

alzchem  
group



AGILE SCIENCE PURE RESULTS

Alzchem Group AG

QUARTERLY  
STATEMENT  
**Q3 2021**

# Alzchem at a Glance

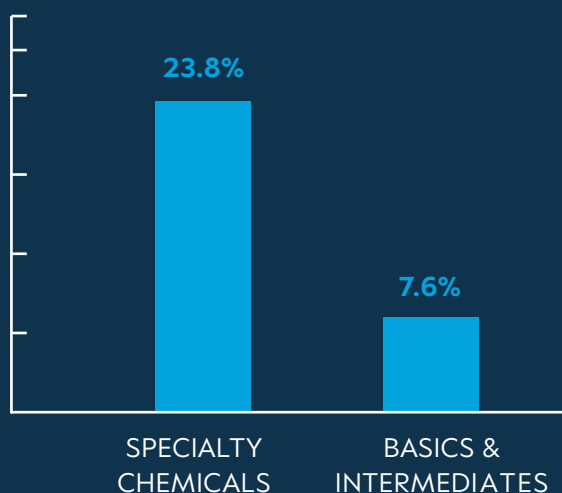
~ € 311  
mn

sales generated by Alzchem from  
January to September 2021  
January to September 2020:  
~ € 279 mn

~ € 50  
mn

EBITDA achieved by Alzchem  
from January to September 2021  
January to September 2020:  
~ € 41 mn

## EBITDA MARGIN BY MAIN SEGMENTS



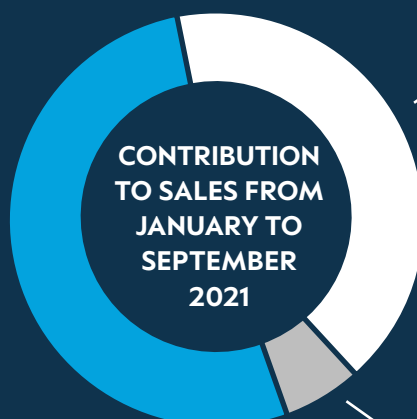
## MARKETS



## THREE REPORTING SEGMENTS

### 52.4% SPECIALTY CHEMICALS

Production and distribution of high-quality chemical products



### 41.4% BASICS & INTERMEDIATES

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

### 6.2% OTHER & HOLDING

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

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# Overview of the 9-month period from January 1 to September 30, 2021

## SALES AND EBITDA AT A HISTORICAL HIGH

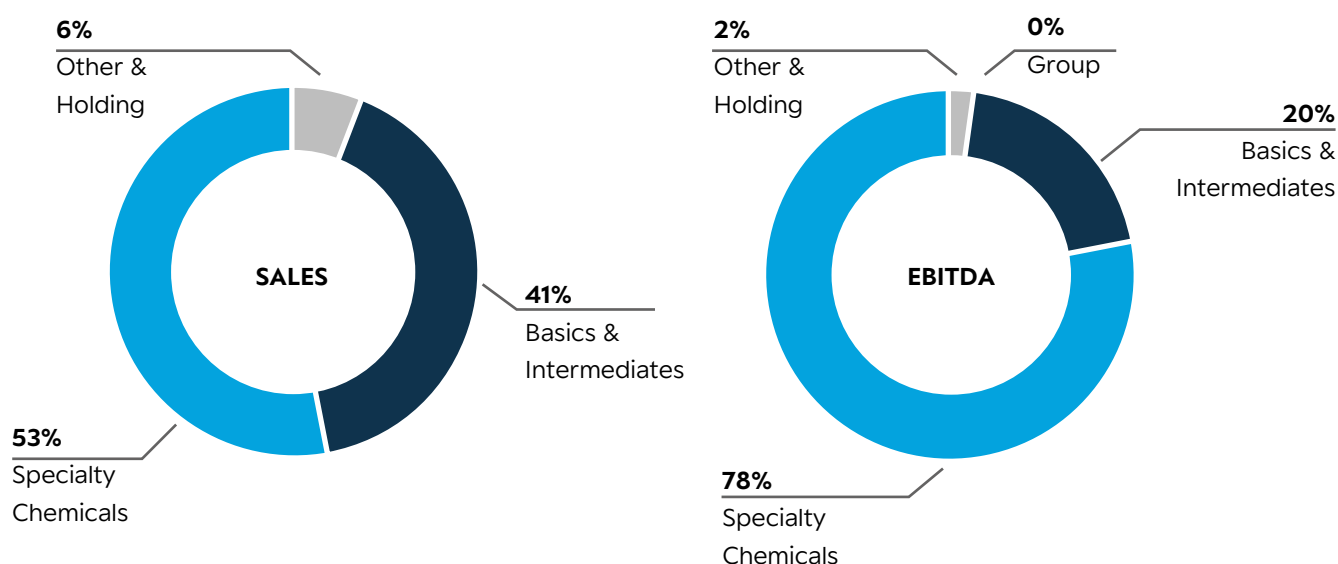
- All key Group figures significantly above previous year due to consistent growth in the 9-month period 2021:
  - Sales: +12%
  - EBITDA: +20%
  - Result for the period: +46%
  - Earnings per share: +47%
  - Equity ratio: +1.9 percentage points
- All plants with high to very high capacity utilization.
- Successful commissioning of additional NITRALZ<sup>®</sup> capacities.
- Expansion of Creapure<sup>®</sup> capacities underway.
- Launch of Eminex<sup>®</sup> to reduce methane and CO<sub>2</sub> emissions in agriculture.
- Noticeable pressure on supply chains due to shortage of raw materials.
- Earnings burdened by increase in raw material and energy prices as well as logistics costs.
- Increased forecast from July 2021 confirmed.

