



alzchem  
group

AGILE SCIENCE PURE RESULTS

Alzchem Group AG

# QUARTERLY STATEMENT Q1 2023

# Alzchem at a Glance

~ € 150  
mn

sales generated by Alzchem in the 1st quarter of 2023  
1st quarter of 2022: ~ € 129 mn €

~ € 19  
mn

EBITDA generated by Alzchem in the 1st quarter of 2023  
1st quarter of 2022: ~ € 17 mn

## MARKETS



HEALTH & NUTRITION



ANIMAL NUTRITION



FINE CHEMISTRY



PHARMA



AGRICULTURE



RENEWABLE ENERGIES



METALLURGY



CUSTOM SYNTHESIS

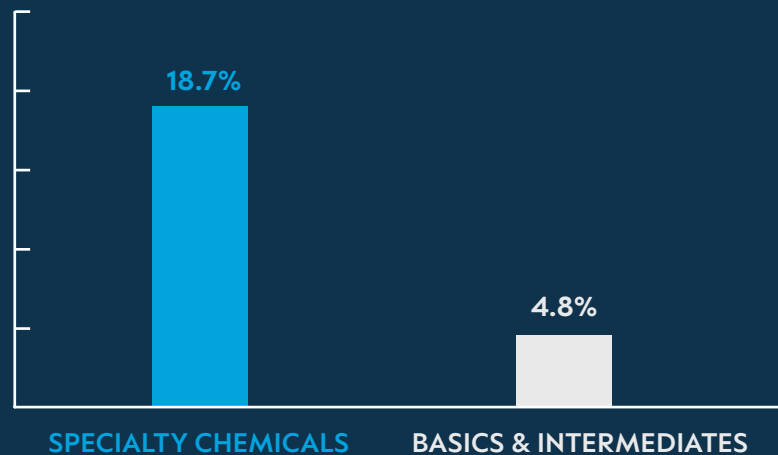


AGRI SOLUTIONS

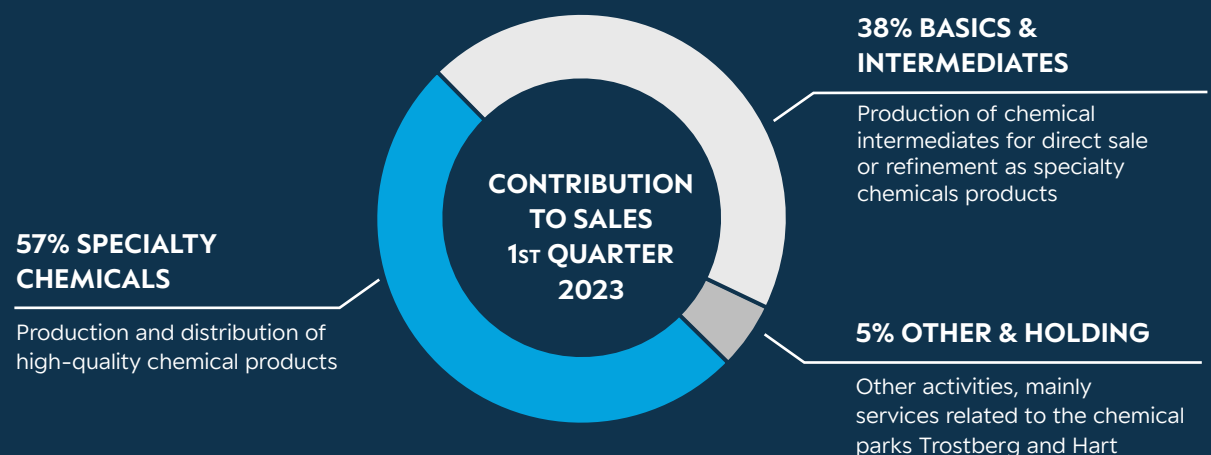


AUTOMOTIVE

## EBITDA MARGIN BY MAIN SEGMENTS



## THREE REPORTING SEGMENTS









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## Sales up by 16% and EBITDA by 11%, free cash flow positive

- Sales 16% above prior year
- Specialty Chemicals with significant sales growth, Basics & Intermediates at prior-year level
- EBITDA 11% above prior year, but slight decline in EBITDA margin to 12.6%
- Operating cash flow and free cash flow positive again
- Inventory reduction shows first successes
- Expanded Creapure<sup>®</sup> capacities brought on stream
- Refinancing of EUR 30 million successfully completed
- Outlook 2023: forecast confirmed
- Climate roadmap defined

