in the carbide area in preparation for the planned furnace shutdowns in the second half-year 2023. Here, production is currently being run on inventory in order to also be able to produce and deliver during the period of the scheduled furnace overhauls. In addition, there are also slight price-related valuation effects in the increase in inventories compared with December 31, 2022. By contrast, trade receivables decreased slightly. The volume of sales in the previous three months was roughly at the level of the fourth quarter of the previous year, resulting in roughly the same level of receivables with unchanged payment behavior on the part of customers.

Equity increased by EUR 2,388 thousand to EUR 148,334 thousand as of June 30, 2023, compared with December 31, 2022. The equity ratio has thus improved from 34.5% to 35.4% since the last balance sheet date - despite offsetting effects. The positive consolidated result of EUR 14,950 thousand increased equity by the same amount. The interest-related rise in pension obligations had a negative impact on equity in this period. After deducting deferred taxes of EUR 432 thousand, equity decreased by EUR 1,112 thousand due to the slight decrease in pension interest rates. The development of pension obligations is mainly influenced by actuarial parameters. Although a change in these parameters does not affect the consolidated result, it is recognized directly in equity under other comprehensive income in accordance with IFRS rules. The risk-free market interest rate plays a significant role in the actuarial parameters. If this market interest rate falls, pension obligations increase, while an increase in the market interest rate leads to a decrease in pension obligations. The risk-free market interest rate developed historically as follows:

in %	2016	2017	2018	2019	2020	2021	2022	H1/2022	Q1/2023	H1/2023
Discount rate	1.75	1.75	1.90	0.90	0.50	1.00	3.70	3.30	3.50	3.60

The dividend payment to shareholders led to a further decrease in equity. The dividend payment resolved by the Annual General Meeting on May 11, 2023 amounted to EUR 10,685 thousand, was paid out in May and recognized as a reduction in equity.

Alzchem's non-current liabilities increased by EUR 28,310 thousand to EUR 173,118 thousand compared to December 31, 2022. The majority of the increase results from the refinancing completed in February 2023, which led to a reclassification from current liabilities to non-current liabilities of initially EUR 30 million. Since the refinancing, however, scheduled repayments of the previously existing non-current loan and lease liabilities have also been carried out, resulting in an overall decrease in non-current liabilities of EUR 5,923 thousand.

The interest rate development described above for the valuation of pension obligations resulted in an increase of the same by EUR 2,402 thousand.

Current liabilities also reflect the effects of the refinancing and the additional repayment of short-term financing lines. The utilization of short-term financing lines decreased by EUR 44,033 thousand compared to December 31, 2022. This reflects the effect of the refinancing with EUR 30 million and the additional repayment of these lines due to the positive operating cash flow. The trade payables and other liabilities only reflect balance sheet date-related changes.

1.1.6 DEVELOPMENT IN THE SEGMENTS

1.1.6.1 SPECIALTY CHEMICALS SEGMENT

In EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
External sales	76,214	73,172	141,493	158,955
EBITDA	16,323	14,936	30,588	30,955
EBITDA margin	21.4%	20.4%	21.6%	19.5%
Inventories	78,543	67,479	78,543	67,479

DEVELOPMENT IN THE 1ST HALF-YEAR 2023

The Specialty Chemicals segment was on a growth track in the first half-year 2023, increasing sales by EUR 17,463 thousand to EUR 158,955 thousand (+12%), mainly due to strong sales in the first quarter of 2023. The increase was driven by higher prices than in the previous year, but also by volume growth in individual product areas, although a slight overall decline in volumes was recorded across the entire segment.

The investment in expanding Creapure® capacity in the previous year is now paying off. The associated dietary supplements product area is running at high capacity, the new plant has got off to a good start and is already being expanded again, so that further increased capacity will be available in the fourth quarter of 2023. The products with applications of guanidine salts also achieved an increase in sales. There are currently signs of a shift in applications outside the previous main customers in the agrochemical and automotive industries. Sales in the automotive sector (DYHARD®), in agriculture (DORMEX®) and also in the animal nutrition business (Creamino®) were stable at the level of the previous year. Multi-purpose plants (custom manufacturing) are developing slightly below the level of the previous year – this reflects the restrained orders or postponements of the major chemical companies, which in times of their own production cutbacks are making less use of external manufacturing and want to utilize their own plants to full capacity for the time being. However, Alzchem considers this to be only a temporary effect, as its facilities are well diversified and can therefore serve a wide-ranging product mix. This diversification has historically proven to be very valuable

and resistant to crises. For this reason, Alzchem sees further growth in the area of custom manufacturing and in the near future will undertake an incremental expansion at one plant, which will make it possible to serve specific customer needs even more precisely. This will allow Alzchem to transfer projects already in development to production in a timely manner. The corona-related high figures of the previous year and also the expectations were not met in the pharmaceutical area (Bioselect®). Customers continue to report slowly declining inventories. In addition, a deal with a major customer, which is still waiting for approval for its own product in which Bioselect® is used, has been delayed.

EBITDA increased slightly to EUR 30,955 thousand compared with EUR 30,588 thousand in the previous year. Due to the significantly stronger sales growth, however, there was a slight decline in the EBITDA margin to 19.5%, compared with 21.6% in the previous year. In general, the cost level in the segment remains quite high, so that the price increases essentially offset the cost rises. In some cases, the price increases have also had to compensate for slight volume declines, which can lead to a certain reduction in the margin. In general, however, this also shows an uneven development across the product range, which essentially follows the sales discussion. Particularly in the multi-purpose plants with the campaign mode of operation, temporary shifts in margin development can occur here if products with lower margins are swapped for products with higher margins, but these are then produced and sold at a later date.



The segment's inventories amount to EUR 67,479 thousand and are thus significantly lower than in the previous year. This mainly reflects the results of working capital management with a focus on lower inventories and lower security buffers in the purchasing and sales areas. Fur-

thermore, the improved availability of logistics also means that inventories can be delivered more quickly and in a more timely manner.