## KEY FIGURES OF THE ALZCHEM GROUP

Key figure	Unit	3rd quarter 2020	3rd quarter 2021	January 1 – September 30, 2020	January 1 – September 30, 2021
Sales	EUR thousand	81,373	95,920	278,624	311,242
EBITDA	EUR thousand	11,986	13,838	41,123	49,553
EBITDA margin	%	14.73	14.43	14.76	15.92
EBIT	EUR thousand	6,318	7,632	24,131	31,677
Result for the period	EUR thousand	3,805	4,733	14,979	21,876
Earnings per share (undiluted and diluted)*	EUR	0.37	0.46	1.46	2.14
Equity ratio	%	18.7	21.3	18.7	21.3

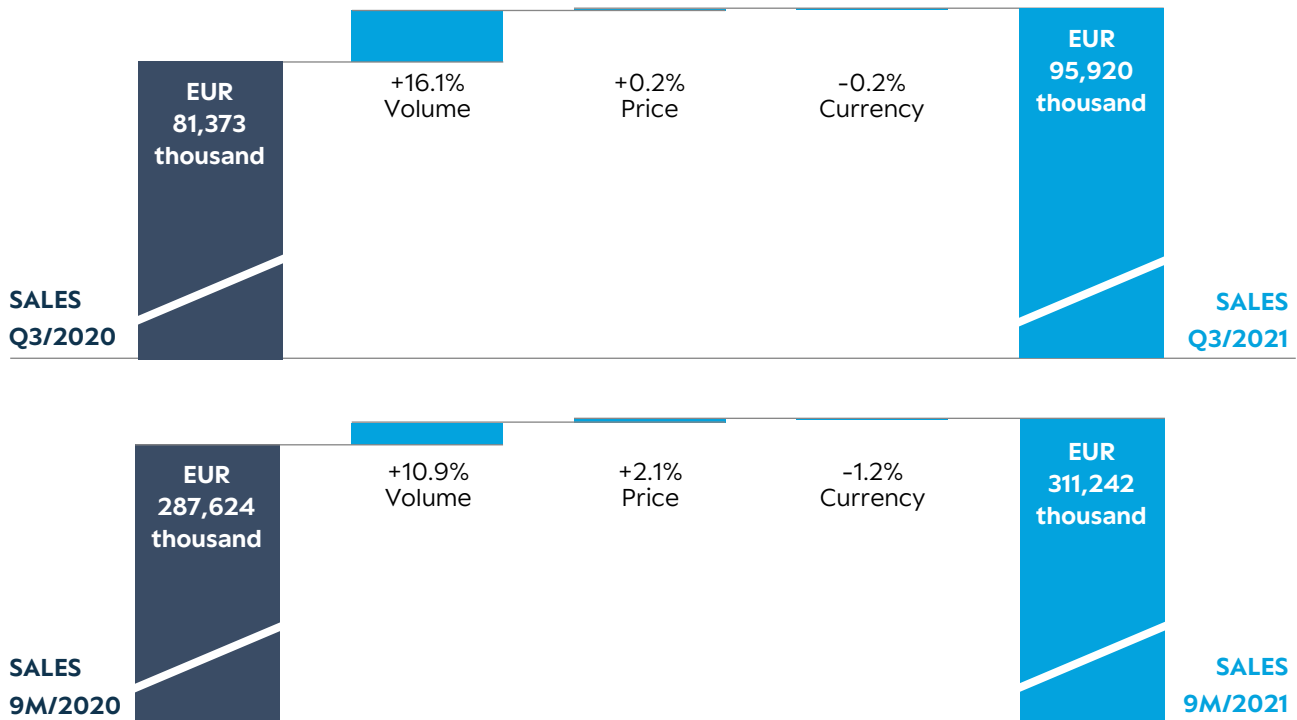
\* In the entire period 2020 calculated with 10,176,335 shares. After share buyback 2021, calculated with the average number of outstanding shares in the period 01/01-09/30/2021 of 10,150,671 shares and in the period 07/01-09/30/2021 of 10,135,754 shares.