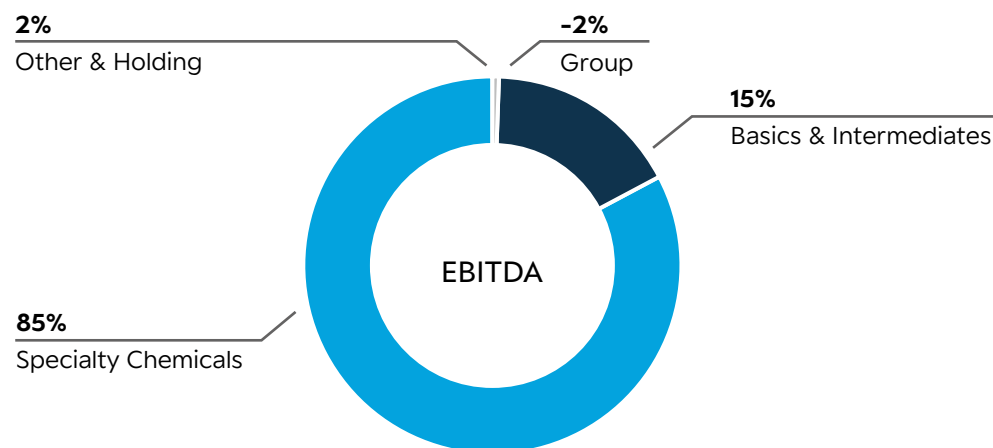
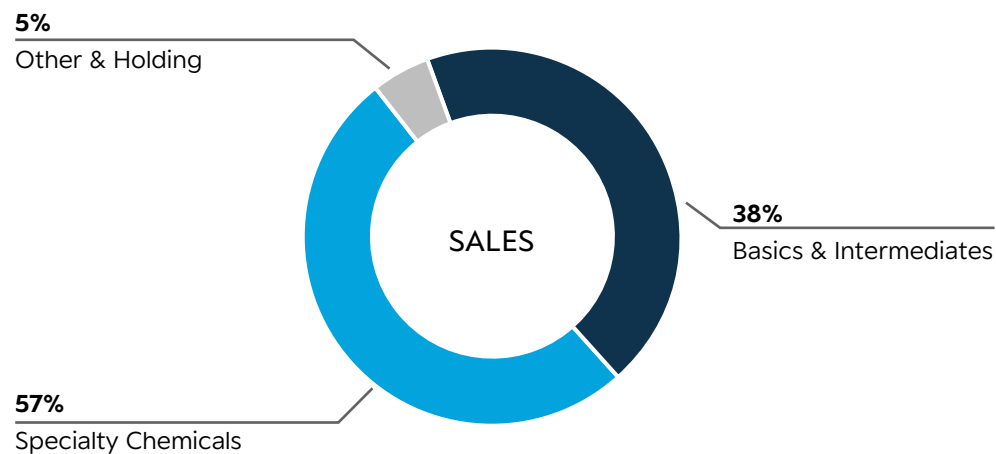
Note: Unless otherwise stated, all amounts are stated in EUR thousand. For computational reasons, rounding differences of ± one unit may occur in tables.