DEVELOPMENT IN THE 2ND QUARTER 2023

In the analysis of the second quarter of 2023, the situation is slightly different than in the first half-year of 2023, as a small decline in sales of EUR 3,042 thousand to EUR 73,172 thousand had to be accepted here. Overall, volume reductions had a slightly stronger impact here than price increases. However, it can be seen that the price increases are no longer as severe as those in the second quarter of the previous year – in the previous year, high price increases were necessary here due to the considerable cost rises.

On the product side, the picture in the second quarter is more varied. Here, the dietary supplements product area also achieved strong volume growth with Creapure®. Likewise, sales of some products in the application of guanidine salts increased. In the other areas, sales were down on the prior-year quarter – albeit to varying degrees. Here, declining volumes outweighed the increase in product prices. As production in this segment is not so electricity-intensive and the remaining raw materials continued at a high level, only a few price reductions were necessary. However, in the Specialty Chemicals segment in particular, it is noticeable that customers are currently focusing on reducing their own inventories. One of the factors forcing companies to do this is their own liquidity situation, which necessitates a reduction in working capital in view of higher interest rates. On the other hand, the improved logistics situation also allows safety stocks to be reduced, as delivery times can be planned more easily again.

EBITDA in the second quarter of 2023 declined slightly, essentially in line with sales. EBITDA in the second quarter of 2023 was EUR 14,936 thousand, EUR 1,387 thousand lower than in the previous year. In line with the half-year analysis, the EBITDA margin in the period from April to June 2023 was also slightly lower at 20.4% than in the same period of the previous year (21.4%). Products with higher margins saw slight volume declines, and in some cases corresponding production and thus sales campaigns for certain products were postponed to a later period of the year.

With regard to the closing date analysis of inventories, the same statement applies as for the six-month period.

1.1.6.2 BASICS & INTERMEDIATES SEGMENT

In EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
External sales	57,927	46,038	115,368	103,375
EBITDA	854	2,410	3,695	5,190
EBITDA margin	1.5%	5.2%	3.2%	5.0%
Inventories	46,041	56,072	46,041	56,072

DEVELOPMENT IN THE 1ST HALF-YEAR 2023

In the Basics & Intermediates segment, a decline in sales was recorded. In the first half-year 2023, sales amounted to EUR 103,375 thousand, EUR 11,994 thousand less than in the previous year. Volume effects were the main driver of the lower sales, with different developments across the product areas. After the first three months of fiscal year 2023 were still stable in terms of sales, the months of April to June 2023 led to sales declines in the entire segment compared to the previous year – and this was mainly due to volume effects. In some cases, the products in this segment are exposed to very strong Asian (especially Chinese) competition. As mentioned at the beginning, Chinese domestic demand is weakening, forcing companies there to look to other local markets to sell their products. Here, we are increasingly seeing very aggressive pricing by Chinese competitors who, for liquidity reasons among other things, are trying to push their products through on the market at prices that are not sustainable.

As already described at the beginning, the agricultural product area with the fertilizer Perlka® is most affected by the decline in sales and contributes the major part to the sales development. This is not surprising in the current situation. The high proportion of electricity as a raw material in the production of the fertilizer forces Alzchem to offer sales prices that farmers are currently not willing to pay. Even the biggest proponents of calcium cyanamide fertilizer are difficult to convince when alternative products from Russia are available at much lower prices. Nevertheless, the sector is doing quite well under the given circumstances and is fighting for every ton of sales. On the other hand, the pharmaceutical, agrochemical and basic chemicals sectors (NITRALZ®) made gains. Now that the natural gas-based raw materials

required there (e.g. ammonia) are once again available on the market at slightly lower prices, it has also been possible to win back more customers by reducing selling prices in certain areas. In addition, at the request of customers, the adaptation of a production plant is currently being examined in order to be able to manufacture more quantities of higher-grade nitriles. The pharmaceuticals business (building block dicyandiamide) also recorded a slight decline, which was entirely due to lower volumes. The electricity-intensive production requires a high price level. Some customers have therefore increasingly switched to competing products from China and have reduced orders from Alzchem in return. Alzchem, as the only European manufacturer, is deliberately not participating in the price competition here and is foregoing economically unsustainable business without margins. The metallurgy business achieved approximately the same level of sales as in the previous year, but is confronted with automatically falling price levels due to the numerous existing raw material-based price escalator clauses. However, sales here could have been slightly higher had it not been for exogenous events such as a major fire at a customer's production site and a strike at another customer.

Refraining from lower-margin business and from price wars with Asian or Russian competitors has a positive effect on EBITDA. Despite the decline in sales, EBITDA increased year-on-year. It currently stands at EUR 5,190 thousand, compared with only EUR 3,695 thousand in the previous year. This is also reflected in the EBITDA margin, which rose from 3.2% in the previous year to 5.0% in the current reporting period. Although the cost level here has again increased significantly compared to the previous year, the consistent price strategy is having an effect here.



The segment's inventories are above the level of the previous year. One major effect is price increases for the raw materials required for production, mainly electricity. In addition, the

overhaul of the carbide furnaces is taking place earlier this year than in the previous year, which is why more production is currently being ramped up for the overhaul period.

DEVELOPMENT IN THE 2ND QUARTER 2023

After the first quarter of 2023 still delivered sales at the level of the previous year, the segment had to accept a decline in sales in the second quarter of 2023. Sales amounted to EUR 46,038 thousand and were thus EUR 11,889 thousand lower than in the previous year. The development in the second quarter is therefore almost completely in line with the development in the first half-year of 2023. The reasons for this are already included in the explanations on the first half-year of 2023 and also apply to the second quarter of 2023.

The picture for the segment's EBITDA is different from that for sales. EBITDA in the first quarter of 2023 was still stable at the previous year's level, while the figure for the second quarter

of 2023 was EUR 2,410 thousand, EUR 1,556 thousand higher than in the previous year. Considering the lower sales development, this is pleasing, but not yet satisfactory. As in the first half-year, the partly conscious decision to forego the price war by accepting reduced volumes can be seen as the driver of the development. Reference is therefore also made here to the explanations for the six-month period 2023.

With regard to inventories as of the reporting date, the same statement applies as for the six-month period.