## SALES AND EBITDA SHARE BY SEGMENT FOR THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2021



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

## CHANGE IN SALES COMPARED TO PREVIOUS YEAR



# 1. Development of the Group

## 1.1 EFFECTS OF THE COVID-19 PANDEMIC ON THE ALZCHEM GROUP

Although the COVID-19 pandemic is no longer the all-embracing topic in Alzchem's business environment, all existing hygiene regulations are still being strictly maintained in interactions between employees and with the company's partners. As a result of the overall economic recovery, Alzchem is benefiting on the one hand from the economic upturn and is recording high sales that are significantly above those of the previous year. On the other hand, the positive business development with high incoming orders and order backlogs is leading to disproportionately high demand for raw materials of all kinds. In this context, Alzchem is facing a shortage of raw materials and a significant rise in raw material prices, as well as an increasing shortage of freight capacity, which is also leading to a significant rise in freight rates. One of Alzchem's key raw materials is electricity. The current substantial increase in electricity costs and its volatility are having a significant impact on Alzchem's earnings position. On the spot market, there is currently a tenfold increase in some cases compared with the price of the previous year. The raw

materials most important to Alzchem have seen prices rise, in some cases by well over 50% within a year. These price increases gained further considerable momentum in the 3rd quarter of 2021.

The availability of raw materials and the rise in energy and raw material prices are currently presenting Alzchem with major challenges. So far, no plant has had to be closed due to raw material shortages, but more could be delivered in individual product areas if the raw materials were available in the desired quantities. Smaller delays can be absorbed by flexibly adjusting production planning, but in the event of major delivery delays or bottlenecks, a temporary shutdown of certain parts of production would also be possible at Alzchem. For this reason, inventories are currently being secured for various products in order to remain able to deliver in the future. However, the probability of a temporary production stoppage due to a shortage of raw materials is considered to be relatively low overall.

Alzchem is attempting to counter the challenges described above at an early stage and consistently with suitable measures. Since the company had already assumed significant increases in raw material prices in its planning for 2021 as a whole, it purchased, for example, certain raw materials and electricity at an early stage. This measure led to a certain stability and predictability of purchasing prices, although these purchases never cover 100% of the required volume. In addition, the current price also influences the future prices currently observed on the market, so that cost increases

can also be expected here. Furthermore, projects to optimize production processes are carried out on an ongoing basis. The production cost savings achieved as a result were clearly visible, particularly in the 3rd quarter of 2021. As a third measure, Alzchem is attempting to take cost increases on the purchasing side into account in negotiations with customers and to successfully implement price increases.