## KEY FIGURES OF THE ALZCHEM GROUP IN THE 1ST QUARTER 2023

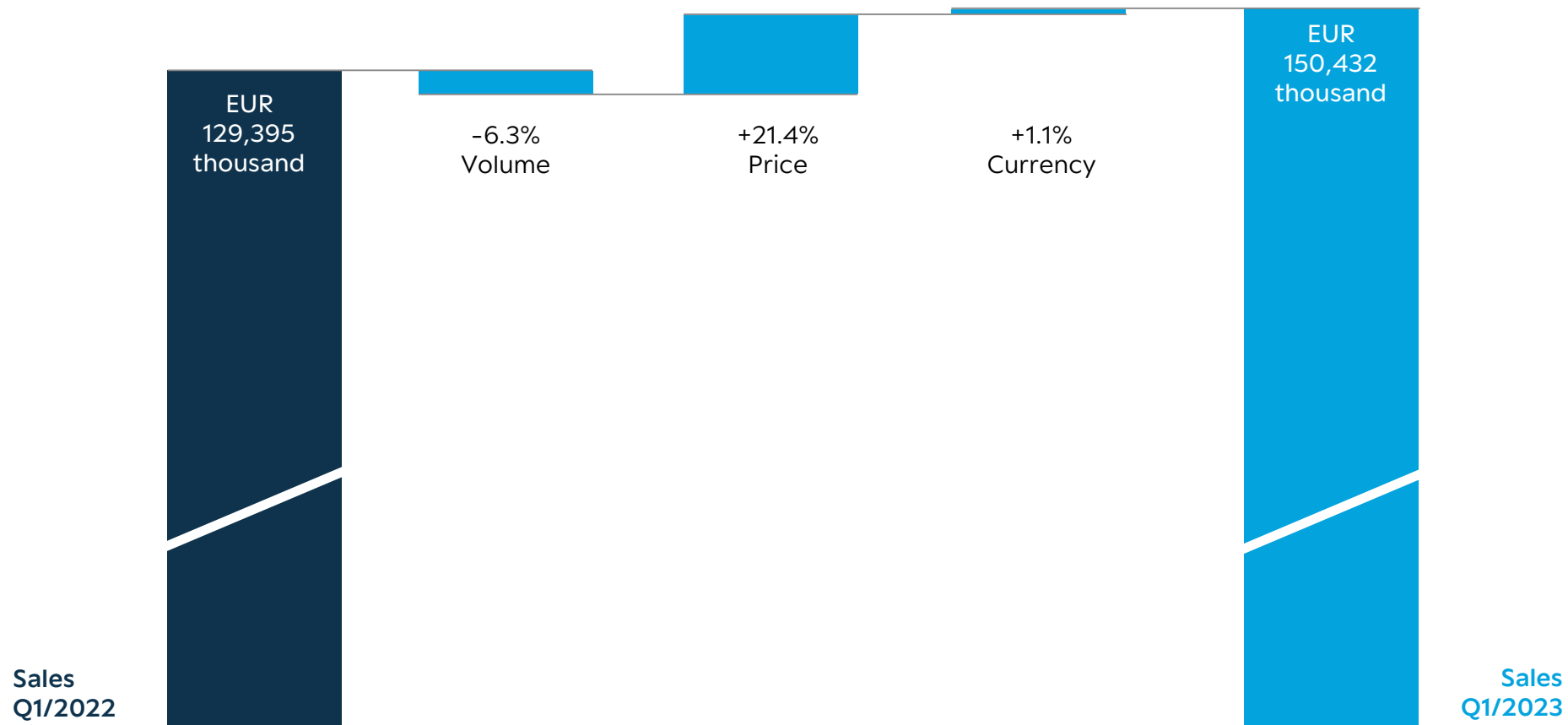
In EUR thousand	Unit	1st quarter 2022	1st quarter 2023
<b>Sales</b>	TEUR	<b>129,395</b>	<b>150,432</b>
<b>EBITDA</b>	TEUR	<b>17,070</b>	<b>18,917</b>
<b>EBITDA margin</b>	%	<b>13.2</b>	<b>12.6</b>
<b>EBIT</b>	TEUR	<b>10,765</b>	<b>12,598</b>
<b>Result for the period</b>	TEUR	<b>7,740</b>	<b>7,710</b>
<b>Earnings per share in EUR (undiluted and diluted)*</b>	EUR	<b>0.76</b>	<b>0.76</b>
<b>Equity ratio as of March 31</b>	%	<b>28.2</b>	<b>34.7</b>

\* In the period 01/01-03/31/2023 calculated with 10,149,281 shares; in the period 01/01-03/31/2022 calculated with 10,135,754 shares.

## SALES AND EBITDA SHARE BY SEGMENT IN THE 1ST QUARTER 2023



## CHANGE IN SALES COMPARED TO PREVIOUS YEAR



# 1. Development of the Group

## 1.1 CURRENT DEVELOPMENTS IN THE 1ST QUARTER 2023

In the Annual Report for the fiscal year 2022, we reported in detail on the effects of the Ukraine war and the COVID-19 pandemic on Alzchem's situation. In the following, we only address the changes compared to the situation at that time.

The protective measures against the COVID-19 pandemic have now been completely lifted in Germany. Alzchem has also decided to end all precautionary medical measures. At this point, we would like to express our sincere thanks to the employees of Alzchem, who conscientiously and patiently implemented all the instructions issued in this regard and in this way contributed to the fact that no longer plant closures were necessary during the entire period of the pandemic, but that Alzchem was able to produce and deliver at all times.

The lifting of all quarantine rules worldwide, and especially in China, led to a further noticeable easing in global supply chains and gives hope that the pandemic-related disruptions will visibly dissipate. For Alzchem, this means better planning of delivery dates to customers, but also of its own raw material procurement. In addition, freight rates are again falling slightly as a result of the improved availability of transport options.

Developments on the raw material and energy markets are not uniform. While natural gas-based raw materials in particular (such as ammonia) are showing a downward trend, other raw materials that are important for Alzchem tend to see rising or stagnating purchase prices. However, the developments are coming from a very high level in the fourth quarter of 2022 and mean that the prices of almost all raw materials are very high compared with the first quarter of 2022 or the period before the Ukraine war. The situation on the energy market and especially in the electricity sector seems to stabilize at a high level. However, there are still strong fluctuations on the electricity spot market. Price developments here are very sensitive, especially to external influences such as changes in the weather. The high price swings last seen in December 2022 did not reappear in the first quarter of 2023. Similarly, there has been no real easing on the electricity futures markets; a uniform trend is still not discernible. It remains to be seen how the electricity price will react to the shutdown of the last nuclear power plants operating in Germany. Alzchem continues to monitor the electricity market very closely. On the government side, the regulations for a nationwide electricity price brake have now been established. Due to the linking of the subsidy to the external electricity price and internal EBITDA development, Alzchem currently assumes that it will meet the requirements for the possible minimum subsidy, but will not be able to apply for any significant further relief.