1.1.6.3 OTHER & HOLDING SEGMENT

In EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
External sales	6,294	7,389	12,969	14,701
EBITDA	830	438	691	913
EBITDA margin	13.2%	5.9%	5.3%	6.2%
Inventories	5,207	3,589	5,207	3,589

DEVELOPMENT IN THE 1ST HALF-YEAR 2023

The Other & Holding segment generated EUR 1,733 thousand higher sales than in the previous year. This is mainly due to general price increases for the services purchased from customers at the chemical park and higher network fees from Alzchem's network operations. Last year, prices for media/services at the chemical park could mostly only be adjusted retrospectively due to rapidly rising costs, whereas prices currently already reflect the increased cost level.

At EUR 913 thousand, the segment's EBITDA was slightly above the level of the previous year. This is mainly due to the external network operation of Alzchem. Higher approved network fees and lower electricity losses led to an improvement in earnings here.

Inventories on the reporting date of the period under review amounted to EUR 3,589 thousand. This mainly relates to auxiliary and operating materials stored by chemical park customers.

DEVELOPMENT IN THE 2ND QUARTER 2023

The comments on the six-month period also apply to the second quarter of 2023.

2. RISK AND OPPORTUNITY REPORT

The management system for identifying risks and opportunities as well as the measures to limit risks were described in detail in the combined management report 2022. The main risks and opportunities arising in the course of business activities were also explained there. There have been no significant changes in Alzchem's opportunity and risk structure in the first half-year of 2023.

We would like to point out that the effects of a possible global or even European recession were not yet explained in the previous year's risk report. Economists are currently warning of

the occurrence of a European or even global recession. We do not currently expect a long-term recession, but classify the current subdued economic environment on the global markets as a temporary phenomenon. In particular, we do not see the structural direction of the Alzchem Group as being endangered by this. Rather, we anticipate short- to medium-term shifts within our broad portfolio of products and services, which will hold both risks and opportunities for us.

3. SUSTAINABILITY AT ALZCHEM

3.1. CLIMATE ROADMAP OF THE ALZCHEM GROUP: OUR PATH TO CLIMATE NEUTRALITY

As a responsible company, Alzchem would also like to inform its stakeholders about the Group's climate protection activities in this half-year report.

Furthermore, Alzchem sees sustainable management as an elementary prerequisite for maintaining and further developing its economic, social and ecological performance. The roadmap to climate neutrality was developed with a package of measures and presented to the Annual General Meeting in May 2023 for a vote. More than 95% of shareholders voted in favor of implementing the measures defined in the climate roadmap, thus also supporting the social responsibility this entails.

The package of measures was developed by the Management Board together with an internal sustainability committee. The targeted climate neutrality is to be achieved primarily in two ways: through independence from fossil fuels (defossilization) and climate-neutral production. This is accompanied by the conversion of combustion processes to renewable alternatives, for example in the form of electricity or hydrogen.

STEP BY STEP TO CHANGE

Alzchem already has low CO₂ emissions in the production process compared with the rest of the industry. In total, about one third of the total emissions can currently be used internally as a raw material and thus recycled. The remaining two-thirds of CO₂ emissions, amounting to approximately 110,000 tons (base 2022), are to be drastically reduced in the future. Alzchem considers these so-called Scope 1 emissions, i.e. the emissions released by its own company, to be the central adjusting screw that it intends to turn with all its might in order to achieve "green zero" (net zero) as quickly as possible. They are therefore at the heart of the climate roadmap.

The following four principles have emerged for Alzchem's green path:

- Alzchem wants to close production cycles more efficiently,
- Alzchem wants to reduce the amount of energy required,
- Alzchem wants to make more intensive use of the waste heat generated in production processes, and
- Alzchem wants to avoid any form of waste of resources.

This is to be achieved through four concrete packages of measures derived from the above principles:

Package 1:

CO₂ liquefaction/utilization of CO₂ as a raw material by applying modern processes.

Package 2:

Sustainable raw material management through alternative raw materials

Package 3:

Heat recovery through the use of waste heat

Package 4:

Efficiency increases through optimization of production processes



3.2. OTHER ACTIVITIES IN THE AREA OF SUSTAINABILITY

ALZCHEM RECEIVES ECOVADIS AWARD FOR ITS SUSTAINABILITY SUCCESSES

Corporate social responsibility is on everyone's lips and is also an essential point of orientation for Alzchem in its actions. Alzchem has therefore again successfully undergone an independent CSR rating by EcoVadis, the world's largest provider of sustainability ratings for companies, in 2023 and has once again improved on its performance in 2022. In recognition of its sustainability successes, Alzchem was once again awarded the gold medal, which reflects its responsible approach to people and the environment.

With 77 out of 100 achievable points, Alzchem is among the top two percent of companies worldwide assessed by EcoVadis in the field of manufacturing chemical base materials. The result thus underscores Alzchem's commitment to sustainable corporate action as well as its social responsibility. Among the various ESG issues, Alzchem achieved a near-optimal score for environmental issues. The company also improved again on labor and human rights. The areas of ethics and sustainable procurement in turn confirmed their already very high ratings of previous years.

ENVIRONMENTAL STATEMENT 2023

Alzchem regularly documents, monitors and evaluates the impact of its activities in terms of environmental protection and sustainability and defines targets for improving its environmental performance. For the year 2023, an updated environmental statement has been prepared, which has been audited by an independent environmental auditor according to EMAS criteria and published on Alzchem's website.

In this way, Alzchem creates transparency regarding its own CO₂ footprint, among other things. In particular, the reduction of energy consumption, the avoidance or recycling of waste, and the independent reprocessing of wastewater in the central wastewater treatment plant at the Trostberg site play a central role in this.

INFORMATION ON SAFETY

With a new brochure, Alzchem provides information about safety measures at the Trostberg, Hart and Waldkraiburg sites and about the correct behavior in the event of incidents. For many decades, Alzchem has been operating in-

dustrial facilities at these sites that are subject to the so-called Major Accidents Ordinance. This ordinance regulates the handling of hazardous substances and prescribes a high safety standard in order to avoid incidents as far as possible. A wide range of in-house safety initiatives, a highly trained fire department, and safety precautions in the plants and facilities that are constantly optimized in cooperation with the responsible authorities also help to minimize hazards both for employees and for people in the neighborhood. Should an incident nevertheless occur, additional precautionary measures limit the impact on people, the environment and property.