## 1.2 EARNINGS POSITION

### Consolidated Income Statement (IFRS, unaudited)

In EUR thousand	3rd quarter 2020	3rd quarter 2021	January 1 – September 30, 2020	January 1 – September 30, 2021
<b>Sales</b>	<b>81,373</b>	<b>95,920</b>	<b>278,624</b>	<b>311,242</b>
Changes in inventories of finished and unfinished products	3,295	6,350	2,285	2,586
Other operating income	2,732	2,143	7,805	8,631
Cost of materials	-29,903	-42,153	-100,647	-115,918
Personnel expenses	-29,033	-30,875	-93,275	-99,122
Other operating expenses	-16,477	-17,547	-53,669	-57,866
<b>EBITDA</b>	<b>11,987</b>	<b>13,838</b>	<b>41,123</b>	<b>49,553</b>
Depreciation and amortization	-5,669	-6,206	-16,992	-17,876
<b>EBIT</b>	<b>6,318</b>	<b>7,632</b>	<b>24,131</b>	<b>31,677</b>
Other interest and similar income	117	139	310	895
Interest and similar expenses	-1,088	-431	-2,887	-1,269
<b>Financial result</b>	<b>-971</b>	<b>-292</b>	<b>-2,577</b>	<b>-374</b>
<b>Result from ordinary business activities</b>	<b>5,347</b>	<b>7,340</b>	<b>21,554</b>	<b>31,303</b>
Taxes on income and earnings	-1,542	-2,607	-6,575	-9,427
<b>Consolidated result for the period</b>	<b>3,805</b>	<b>4,733</b>	<b>14,979</b>	<b>21,876</b>
thereof non-controlling interests	43	43	128	128
thereof shares of the shareholders of Alzchem Group AG	3,762	4,690	14,851	21,748
<b>Earnings per share in EUR (undiluted and diluted)*</b>	<b>0.37</b>	<b>0.46</b>	<b>1.46</b>	<b>2.14</b>

\* In the entire period 2020 calculated with 10,176,335 shares. After share buyback 2021, calculated with the average number of outstanding shares in the period 01/01-09/30/2021 of 10,150,671 shares and in the period 07/01-09/30/2021 of 10,135,754 shares.

## DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2021

Alzchem recorded a strong year-on-year increase in sales in the first nine months of fiscal year 2021. Sales of EUR 311,242 thousand were EUR 32,618 thousand (or 11.7%) higher than in the first nine months of fiscal year 2020. The Specialty Chemicals and Basics & Intermediates segments both contributed significantly to the increase in sales. The Other & Holding segment was stable at the level of the previous year.

EBITDA improved strongly by 20% to EUR 49,553 thousand in the 9-month period of fiscal year 2021. This was accompanied by an increase in the EBITDA margin from 14.8% to 15.9%. The main reason for the increase is the development of sales and the resulting increases in contribution margins. This was countered by cost increases in the areas of materials, personnel and, above all, selling expenses.

The substantial sales growth also led to an increase in the cost of materials of EUR 15,271 thousand, with the developments on the raw materials and electricity markets described at the beginning contributing in particular to a rise in the cost of materials ratio from 36% to 37%.

Other operating income rose by EUR 826 thousand compared with the same period of the previous year. This was mainly due to two – albeit opposing – effects. The completion of the new NITRALZ<sup>®</sup> plant resulted in higher own work capitalized. On the other hand, lower foreign currency gains led to lower income.

The increase of EUR 5,847 thousand in personnel expenses is primarily due to collectively agreed increases (including for the CareFlex Chemie supplementary long-term care insurance) and higher performance-related compensation in line with the strong improvement in earnings. In addition, the higher business volume resulted in additional work for which employees are compensated.

Other operating expenses increased by EUR 4,197 thousand to EUR 57,866 thousand, mainly due to the significant growth in business volume. In terms of content, the largest rises can be seen in selling expenses, external services and marketing costs. In addition to the volume, the increase in freight rates is also clearly noticeable in the selling expenses. Foreign currency expenses in particular developed in the opposite direction.

Depreciation and amortization increased by EUR 884 thousand as planned.

The financial result amounted to EUR -374 thousand and thus showed a significant improvement of EUR 2,203 thousand compared with the same period of the previous year. It is mainly attributable to interest effects for non-current

provisions. In addition to pensions, landfill recultivation and anniversary payments to employees are particularly worthy of mention here. The development of discount rates resulted in total interest income for these provisions in the first nine months of fiscal year 2021. In contrast, interest expense was recognized in the prior-year period. Furthermore, the low interest rates for the compounding of pension obligations resulted in lower expenses than in the previous year.