On the production side, efforts in the first quarter of 2023 focused on the commissioning of the new Creapure® plant following its completion in the fourth quarter of 2022. Here, the production capacity planned as a result of the expansion was already achieved by the end of the first quarter of 2023. The plant is fully utilized but still cannot fully meet customer demand. A further capacity expansion of the new plant has therefore already been started. Planning and initial work are already so far advanced that completion of the latest expansion is expected in fall 2023. In general, various investment projects are currently being examined based on customer inquiries. In the multi-purpose plants of the Specialty Chemicals segment, work has already started on the partial expansion and optimization of production capacities. In addition, the capacity expansion of a plant in the Specialty Chemicals segment is currently under intensive discussion with a customer.



On the market side, various developments can be observed. The price increases necessarily implemented by Alzchem resulted in a decline in demand, particularly in the Basics & Intermediates segment. Although the price increases were able to compensate for the decline in volumes here, they meant that some plants could not be operated at full capacity. Alzchem is very close to its customers here and tries to keep price adjustments stable. However, in the agricultural fertilizer sector in particular, it is clearly noticeable that competitor products are much cheaper due to different raw material inputs, so that demand in this area, although in line with expectations, is significantly below the previous year. However, Alzchem's product diversity is once again proving to be a strength. While some product areas have not (yet) matched the previous year's performance, other product areas have been able to compensate or even overcompensate. For example, the Human Nutrition (dietary supplements) and Animal Nutrition divisions developed very positively. Volumes are above the previous year's level and continue to show a positive trend. In contrast, the electricity-intensive product areas continue to face strong competition, especially from China, and are therefore experiencing volume declines.

Overall, Alzchem was once again successful in pushing through price increases on the market due to higher manufacturing costs or, where this was not possible, at least maintaining the current price level. The sales growth of 16% despite lower volumes compared to the first quarter of 2022 clearly shows this. However, the price increases were again not sufficient to maintain margins. The EBITDA margin fell from 13.2% in the first quarter of 2022 to 12.6% in the first quarter of 2023. Here, one of Alzchem's challenges in the coming months will be to improve the margin situation. It may also be necessary to forego the production of lower-margin products if customers do not accept price increases due to the existing competitive situation, especially from China.

Alzchem's liquidity situation developed positively in the first quarter of 2023, with positive cash flow from operating activities once again being achieved and positive free cash flow remaining even after deducting capital expenditure. This reflects the significantly improved situation on the raw materials and logistics markets, which meant that Alzchem no longer had to purchase or produce raw materials and finished products in stock. Instead, the inventory build-up that had taken place in recent quarters could be reduced through targeted sales – with positive effects on operating cash flow. 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 without changing the existing financing lines. Thus, the short-term line utilization and the utilization of factoring could be reduced significantly with unchanged existing financing lines.

In the first quarter of 2023, the treasury shares previously held were transferred to certain employee groups as part of the variable remuneration. 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 since the 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. In the period from January 1 to March 31, 2023, earnings per share were calculated using a weighted average number of shares outstanding of 10,149,281 and in the period from January 1 to March 31, 2022 of 10,135,754.



## 1.2 RESULTS OF OPERATIONS 1ST QUARTER 2023

### CONSOLIDATED INCOME STATEMENT FOR THE 1ST QUARTER 2023 (IFRS, UNAUDITED)

in EUR thousand	1st quarter 2022	1st quarter 2023
<b>Sales</b>	<b>129,395</b>	<b>150,432</b>
Change in inventories of finished goods and work in progress	14,144	916
Other operating income	4,070	5,574
Cost of materials	-73,537	-76,159
Personnel expenses	-34,000	-35,262
Other operating expenses	-23,003	-26,584
<b>EBITDA</b>	<b>17,070</b>	<b>18,917</b>
Depreciation and amortization	-6,305	-6,319
<b>EBIT</b>	<b>10,765</b>	<b>12,598</b>
Other interest and similar income	1,181	49
Interest and similar expenses	-603	-1,882
<b>Financial result</b>	<b>578</b>	<b>-1,833</b>
<b>Result from ordinary business activities</b>	<b>11,343</b>	<b>10,765</b>
Taxes on income and earnings	-3,603	-3,055
<b>Consolidated result for the period</b>	<b>7,740</b>	<b>7,710</b>
thereof non-controlling interests	43	43
thereof shares of the shareholders of Alzchem Group AG	7,698	7,667
<b>Earnings per share in EUR (undiluted and diluted)</b>	<b>0.76</b>	<b>0.76</b>

\* In the period 01/01-03/31/2021 calculated with 10,168,503 shares; in the period 01/01-03/31/2022 calculated with 10,135,754 shares.