All information on safety measures and possible incidents is now summarized in a brochure, supplemented by a leaflet with behavioral instructions and telephone numbers where additional information can be obtained, for example in the event of unusual perceptions.

The information packages were sent directly to the neighbors of the sites; for the interested public, all the information contained in the brochure is available online at alzchem.com/en/company/quality-environment/.



4. FORECAST REPORT

The following table provides an overview of the ranges and figures forecast in the consolidated financial statements as of December 31, 2022 for the Group's financial performance indicators for fiscal year 2023

	Unit	2022	Forecast 2023
Group sales	EUR million	542.2	Lower limit: slightly growing Upper limit: up to EUR 590 million
Adjusted EBITDA*	EUR million	61.4	Lower limit: slightly growing Upper limit: up to EUR 70 million
Adjusted EBITDA margin*	%	11.3	Lower limit: stable Upper limit: up to 12%
Inventories	EUR million	122.4	Stable
Inventory intensity (previously inventory ratio)	%	22.6	Stable
Equity ratio	%	34.5	Noticeably growing

* No adjustments were made.

Also in light of the half-year results, we can continue to confirm the forecasts made in the Annual Report 2022 with the ranges stated therein. However, we see the development of the key figure Group sales rather at the lower end of the forecast range. In the forecast, we had assumed stable price development for our products due to energy and raw material costs at the level of the fourth quarter of 2022. This has not been fully confirmed. Even though energy and raw material costs remain at a very high level, they have decreased compared to the level of the fourth quarter of 2022. As a result, prices for Alzchem's products have declined. Here, sales are following the cost trend and some of the forecast prices are no longer at the high level of the fourth quarter of 2022. Added to this are the slowly emerging signs of a recession with slightly more subdued ordering behavior on the part of customers in the chemical industry. In our original forecast, on the other hand, we still assumed the absence of a recession. In our forecast, we expect this to be only a short-term development, not a

sustainable one, and therefore see our sales forecast confirmed, albeit at the lower end of the range. Should a sustained and longer recession materialize, this could have a negative impact on sales development.

We expect EBITDA to remain in the forecast range, as a large part of the decline in sales is due solely to the passing-on of lower selling prices. We also expect a further slight easing in other raw materials. The decision to forego lower-margin businesses and the consistent focus on specialty chemicals will also contribute to the stability of EBITDA. If our forecasts for energy and raw material prices materialize, we expect EBITDA to be at the upper end of the forecast range. This also applies to the EBITDA margin.

There is also no need to adjust the forecast for the financial performance indicators inventories, inventory intensity and equity ratio. The assumptions made for these indicators in the consolidated financial statements as of December 31, 2022 continue to apply.

The possible effects of a prolonged or sustained recession in Germany and Europe are not reflected in this forecast and are not currently foreseeable by us. However, we would like to point out that a longer than assumed recession in the German, European and global economy could also have a negative impact on Alzchem's results of operations.

5. 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 results of operations, net assets and financial position of the Alzchem 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 main 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, 2023

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

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Sales	140,435	126,599	269,830	277,031
Change in inventories of finished goods and work in progress	14,467	9,105	28,611	10,021
Other operating income	5,736	1,906	9,804	7,480
Cost of materials	-74,027	-62,374	-147,563	-138,533
Personnel expenses	-36,287	-36,012	-70,286	-71,274
Other operating expenses	-32,517	-21,352	-55,520	-47,936
EBITDA	17,807	17,872	34,876	36,789
Depreciation and amortization	-6,299	-6,335	-12,604	-12,655
EBIT	11,508	11,537	22,272	24,134
Other interest and similar income	2,393	106	3,575	155
Interest and similar expenses	-643	-1,661	-1,246	-3,542
Financial result	1,750	-1,555	2,329	-3,387
Result from ordinary business activities	13,258	9,982	24,601	20,747
Taxes on income and earnings	-3,628	-2,742	-7,231	-5,797
Result for the period	9,630	7,240	17,370	14,950
thereof non-controlling interests	43	43	85	85
thereof shares of the shareholders of Alzchem Group AG	9,587	7,197	17,285	14,865
Earnings per share in EUR (undiluted and diluted)*	0.95	0.71	1.71	1.46

* After share transfer to employees in 2023 calculated with the average number of outstanding shares, in the period 01.01.-30.06.2023 of 10,162,808 shares and in the period 01.04.-30.06.2023 of 10,176,335 shares. In the period 2022 calculated with 10,135,754 shares.

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

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Consolidated result for the period	9,630	7,240	17,370	14,950
Other income				
Items that are not reclassified to the income statement				
Result from the revaluation of defined benefit plans	25,941	1,471	49,000	-1,544
Deferred taxes	-7,263	-412	-13,720	432
Total items that are not reclassified to the income statement	18,677	1,059	35,280	-1,112
Items that will later be reclassified to the income statement				
Result from the market valuation of financial assets	0	0	0	0
Difference amount from currency translation	-33	-467	10	-766
Deferred taxes	0	0	0	0
Total items that will later be reclassified to the income statement	-33	-467	10	-766
Other income	18,644	592	35,291	-1,878
Non-controlling interests in other income	0	0	0	0
Shares of the shareholders of Alzchem Group AG in other income	18,644	592	35,291	-1,878
Consolidated comprehensive income	28,274	7,832	52,661	13,072
Non-controlling interests in other consolidated comprehensive income	43	43	85	85
Shares of the shareholders of Alzchem Group AG in consolidated comprehensive income	28,231	7,790	52,576	12,987

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

Assets in EUR thousand	12/31/2022	06/30/2023
Non-current assets		
Intangible assets	2,954	3,038
Property, plant and equipment	181,526	176,826
Lease usage rights	6,250	5,476
Financial assets	6	6
Other receivables and other assets	1,531	1,454
Deferred tax assets	15,956	16,634
Total non-current assets	208,223	203,434
Current assets		
Inventories	122,404	126,492
Trade receivables	55,712	54,636
Financial assets	5,228	3,066
Other receivables and other assets	19,743	19,741
Income tax claims	2,307	2,566
Cash and cash equivalents	9,243	9,299
Total current assets	214,637	215,800
Total assets	422,860	419,234