The tax expense of EUR 9,427 thousand developed in line with the improved earnings before taxes. In the overall period 2021, the tax rate was 30.1% compared to 30.5% in the prior-year period.

All these effects led to a consolidated result for the 9-month period 2021 in the amount of EUR 21,876 thousand, which corresponds to an improvement of EUR 6,897 thousand or 46% compared to the same period in 2020.

The improved consolidated result for the period led to an increase in earnings per share of 46.6% from EUR 1.46 to EUR 2.14. As a result of the share buyback program concluded in June 2021, the number of outstanding shares has decreased slightly. This was reported in detail in the half-year financial report as of June 30, 2021. IFRS regulations do not provide for an adjustment of the previous year's figures. In the period from January 1 to September 30, 2021, earnings per share were calculated using a weighted average number of shares outstanding of 10,150,671 and in the period from January 1 to September 30, 2020 of 10,176,335.

### DEVELOPMENT IN THE 3RD QUARTER OF 2021

In the 3-month period from July 1 to September 30, 2021, Alzchem also achieved a strong year-on-year increase in sales of EUR 14,547 thousand (or 18%) to EUR 95,920 thousand. Looking at the segments, the development was the same as in the 9-month period: the two segments Specialty Chemicals and Basics & Intermediates were significant sales drivers, while the Other & Holding segment developed stably at the previous year's level.

Despite the significant cost increases in the 3rd quarter of 2021, an increase in EBITDA of EUR 1,852 thousand or 15.5% was achieved compared to the 3rd quarter of 2020.

In the months from July to September 2021, Alzchem felt the current distortions on the raw materials and energy markets particularly keenly. As a result, the cost of materials ratio rose from 37% to 44%, but this is also a result of the sharp increase in targeted inventory build-up. The ratio reflects



higher purchase prices and increased production to ensure supply capability. Taking into account the changes in inventories, the cost of materials ratio is currently 37.3%, compared with 32.7% a year earlier.

Other operating income in the 3rd quarter of 2021 was EUR 589 thousand lower than in the same period of the previous year. Following the completion of the NITRALZ® plant in the 1st half of 2021, less own work capitalized was incurred in the 3rd quarter. In addition, foreign currency gains were lower than in the prior-year period.

Personnel expenses increased by EUR 1,842 thousand year-on-year, reflecting the same effects as in the 9-month period (collectively agreed pay rises, higher performance-related compensation and business-related additional work).

Other operating expenses increased by EUR 1,070 thousand year-on-year to EUR 17,547 thousand. Here, too, the higher level of business activity was reflected in the rise in selling expenses, external services and marketing costs. By contrast, foreign currency expenses were lower than in the 3rd quarter of the previous year.

In line with the development in the 9-month period, depreciation and amortization also increased as planned by EUR 537 thousand in the 3rd quarter of 2021.

The financial result improved by EUR 679 thousand to EUR -292 thousand. As in the 9-month period, this development resulted mainly from the interest rate change effects of non-current provisions.

Tax expense amounted to EUR 2,607 thousand, increasing by EUR 1,065 thousand due to the higher earnings before taxes.

In total, the consolidated result for the 3rd quarter of 2021 is EUR 928 thousand higher than in the previous year.

Earnings per share improved by 24.3% to EUR 0.46 in the 3rd quarter of 2021 compared to EUR 0.37 in the 3rd quarter of 2020. In the period from July 1 to September 30, 2021, earnings per share were calculated using a weighted average number of shares outstanding of 10,135,754 and in the period from July 1 to September 30, 2020 of 10,176,335.

## 1.3 FINANCIAL POSITION

### Consolidated Cash Flow Statement (IFRS, unaudited)

In EUR thousand	3rd quarter 2020	3rd quarter 2021	January 1 – September 30, 2020	January 1 – September 30, 2021
<b>Cash flow from operating activities</b>	<b>22,075</b>	<b>-775</b>	<b>33,786</b>	<b>24,926</b>
Cash outflow from investing activities	-6,403	-5,261	-16,024	-21,665
<b>Free cash flow</b>	<b>15,672</b>	<b>-6,036</b>	<b>17,762</b>	<b>3,261</b>
Cash inflow/outflow from financing activities	-13,090	2,080	-14,140	-13,651
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2,582</b>	<b>-3,956</b>	<b>3,622</b>	<b>-10,390</b>

## DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2021

The financial position of the Alzchem Group remains stable. It continued to be characterized by strong cash flow from operating activities.