Alzchem was able to significantly increase sales compared to the first quarter of 2022. In total, sales amounted to EUR 150,432 thousand and were thus EUR 21,037 thousand or 16% higher than in the same period of the previous year. The main drivers of this development were the products from the Specialty Chemicals segment, which contributed EUR 20,504 thousand to the increase in sales. The Basics & Intermediates segment was almost at the level of the previous year; a slight increase in sales was also achieved in the Other & Holding segment. Looking at the Group as a whole, the increase in sales was mainly generated by price increases (+21%), which compensated for the decline in volumes (-6%). It is now apparent that some of our customers are not accepting the necessary price increases and – where possible – are switching to mostly Chinese competitor products. Within Alzchem, a project was set up to determine the prices of low-margin products. This involved analyzing the products for which we would rather forego volumes in the future than offer prices at the level of Chinese competitors.

Other operating income increased by EUR 1,504 thousand to EUR 5,574 thousand, mainly as a result of higher foreign exchange gains.

The cost of materials is considered together with changes in inventories as the “extended cost of materials ratio”. This rose from 46% to 50% in the reporting period. It is thus apparent that the price increases in the sales area were not fully sufficient to compensate for the increased raw material and energy costs. In addition, the previous year was characterized by the inventory build-up already described, which was no longer necessary in the current quarter. Instead, sales were generated partly from this inventory, which was produced in the fourth quarter of 2022 at significantly higher manufacturing costs than in the comparable period.

With a slightly higher number of employees, personnel expenses increased by 3.7% to EUR 35,262 thousand. This rise essentially corresponds to the planned pay increases for the fiscal year based on last year’s collective wage agreements.

Other operating expenses rose by EUR 3,518 thousand to EUR 26,584 thousand. The general cost increases were felt here. However, the largest jump was in the area of foreign currency losses, which were EUR 2,364 thousand higher than in the comparable quarter.

EBITDA grew by EUR 1,847 thousand to EUR 18,917 thousand. This corresponds to an increase of 11% compared with the same period of the previous year. However, the EBITDA margin fell from 13.2% in the previous year to 12.6% in the first quarter of 2023. Despite the significant sales growth, it was not possible to fully compensate for the cost increases on the raw materials side, in personnel costs and in other expenses. Alzchem is trying to focus more on high-margin product areas. However, Alzchem’s production network also requires the manufacture of certain preliminary products that are passed on within the production chain or sold externally. The margin achieved for these products in external sales could not be maintained in the comparative period. In particular, there is considerable competition for these electricity-intensive products in the Chinese region, which is why customers are increasingly able to switch suppliers and there is less acceptance of price increases.

Depreciation and amortization amounted to EUR 6,319 thousand, almost on a par with the previous year’s figure of EUR 6,309 thousand.

The higher interest rate level and Alzchem’s changed financing structure are reflected in the financial result. It amounts to EUR -1,833 thousand in the first quarter of 2023 after a positive financial result of EUR 578 thousand in the previous year. The pension obligations bear interest at a higher rate than in the previous year, which leads to an increase in interest expenses. Furthermore, the short-term financing lines and the factoring financing bear variable interest depending on Euribor. This variable component has risen sharply compared with the prior-year period, as a result of which the interest expense for these financing arrangements has also increased. The prior-year financial result also included significant interest income from the discounting of non-current provisions and liabilities as a result of the sharp rise in interest rates in the prior year, which did not recur to the same extent in the first quarter of 2023.

At EUR 3,055 thousand, tax expense is below the previous year’s level of EUR 3,605 thousand. The decrease is accompanied by slightly lower earnings before taxes.

As a result, the consolidated result for the period is almost at the same level as in the previous year, reaching EUR 7,710 thousand compared to EUR 7,740 thousand in the previous year.

Earnings per share follow the result for the period and remain unchanged at EUR 0.76. As a result of the transfer of treasury shares to employees in the first quarter of 2023, the number of shares used to calculate earnings per share has increased, as treasury shares are not included in the calculation. In the period from January 1 to March 31, 2023, earnings per share were calculated using a weighted average number of shares outstanding of 10,149,281 and in the period from January 1 to March 31, 2022 of 10,135,754.