Equity and Liabilities in EUR thousand	12/31/2022	06/30/2023
Equity		
Capital and reserves		
Subscribed capital	101,763	101,763
Capital reserve adjustment item reverse acquisition	-87,451	-88,459
Capital reserve	24,981	24,981
Other accumulated equity	-15,316	-17,194
Balance sheet profit	121,044	125,223
Treasury shares	-1,009	0
	144,012	146,314
Non-controlling interests	1,934	2,020
Total equity	145,946	148,334

Equity and Liabilities in EUR thousand	12/31/2022	06/30/2023
Liabilities		
Non-current liabilities		
Provisions for pensions and similar obligations	90,141	92,542
Other provisions	17,011	17,732
Loan liabilities to banks	27,498	53,081
Lease liabilities	4,622	4,008
Other liabilities	171	0
Deferred tax liabilities	5,365	5,755
Total non-current liabilities	144,808	173,118
Current liabilities		
Other provisions	1,944	2,343
Loan liabilities to banks	66,408	21,788
Lease liabilities	1,707	1,593
Trade payables	37,386	38,709
Other liabilities	23,059	29,664
Income tax liabilities	1,602	3,685
Total current liabilities	132,106	97,782
Total liabilities	276,914	270,900
Total equity and liabilities	422,860	419,234



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

	Subscribed capital	Capital reserve adjustment item reverse acquisition	Capital reserve	Other accumulated equity	Balance sheet profit	Treasury shares	Shares of the shareholders of Alzchem Group AG	Non-controlling interests	Total equity
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
As of 01/01/2022	101,763	-88,128	24,981	-51,104	101,127	-1,009	87,630	1,934	89,564
Dividend	0	0	0	0	-10,136	0	-10,136	0	-10,136
Total transactions with shareholders	0	0	0	0	-10,136	0	-10,136	0	-10,136
Consolidated result for the period	0	0	0	0	17,285	0	17,285	85	17,370
Other income	0	0	0	35,291	0	0	35,291	0	35,291
Consolidated comprehensive income	0	0	0	35,291	17,285	0	52,576	85	52,661
As of 06/30/2022	101,763	-88,128	24,981	-15,813	108,276	-1,009	130,070	2,020	132,090
As of 01/01/2023	101,763	-87,451	24,981	-15,316	121,044	-1,009	144,012	1,934	145,946
Dividend	0	0	0	0	-10,685	0	-10,685	0	-10,685
Total transactions with shareholders	0	0	0	0	-10,685	0	-10,685	0	-10,685
Share-based remuneration employees	0	-1,009	0	0	0	1,009	0	0	0
Consolidated result for the period	0	0	0	0	14,865	0	14,865	85	14,950
Other income	0	0	0	-1,878	0	0	-1,878	0	-1,878
Consolidated comprehensive income	0	0	0	-1,878	14,865	0	12,987	85	13,072
As of 06/30/2023	101,763	-88,460	24,981	-17,194	125,223	0	146,313	2,020	148,334

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

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Consolidated earnings before taxes	13,258	9,982	24,601	20,747
Depreciation and amortization	6,299	6,335	12,604	12,655
Payments from pension provisions	-364	-403	-878	-967
Profit from the sale of non-current assets	-48	0	-58	-1
Other non-cash expenses	306	1,454	1,835	2,914
Financial result	-1,750	1,555	-2,329	3,387
Interest received	2	53	3	76
Interest paid	-262	-813	-482	-1,527
Income taxes paid	-1,785	-2,016	-3,310	-3,994
Increase in inventories	-19,271	-6,504	-40,214	-4,043
Increase in trade receivables and other receivables	-9,417	20,969	-23,662	3,053
Increase in trade payables, other liabilities and other provisions	1,425	-751	14,624	7,689
Change in other balance sheet items	19	-291	95	-175
Cash outflow (-)/inflow (+) from operating activities (net cash flow)	-11,588	29,570	-17,169	39,814
Payments for investments in property, plant and equipment	-7,720	-3,768	-15,082	-8,577
Proceeds from the sale of property, plant and equipment	48	29	61	0
Cash outflow from investing activities	-7,672	-3,739	-15,021	-8,577

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Free Cashflow	-19,260	25,831	-32,190	31,238
Proceeds (+)/payments (-) from short-term financing lines	34,044	-10,791	50,662	-44,033
Proceeds from loans	0	0	0	30,000
Payments for the repayment of loan liabilities	-2,514	-2,514	-5,462	-5,027
Repayment of lease liabilities	-477	-440	-940	-896
Dividend payments	-10,136	-10,685	-10,136	-10,685
Dividend payments to non-controlling interests	0	0	-171	-171
Cash outflow (-)/inflow (+) from financing activities	20,917	-24,430	33,953	-30,812
Net decrease (-)/increase (+) in cash and cash equivalents	1,657	1,401	1,763	426
Cash and cash equivalents at the beginning of the period (at the closing rate of the previous year)	8,435	8,126	8,285	9,243
Changes due to exchange rate changes	104	-228	148	-370
Cash and cash equivalents at the end of the period	10,196	9,299	10,196	9,299
Net decrease (-)/increase (+) in cash and cash equivalents	1,657	1,401	1,763	426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022

I. SEGMENT REPORTING

Segment reporting by operating segments for the 2nd quarter 2022:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	76,214	57,927	6,294	0	140,435
EBITDA	16,323	854	830	-200	17,807
EBITDA margin	21.4%	1.5%	13.2%		12.7%
Depreciation and amortization					-6,299
EBIT					11,508
Other interest and similar income					2,393
Interest and similar expenses					-643
Financial result					1,750
Result from ordinary business activities					13,258
Inventories as of 06/30/2022	78,543	46,041	5,207	-2,895	126,897