The cash inflow from operating activities amounted to EUR 24,926 thousand, a decrease of EUR 8,860 thousand compared to the previous year. The significant improvement in consolidated earnings before taxes was offset in particular by the strong, targeted build-up of inventories (with raw material costs continuing to rise) as a result of the higher business volume. In the previous year, the reduction in inventories had still led to positive effects on cash and cash equivalents. Receivables increased significantly more than trade payables compared with the prior-year period, which is also reflected in the lower operating cash flow.

Cash and cash equivalents of EUR 21,665 thousand flowed into Alzchem's investing activities in the first nine months of fiscal year 2021. Thus, EUR 5,641 thousand more was invested than in the same period of the previous year. The increase is mainly due to the now completed investments in the capacity expansion of the NITRALZ® plant and the construction of the new regenerative afterburning plant (RTO plant).

Cash flows from financing activities were almost unchanged from the previous year. In the first nine months of fiscal year 2021, EUR 13,651 thousand and in the first nine months of fiscal year 2020, EUR 14,140 thousand were used for financing activities. The current repayment of loan and lease liabilities and the dividend payment are roughly at the level of the previous year. The share buyback program resulted in an outflow of cash and cash equivalents of EUR 1,013 thousand in 2021. In total, slightly more short-term financing lines were utilized than in the previous year.

Cash and cash equivalents amounted to EUR 6,905 thousand as of September 30, 2021, which, taking into account currency effects, corresponds to an outflow of cash and cash equivalents of EUR 10,390 thousand compared with December 31, 2020.

### DEVELOPMENT IN THE 3RD QUARTER OF 2021

In the 3rd quarter of 2021, there was a cash outflow from operating activities of EUR 775 thousand, compared with a cash inflow of EUR 22,075 thousand in the previous year. The same growth effects are evident here as in the 9-month period, albeit in an even more concentrated form. Inventories increased in the 3rd quarter of 2021 for the reasons already explained; in contrast, there was almost no change in the previous year. Based on the 3rd quarter, changes in trade payables and receivables were significantly higher than in the prior year and also more significant than in the 9-month period. However, the substantial level of receivables, which is significantly higher than trade payables, will contribute to a solid cash inflow in the future.

Cash outflows for investing activities are EUR 1,142 thousand lower than in the 3rd quarter of the previous year. Following the completion of the two major investments, the NITRALZ® plant and the afterburning plant, towards the end of the 1st half of 2021, there were no significant individual investments in the 3rd quarter of 2021. The prior-year quarter was already characterized here by the start of the two aforementioned investment projects.

Alzchem's financing activities resulted in an inflow of cash and cash equivalents of EUR 2,080 thousand in the 3rd quarter of 2021, compared with an outflow of EUR 13,090 thousand in the same quarter of the previous year. In the past quarter, there was a utilization of short-term financing lines, which contributed positively to the financing cash flow in the amount of EUR 6,024 thousand. In comparison, the 3rd quarter of the previous year was characterized by a high repayment of short-term financing lines taken out in the 1st half of 2020, which had a negative effect on financing cash flow in the amount of EUR 9,653 thousand.

Cash and cash equivalents amounted to EUR 6,905 thousand as of September 30, 2021, which corresponds to an outflow of cash and cash equivalents of EUR 3,956 thousand in the 3rd quarter of 2021, taking into account currency effects.

## 1.4 NET ASSETS

### Consolidated Balance Sheet (IFRS, unaudited)

In EUR thousand	12/31/2020	09/30/2021	Delta
<b>Assets</b>			
Intangible assets	1,810	1,754	-56
Property, plant and equipment	175,062	176,882	1,820
Lease usage rights	8,524	7,699	-825
Financial assets	20	20	0
Other receivables and other assets	630	713	83
Deferred tax assets	35,795	35,008	-787
<b>Non-current assets</b>	<b>221,841</b>	<b>222,076</b>	<b>235</b>
Inventories	67,402	74,558	7,156
Trade receivables	33,124	56,554	23,430
Other receivables and other assets	13,501	20,062	6,561
Income tax claims	1,311	1,115	-196
Cash and cash equivalents	17,117	6,905	-10,212
<b>Total current assets</b>	<b>132,455</b>	<b>159,194</b>	<b>26,739</b>
<b>Total assets</b>	<b>354,296</b>	<b>381,270</b>	<b>26,974</b>
<b>Capital</b>			
Equity	68,658	81,308	12,650
Non-current liabilities	225,767	217,327	-8,440
Current liabilities	59,871	82,635	22,764
<b>Balance sheet total</b>	<b>354,296</b>	<b>381,270</b>	<b>26,974</b>