## 1.3 FINANCIAL POSITION 1ST QUARTER 2023

### CONSOLIDATED CASH FLOW STATEMENT FOR THE 1ST QUARTER 2023 (IFRS, UNAUDITED)

in EUR thousand	1st quarter 2022	1st quarter 2023
<b>Cash flow from operating activities</b>	<b>-5,581</b>	<b>10,245</b>
Cash outflow from investing activities	-7,349	-4,838
<b>Free cash flow</b>	<b>-12,930</b>	<b>5,407</b>
Cash outflow (-)/inflow (+) from financing activities	13,036	-6,383
<b>Net decrease (-)/increase (+) in cash and cash equivalents</b>	<b>106</b>	<b>-976</b>

Alzchem generated positive cash flow from operating activities of EUR 10,245 thousand in the first quarter of 2023. This corresponds to an improvement of EUR 15,826 thousand compared to the previous year. This shows the effects of the successful reduction of inventories, especially in the area of raw materials. The improvement in logistics and raw material availability no longer forces Alzchem to build up raw material inventories and stock levels for safety reasons to the same extent. On the contrary, it was possible to reduce inventories, which led to positive effects in operating cash flow. Whereas in the previous year EUR 21,989 thousand was used to build up working capital, this figure was EUR 7,014 thousand in the current reporting period.

EUR 4,838 thousand was spent on Alzchem's investing activities in the first quarter of the fiscal year 2023. The previous year was strongly influenced by expenditures for the capacity expansion of the new Creapure® plant. Due to the current environment, Alzchem has been a bit more cautious in its investment activities in the fiscal year 2023. In addition to the additional expansion of Creapure® capacities, which is already underway, the main focus was on the renewal of Alzchem's power grid operations.

As a result of the increase in operating cash flow and the slightly lower investment activity, it was possible to generate a positive free cash flow in the first three months of the fiscal year 2023.

The free cash flow generated was used, among other things, to repay short-term financing lines. This resulted in a cash outflow from financing activities of EUR 6,383 thousand, compared with a cash inflow of EUR 13,036 thousand in the previous year. However, financing activities were influenced by several factors. Alzchem successfully concluded a EUR 30 million refinancing in February, thereby creating a more flexible financing structure for working capital. The rapid increase in working capital in the previous year showed how important such a flexible financing structure is. As part of the refinancing, Alzchem received EUR 30 million in long-term loans, which were used to repay short-term financing lines and factoring financing. This new financing was carried out to relieve the short-term working capital financing lines that continue to exist in the same amount. In total, the short-term financing lines have been reduced by EUR 33,242 thousand since December 31, 2022. An outflow of EUR 2,970 thousand (previous year: EUR 3,411 thousand) was used for the scheduled repayment of loan and lease liabilities.

As of March 31, 2023, Alzchem's cash and cash equivalents amounted to EUR 8,126 thousand, a decrease of EUR 1,117 thousand compared to December 31, 2022.

## 1.4 NET ASSETS AS OF MARCH 31, 2023

### CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2023 (IFRS, UNAUDITED)

In EUR thousand	12/31/2022	03/31/2023	Delta
<b>Assets</b>			
Intangible assets	2,954	2,997	43
Property, plant and equipment	181,526	179,266	-2,260
Lease usage rights	6,250	5,938	-312
Financial assets	6	6	0
Other receivables and other assets	1,531	1,511	-20
Deferred tax assets	15,956	16,997	1,041
<b>Non-current assets</b>	<b>208,223</b>	<b>206,715</b>	<b>-1,508</b>
Inventories	122,404	119,960	-2,444
Trade receivables	55,712	76,838	21,126
Financial assets	5,228	4,423	-805
Other receivables and other assets	19,743	16,994	-2,749
Income tax claims	2,307	2,316	9
Cash and cash equivalents	9,243	8,126	-1,117
<b>Total current assets</b>	<b>214,637</b>	<b>228,657</b>	<b>14,020</b>
<b>Total assets</b>	<b>422,860</b>	<b>435,372</b>	<b>12,512</b>
<b>Capital</b>			
Equity	145,946	151,226	5,280
Non-current liabilities	144,808	176,438	31,630
Current liabilities	132,106	107,708	-24,398
<b>Balance sheet total</b>	<b>422,860</b>	<b>435,372</b>	<b>12,512</b>



As of March 31, 2023, Alzchem's balance sheet total and thus also its assets amounted to EUR 435,372 thousand, an increase of EUR 12,512 thousand compared with the last balance sheet date. Non-current assets recorded a slight decrease of EUR 1,508 thousand, which was more than offset by the rise in current assets of EUR 14,020 thousand.

Within non-current assets, property, plant and equipment declined moderately as a result of the slightly more restrained investment activity. By contrast, there was a small increase in deferred tax assets, which also rose due to the interest-related rise in pension obligations.

The increase in current assets is mainly associated with the rise in trade receivables. These also went up significantly as a result of the quarter with strong sales. Lower utilization of the factoring line also led to an increase in receivables recorded on the balance sheet. Inventories were reduced slightly compared with December 31, 2022. This reflects the reduction in the crisis-related safety stock.