Segment reporting by operating segments for the 2nd quarter 2023:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	73,172	46,038	7,389	0	126,599
EBITDA	14,936	2,410	438	88	17,872
EBITDA margin	20.4%	5.2%	5.9%		14.1%
Depreciation and amortization					-6,335
EBIT					11,537
Other interest and similar income					106
Interest and similar expenses					-1,661
Financial result					-1,555
Result from ordinary business activities					9,982
Inventories as of 06/30/2023	67,479	56,072	3,589	-648	126,492



Segment reporting by operating segments for the 1st half-year 2022:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	141,493	115,368	12,969	0	269,830
EBITDA	30,588	3,695	691	-98	34,876
EBITDA margin	21.6%	3.2%	5.3%		12.9%
Depreciation and amortization					-12,604
EBIT					22,272
Other interest and similar income					3,575
Interest and similar expenses					-1,246
Financial result					2,329
Result from ordinary business activities					24,601
Inventories as of 06/30/2022	78,543	46,041	5,207	-2,895	126,897

Segment reporting by regions:

in EUR thousand	Domestic	Foreign	Group
External sales 2nd quarter 2022	40,480	99,955	140,435
External sales 2nd quarter 2023	35,765	90,834	126,599
External sales 1st half-year 2022	77,771	192,059	269,830
External sales 1st half-year 2023	78,461	198,570	277,031
Non-current assets as of 06/30/2022	184,184	5,335	189,518
Non-current assets as of 12/31/2022	185,661	5,069	190,730
Non-current assets as of 06/30/2023	180,613	4,727	185,339

Segment reporting by operating segments for the 1st half-year 2023:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	158,955	103,375	14,701	0	277,031
EBITDA	30,955	5,190	913	-269	36,789
EBITDA margin	19.5%	5.0%	6.2%		13.3%
Depreciation and amortization					-12,655
EBIT					24,134
Other interest and similar income					155
Interest and similar expenses					-3,542
Financial result					-3,387
Result from ordinary business activities					20,747
Inventories as of 06/30/2023	67,479	56,072	3,589	-648	126,492



II. PRELIMINARY NOTE

The subject of these condensed interim consolidated financial statements (interim consolidated financial statements) is Alzchem Group AG, a corporation under German law with its registered office at Dr.-Albert-Frank-Str. 32, 83308 Trostberg, Germany, and its subsidiaries. The competent registration court is located in Traunstein (HRB 28592). Alzchem Group AG is the parent company of the Alzchem Group and prepares these interim consolidated financial statements as of June 30, 2023.

The companies of the Alzchem Group develop, produce and trade in chemical products of all kinds and provide services as chemical park operators, among other things. From the basic raw materials of coal, lime and electricity, versatile products with typical nitrogen-carbon-nitrogen compounds of the highest quality are manufactured in further production steps at the Trostberg, Schalchen, Hart, Waldkraiburg and Sundsvall (Sweden) sites. There are also sales units in Atlanta (USA), Shanghai (China) and Coventry (United Kingdom).

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

ACCOUNTING PRINCIPLES

The interim consolidated financial statements of Alzchem Group AG as of June 30, 2023 have been prepared in accordance with the regulations of the International Accounting Standards Board (IASB), London, in compliance with the International Financial Reporting Standards (IFRS) as applicable in the EU. The interpretations of the IFRS Interpretations Committee (formerly IFRIC and SIC) have been applied. Accordingly, these interim consolidated financial statements have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting".

The interim consolidated financial statements are presented in euros (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 euros (EUR thousand) unless otherwise stated. All figures have been rounded up or down to the nearest

thousand euros in accordance with commercial rounding practice, so that individual figures do not always add up exactly to the totals given.

The provisions of the International Financial Reporting Standards (IFRS) whose application was mandatory up to the balance sheet date of June 30, 2023 have been applied. Early application of standards not yet mandatory as of June 30, 2023 has been waived.

The notes to the consolidated financial statements of Alzchem Group AG as of December 31, 2022 apply accordingly, particularly with regard to the principal accounting and valuation methods. The interim consolidated financial statements have been prepared on a going concern basis.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT WERE APPLIED FOR THE FIRST TIME IN THE FISCAL YEAR 2023

The following standards and interpretations revised or newly issued by the IASB were required to be applied from the beginning of the fiscal year 2023:

- IFRS 17

IFRS 17 Insurance Contracts is not relevant for the Alzchem Group.

- Amendments to IAS 1 – Disclosures of Accounting Policies / Amendments to IAS 8 – Definition of Accounting Estimates.

The amendments to IAS 1 clarify that only “significant” and company-specific accounting policies are to be presented in the notes and that standardized explanations do not have to be provided.

The amendment to IAS 8 relates to the definition of accounting estimates and clarifies how entities can better distinguish changes in accounting policies from changes in accounting

estimates. The amendments could reduce the scope of accounting-related disclosures in Alzchem’s notes to the consolidated financial statements as of December 31, 2023, but have no effect on the interim consolidated financial statements.

- Amendments to IAS 12 – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction

The amendments to IAS 12 Income Taxes eliminate the “initial recognition exemption” for transactions in which both deductible and taxable temporary differences arise in the same amount on initial recognition, even if the other previously applicable conditions are met. This is therefore a reversal of the “initial recognition exemption” for narrowly defined cases. The first-time application had no effect on Alzchem’s current accounting.



STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET MANDATORY

With regard to the amendments already published up to the preparation date of the consolidated financial statements as of December 31, 2022, we refer to the notes to the consolidated financial statements as of December 31, 2022. Since then, the following amendments have been made in this regard.

AMENDMENTS TO IAS 7 AND IFRS 7 – DISCLOSURES ON SUPPLIER FINANCING ARRANGEMENTS

The amendments to IAS 7 and IFRS 7 include detailed disclosure requirements and “signposts” within existing disclosure regulations requiring companies to provide qualitative and quantitative information about supplier financing arrangements (reverse factoring). The amendments to IAS 7 are effective for annual reporting periods beginning on or after January 1, 2024 (with earlier application permitted) and the amendments to IFRS 7 when the amendments to IAS 7 are applied. Alzchem does not have any reverse factoring arrangements and does not expect any changes in the disclosures in the notes from these standards at the current time. However, adoption into EU law is still pending.