The Alzchem Group's equity amounted to EUR 151,226 thousand as of March 31, 2023 and has increased by EUR 5,280 thousand since December 31, 2022. As a result, the Group equity ratio rose slightly from 34.5% to 34.7%. The result for the period had a positive impact of EUR 7,710 thousand on equity. This was offset by the interest-related increase in pension obligations. After deduction of deferred taxes, equity declined by EUR 2,171 thousand as a result. The decrease was recognized in other comprehensive income in this amount.

The development of pension obligations is significantly 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. The risk-free market interest rate plays a significant role in the actuarial parameters. If this market interest rate falls, pension obligations increase, while a rise in the market interest rate causes them to fall. The risk-free market interest rate developed historically as follows:

Pension obligations contributed EUR 3,379 thousand to the increase in non-current liabilities. By far the greater contribution was made by refinancing in the banking area. The newly raised financing increased non-current liabilities by EUR 30 million. Furthermore, EUR 2,514 thousand was reclassified to current liabilities as a result of scheduled loan repayments.

Current liabilities developed in the opposite direction, being reduced by EUR 24,398 thousand. This reflects the effect of the refinancing. The EUR 30 million borrowed in the non-current area was used to repay current bank financing. At the same time, there was a slight increase in trade payables as of the reporting date.

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

## 2. Development in the segments

### 2.1. SPECIALTY CHEMICALS SEGMENT

In EUR thousand	1st quarter 2022	1st quarter 2023
External sales	65,279	85,783
<b>EBITDA</b>	<b>14,265</b>	<b>16,019</b>
<b>EBITDA margin</b>	<b>21.9%</b>	<b>18.7%</b>
Inventories	69,786	67,492

The Specialty Chemicals segment remained Alzchem's sales and earnings driver in the first quarter of 2023. With an increase in sales of EUR 20,504 thousand, a record was once again achieved in this segment. It is pleasing to note that the growth in sales was not only the result of price increases, but that volume growth was also recorded. For example, around 8% of the growth in sales was due to increased volumes. However, successfully raised prices are still responsible for the majority. This is particularly unsurprising as the upheavals on the raw material and energy markets triggered by the start of the Ukraine crisis essentially began in the first quarter of the previous year and caused the price increases as a chain reaction.

Almost all product areas in the segment contributed to the sales growth. As expected, the largest contributions were made by dietary supplements (Creapure®), agriculture (Dormex®), multi-purpose plant products (customer manufacturing) and animal nutrition (Creamino®). The largest volume increases here were attributable to the expansion of Creapure® capacity, which, following commissioning in the final quarter of the previous year, was now supplying the volumes required by customers. As customer demand continues to significantly exceed capacity, an additional expansion has already been initiated which should deliver further additional volumes in the fourth quarter of 2023. Sales figures for Creamino® are also up on the previous year, although not yet quite at the expected level. Only the Bioselect® product

area was unable to match the previous year's sales. Here, the still very high inventory levels of customers from the build-up during the Corona pandemic are having an impact. However, market expectations indicate rising demand in the second half of the current fiscal year.

Although the segment's EBITDA grew by EUR 1,754 thousand in absolute terms to EUR 16,019 thousand, in relative terms there was a decline in the margin from 21.9% to 18.7%. Despite the enormous price increases, not all cost increases could be passed on to the market. Raw material prices are declining only slowly, and some have so far not declined at all. It will therefore be all the more important in the current fiscal year to successfully pass on the resulting additional costs to our customers.

In inventories, the effects of destocking can be seen. Raw material inventories are being continuously reduced and finished products may have a lower safety stock level as logistics availability has become more reliable.

## 2.2 BASICS & INTERMEDIATES SEGMENT

In EUR thousand	1st quarter 2022	1st quarter 2023
External sales	57,441	57,337
<b>EBITDA</b>	<b>2,841</b>	<b>2,780</b>
<b>EBITDA margin</b>	<b>4.9%</b>	<b>4.8%</b>
Inventories	36,233	49,446

The Basics & Intermediates segment continues to feel the effects of high raw material and energy costs. Although sales and EBITDA in the segment matched the previous year's level, this was only possible thanks to price increases, for which volumes had to be reduced in some cases.

The picture across the segment was mixed. The agricultural product area (Perlka®) is struggling most with the high prices. Farmers are showing a high degree of restraint in the face of the high prices for nitrogen-based fertilizers, waiting for price reductions, switching to lower-cost fertilizers or refraining from using fertilizers altogether on a seasonal basis. The production of a nitrogen-based fertilizer such as Perlka® consumes very much electricity and therefore requires Alzchem to set prices accordingly. Production in this area has already been adjusted to the lower demand, so that product bottlenecks could occur if demand were to increase. Similarly, deliveries to the pharmaceutical industry (building block dicyandiamide business) were only able to maintain sales at the previous year's level, but suffered volume declines. Here, too, production is very electricity-intensive and the other raw materials used show no downward trend in terms of price. Alzchem was forced here to raise prices to an economically reasonable level. Some customers have therefore increasingly switched to competing products from China and have reduced orders from Alzchem in return.