AMENDMENTS TO IAS 12 – INTERNATIONAL TAX REFORM/PILLAR TWO MODEL RULES

In March 2022, the OECD published technical guidance on its global minimum tax of 15%, agreed as the second “pillar” of a project to address the tax challenges of the digitization of the economy. These guidelines explain the application and operation of the Global Anti-Base Erosion (GloBE) rules, which were agreed and published in December 2021. These rules provide for a coordinated system to ensure that multinational companies with sales of more than EUR 750 million pay a tax of at least 15% on income earned in each jurisdiction in which they operate.

THE IASB IMPLEMENTED THE FOLLOWING AMENDMENTS TO IAS 12:

- An exemption from the requirements in IAS 12 under which a company does not recognize and disclose deferred tax assets and liabilities relating to OECD second pillar income taxes. A company shall disclose that it has applied the exception.
- Requirement that a company must separately disclose its current tax expense/income related to second pillar income taxes.
- Requirement that, in periods in which second pillar laws have been enacted or substantially enacted but not yet in effect, a company provides known or reasonably estimable information that helps users of the financial statements understand the second pillar income taxes resulting from those laws.
- Requirement that a company must apply the exemption and the requirement to disclose that it has applied the exemption immediately after the amendments are issued and retrospectively in accordance with IAS 8.

The remaining disclosure requirements are mandatory for annual reporting periods beginning on or after January 1, 2023. However, adoption into EU law is still pending. Alzchem currently does not expect to fall under the minimum taxation regulations, as the required relevant sales figure of EUR 750 million is not exceeded.

IV. EXPLANATIONS ON THE INCOME STATEMENT

1. SALES REVENUES

The sales revenues of the Alzchem Group can be broken down into product sales and services as follows:

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Sales from product sales	135,251	119,567	259,214	264,205
Sales from services	5,184	7,032	10,616	12,826
	140,435	126,599	269,830	277,031

Sales revenues are distributed among the segments shown in the segment reporting as follows:

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Product sales in the Specialty Chemicals segment	76,214	73,172	141,493	158,955
Product sales in the Basics & Intermediates segment	57,927	46,038	115,368	103,375
Product sales in the Other & Holding segment	1,110	357	2,353	1,875
Service sales in the Other & Holding segment	5,184	7,032	10,616	12,826
	140,435	126,599	269,830	277,031

Total sales revenues are distributed geographically as follows:

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Germany	40,480	35,765	77,771	78,461
European Union	45,938	43,941	92,003	94,699
Rest of Europe	4,780	6,427	9,585	12,704
NAFTA	15,720	21,833	32,505	45,938
Asia	13,821	9,690	26,518	17,458
Rest of the world	19,696	8,943	31,448	27,771
	140,435	126,599	269,830	277,031

2. OTHER OPERATING INCOME

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Income from currency translation	2,307	481	3,628	3,239
Own work capitalized	1,958	944	3,695	2,000
Income from the reversal of provisions and liabilities	1,030	87	1,030	507
Income from grants	142	128	430	288
Income from energy tax refunds	119	0	119	0
Income from services to third parties	21	106	36	128
Miscellaneous other income	159	158	866	1,318
	5,736	1,906	9,804	7,480

3. OTHER OPERATING EXPENSES

in EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Selling expenses	6,801	4,887	12,755	11,281
Environmental and disposal costs	2,018	3,280	4,387	6,074
Currency translation expense	726	1,130	1,888	4,656
Maintenance	2,765	2,176	4,764	4,639
Other external services	2,791	1,741	4,880	3,552
Consulting, research and development costs	2,036	1,582	3,747	3,318
Insurances	1,192	1,239	2,407	2,488
IT costs	708	757	1,402	1,515
Miscellaneous other expenses	13,480	4,560	19,290	10,413
	32,517	21,352	55,520	47,936

4. FINANCIAL RESULT

The financial result for the first half-year 2023 includes an interest expense from additions to pension provisions of EUR 1,651 thousand (first half-year 2022: EUR 696 thousand). Of this amount, EUR 825 thousand was attributable to the second quarter of 2023 (second quarter of 2022: EUR 348 thousand).

V. EXPLANATIONS ON THE BALANCE SHEET

5. EQUITY

The statutory share capital of Alzchem Group AG, Trostberg, remained unchanged at EUR 101,763,350.00 as of the reporting date.

In the first half-year 2023, a dividend of EUR 10,658 thousand (prior-year period: EUR 10,136 thousand) was distributed to the shareholders of Alzchem Group AG. This corresponds to a dividend per share of EUR 1.05 (prior-year period: EUR 1.00).

As of December 31, 2022, the company held a total of 40,581 treasury shares. These treasury shares were transferred to certain employees in the first half-year 2023 as part of a share-based payment. The regulations of IFRS 2 provide for this employee remuneration to be recognized through capital reserves. Upon transfer to the employees, the previously separately disclosed item "treasury shares" was reclassified to the item "capital reserve adjustment item rev. acquisition/IFRS 2". As a result, Alzchem no longer holds any treasury shares. This affects the number of shares used to calculate earnings per share. The calculation of basic earnings per share is based on the weighted average number of shares outstanding during the reporting period. Shares transferred to employees are considered to be outstanding on a pro rata basis from the date of transfer and are weighted accordingly. Until then, treasury shares were not included in the calculation of shares outstanding. IFRS regulations do not provide for an adjustment of the previous year's figures.

The following overview shows the weighted average number of shares outstanding considered for the respective reporting periods:

EUR thousand	2nd quarter 2022	2nd quarter 2023	1st half-year 2022	1st half-year 2023
Weighted average number of shares outstanding	10,135,754	10,176,335	10,135,754	10,162,808
Earnings per share in EUR	0.95	0.71	1.71	1.46

6. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations increased by EUR 2,402 thousand to EUR 92,524 thousand at June 30, 2023, compared with the level at December 31, 2022. This rise includes an amount of EUR 1,544 thousand recognized directly in equity before deduction of deferred taxes in other comprehensive income. The reason for the slight increase in pension provisions is the decrease in the discount rate from 3.7% as of December 31, 2022 to 3.6% as of June 30, 2023. The deferred tax assets recognized on this rose by EUR 432 thousand due to the interest rate. This change was also recognized directly in equity in other comprehensive income.