However, other product areas in the segment were able to offset the decline in sales. For example, the NITRALZ® product area and metallurgical products recorded a slight increase in sales. Sales could have been even higher had it not been for external factors such as a strike at one customer and a fire at another customer's production facility.

EBITDA matched the previous year's level with stable sales. Efficiency measures at some production facilities offset the additional costs incurred here as a result of reduced production at other facilities. Earnings in this segment continue to react very sensitively to developments on the electricity market. Fluctuations in the electricity price can be seen here very quickly and directly in the segment's margin development.

Inventories are above the level of the previous year. This is mainly due to valuation effects, as the higher prices for raw materials and energy in this segment are reflected in the valuation of inventories. However, inventories are unchanged compared with December 31, 2022.

## 2.3 OTHER & HOLDING SEGMENT

In EUR thousand	1st quarter 2022	1st quarter 2023
External sales	6,675	7,312
<b>EBITDA</b>	<b>-139</b>	<b>475</b>
<b>EBITDA margin</b>	<b>-2.1%</b>	<b>6.5%</b>
Inventories	4,059	4,548

In the first quarter of 2023, the Other & Holding segment essentially repeated the performance of the comparable quarter of 2022. There were no major changes in the purchasing behavior of chemical park customers at the sites. The sales development only shows the price increases compared to the previous year.

The growth in EBITDA is mainly the result of a reversal of provisions after invoicing in network operations.

There were no significant changes in inventories in the period under review compared with the previous year.

## 3. Sustainability at Alzchem

### 3.1 CLIMATE ROADMAP OF 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 quarterly 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 has now taken concrete shape and will be presented to the Annual General Meeting 2023 for resolution. It contains a concrete package of measures developed by the Management Board together with an internal sustainability committee. The targeted climate neutrality is to be achieved in two main 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 CO<sub>2</sub> emissions in the production process compared to the rest of the industry. In total, about one third of the total emissions can currently be used internally as raw materials and thus recycled. The remaining two-thirds of CO<sub>2</sub> 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 specific packages of measures derived from the above principles:

Package 1: CO<sub>2</sub> liquefaction/utilization of CO<sub>2</sub> as a raw material through the application of modern processes

Package 2: Sustainable raw material management through alternative raw materials

Package 3: Heat recovery through use of waste heat

Package 4: Efficiency increases through optimization of production processes

With its climate roadmap, Alzchem has developed a powerful set of tools that will ultimately have a proud record: The packages of measures described above are expected to lead to a CO<sub>2</sub> reduction of around 90,000 tons by 2030. That is more than 75% of today's CO<sub>2</sub> emissions. If this climate roadmap is implemented consistently, the remaining 25% of emissions should be offset as early as 2033, thus achieving the targeted climate neutrality.





## 3.2 OTHER ACTIVITIES IN THE AREA OF SUSTAINABILITY

### ALZCHEM IS AWARDED BY ECOVADIS FOR ITS SUSTAINABILITY SUCCESSES

Corporate social responsibility is on everyone's lips and is also an essential point of orientation for Alzchem's actions. Alzchem therefore again successfully underwent an independent CSR rating by EcoVadis, the world's largest provider of sustainability ratings for companies, in 2023 and improved once again compared to 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 basic chemical products, underscoring its 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.

## 4. Outlook

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

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

The forecasts for the fiscal year 2023 made in the consolidated financial statements as of December 31, 2022 can be confirmed with this quarterly statement. The assumptions made in the Annual Report 2022 continue to apply.

\* No adjustments were made.

## 5. Significant events after the balance sheet date

No significant events occurred after the balance sheet date of March 31, 2023 that could have an impact on Alzchem's net assets, financial position and results of operations.

## 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

## Financial Calendar 2023

May 3, 2023	<b>Annual General Meeting 2023</b>
July 4 to August 3, 2023	<b>Quiet Period*</b>
August 3, 2023	<b>Half-year Financial Report 2023</b>
September 26 to October 26, 2023	<b>Quiet Period*</b>
October 26, 2023	<b>Q3 Quarterly Statement 2023</b>

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

Here you can find all current events of Alzchem:



[alzchem.com/en/investor-relations/financial-calendar/](https://alzchem.com/en/investor-relations/financial-calendar/)





## Remarks

This quarterly statement 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, the quarterly statement 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 quarterly statement is also available in German. In the event of deviations, only the German version is legally binding.

## Imprint

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