7. FINANCIAL ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following table shows the carrying amounts and fair values of financial assets by measurement category in accordance with IFRS 9:

	At amortized cost		At fair value		Total amount
	Financial assets measured at amortized cost	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		
12/31/2022					
Balance sheet item	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Fair value
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Financial assets	-	-	5,233	5,233	5,233
Other receivables and other assets	12,411	-	-	12,411	12,411
Trade receivables	11,559	44,153	-	55,712	55,712
Cash and cash equivalents	9,243	-	-	9,243	9,243
Total financial assets	33,213	44,153	5,233	82,600	82,600

	At amortized cost		At fair value		Total amount
	Financial assets measured at amortized cost	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		
06/30/2023					
Balance sheet item	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Fair value
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Financial assets	-	-	3,071	3,071	3,071
Other receivables and other assets	12,658	-	-	12,658	12,658
Trade receivables	8,874	45,762	-	54,636	54,636
Cash and cash equivalents	9,299	-	-	9,299	9,299
Total financial assets	30,831	45,762	3,071	79,664	79,664



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

12/31/2022	At amortized cost		
	Financial liabilities measured at amortized cost	Total amount	
Balance sheet item	Carrying amount	Carrying amount	Fair value
	EUR thousand	EUR thousand	EUR thousand
Loan liabilities to banks	93,906	93,906	92,626
Trade payables	37,386	37,386	37,386
Other liabilities	5,595	5,595	5,595
Total financial liabilities	136,887	136,887	135,607

06/30/2023	At amortized cost		
	Financial liabilities measured at amortized cost	Total amount	
Balance sheet item	Carrying amount	Carrying amount	Fair value
	EUR thousand	EUR thousand	EUR thousand
Loan liabilities to banks	74,869	74,869	73,529
Trade payables	38,709	38,709	38,709
Other liabilities	7,407	7,407	7,407
Total financial liabilities	120,985	120,985	119,645

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

Due to the short-term maturities of the financial assets, it is assumed that the fair values approximate the carrying amounts. The trade payables and other liabilities balance sheet items generally contain liabilities with regularly short remaining terms, so that the fair values are assumed to approximate the carrying amounts reported. The item "loan liabilities to banks" contains current and non-current financial liabilities. The fair values of liabilities with

12/31/2022	Level 2	Level 3	Total
Assets			
	EUR thousand	EUR thousand	EUR thousand
Trade receivables			
- Measured at fair value through other comprehensive income	44,153	-	44,153
Financial assets			
- Measured at fair value through profit or loss	5,228	6	5,234
Total assets	49,381	6	49,387

Financial liabilities were not recognized at fair value in the reporting period. In the reporting period, there were no reclassifications between the individual fair value hierarchies.

The fair value of electricity derivatives measured at fair value through profit or loss is allocated to level 2.

The fair value of trade receivables measured at fair value through other comprehensive income 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, the transaction prices in the context of the sale of trade receivables, where the purchaser regularly refers to the nominal value, are used. In case of a default event, these values are adjusted by the need for valuation allowances.

remaining terms to maturity 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 creditworthiness and liquidity spreads. This approach corresponds to hierarchy level 2 of IFRS 13.

The following table shows the financial assets recognized at fair value on a recurring basis after initial recognition and their measurement levels under IFRS 13:

06/30/2023	Level 2	Level 3	Total
Assets			
	EUR thousand	EUR thousand	EUR thousand
Trade receivables			
- Measured at fair value through other comprehensive income	45,762	-	45,762
Financial assets			
- Measured at fair value through profit or loss	3,066	6	3,071
Total assets	48,828	6	48,833

The Alzchem Group holds an investment in the category "measured at fair value through profit or loss" whose fair value is attributable 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 fair value was estimated on the basis of acquisition costs. A deviation of the actual market value from this estimated value within a realistic range would not have a material impact on the significance of the item or on the net assets, financial position and results of operations of the Alzchem Group. In the first half-year 2023, EUR 28 thousand (first half-year 2022: EUR 146 thousand; second quarter 2023: EUR 28 thousand; second quarter of 2022: EUR 0 thousand) income was recognized from this financial asset, which was reported within 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 current reporting period and in the comparative prior-year period, no customer contributed at least 10% each to total Group sales.

9. RELATIONS WITH RELATED COMPANIES AND PERSONS

Related persons include persons in key positions in the Alzchem Group.

In addition, LIVIA Corporate Development SE, Munich, and four two na GmbH, Munich, the companies controlled by them and the companies controlled by their shareholders or legal representatives are considered related parties of the Alzchem Group in the reporting period.

No transactions were conducted with related companies and persons as defined above during the reporting period.

10. SEASONAL INFLUENCES

The Alzchem Group's business is partly subject to seasonal influences. In particular, the supply cycles for agrochemical products mean that sales and therefore EBITDA can be slightly higher in the first half-year of a fiscal year than in the second half-year.

11. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date of the first half-year 2023, there were no events with a significant impact on the net assets, financial position and results of operations of the Alzchem Group up to the date of preparation of the interim consolidated financial statements.

Trostberg, July XX, 2023

Alzchem Group AG

The Management Board

Andreas Niedermaier (CEO)

Klaus Englmaier (COO)

Dr. Georg Weichselbaumer (CSO)

List of abbreviations

€/EUR	Euro
AG	Aktiengesellschaft (stock corporation)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EUR thousand	Thousand euro

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.

In the interests of readability, this half-year financial report does not use the masculine, feminine and diverse (m/f/d) forms of language simultaneously. All references to persons apply equally to all genders.

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

Financial Calendar 2023

September 26 to October 26, 2023

Quiet Period*

October 26, 2023

Q3 Quarterly Statement 2023

* During a "quiet period", Alzchem Group AG only communicates with the capital market to a limited extent before publishing quarterly and full-year results.

With the QR code you will get to all current events of Alzchem.



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Imprint

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