Alzchem's assets as of September 30, 2021 increased by EUR 26,974 thousand in line with the positive business development. The main change was in current assets. Inventories are EUR 7,156 thousand higher than on the last balance sheet date. Two effects can be seen here: On the one hand, increased raw material costs lead to a higher valuation of inventories, and on the other hand, products are currently being produced in stock to ensure delivery to our customers, thus increasing the quantity held. The rise in trade receivables by EUR 23,430 thousand reflects the current sharp increase in sales volumes; however, there were no delays in payment. The decrease in cash and cash equivalents, which was explained in the section on the financial position, had the opposite effect.

Alzchem's equity has increased by EUR 12,650 thousand since December 31, 2020. This results in an equity ratio of 21.3% as of September 30, 2021, compared to 19.4% as of December 31, 2020. A significant positive contribution to the growth in equity was made by the consolidated result for the

period, which amounted to EUR 21,876 thousand in the first nine months of the fiscal year. The dividend paid in the 1st half of 2021 reduced equity by EUR 7,821 thousand, and the share buyback completed in June 2021 led to a reduction in equity of EUR 1,009 thousand. Changes in actuarial assumptions for the measurement of pension obligations resulted in a decrease in equity of EUR 1,022 thousand as of September 30, 2021. The deferred taxes to be recognized in the opposite direction in turn increased equity by EUR 284 thousand. 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, there is an increase in pension obligations, while its rise leads to a decrease in pension obligations. The risk-free market interest rate developed historically as follows:

in %	2015	2016	2017	2018	2019	2020	H1/2020	H1/2021	Q3/2020	Q3/2021
Discount rate	2.50	1.75	1.75	1.90	0.90	0.50	0.80	0.90	0.70	0.80

Although the valuation as of September 30, 2021 was carried out with a higher interest rate than on December 31, 2020, there was a rise in pension obligations due to the increase in the pension trend from 1.5% to now 2.0%.

The reduction in Alzchem's non-current liabilities since December 31, 2020 resulted mainly from scheduled repayments of loan and lease liabilities, as a result of which the repayment shares were reclassified to current liabilities. The increase in pension obligations had an opposite effect on non-current liabilities.

Current liabilities mainly reflect the effect of the sharp rise in business volumes. The biggest increase here was in trade payables as a result of higher purchasing volumes and higher raw material prices. The short-term utilization of financing lines also led to a rise in current liabilities as of September 30, 2021.

## 2. Development in the segments

### 2.1. SPECIALTY CHEMICALS SEGMENT

In EUR thousand	3rd quarter 2020	3rd quarter 2021	January 1 – September 30, 2020	January 1 – September 30, 2021
External sales	42,995	47,116	153,048	163,220
<b>EBITDA</b>	<b>9,418</b>	<b>10,096</b>	<b>34,033</b>	<b>38,844</b>
<b>EBITDA margin</b>	<b>21.91%</b>	<b>21.42%</b>	<b>22.24%</b>	<b>23.80%</b>
Inventories	42,549	45,120	42,549	45,120

## DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2021

The Specialty Chemicals segment made a significant contribution to the overall growth of the Alzchem Group in the first nine months of 2021, with sales up 7%. The DYHARD® and NIGU® nitroguanidine product areas (lightweight construction, renewable energies and automotive applications) in particular excelled with very significant volume growth, reinforcing the positive trend since the fourth quarter of 2020 over the past period of fiscal year 2021.

With volume growth of more than 40%, the market share of nutritional supplements around Creapure® was also strongly expanded. With the initiated investment of EUR 11 million, we will continue to develop this market position in the future.

Products from the multi-purpose plants were also placed to a greater extent in the specialty & fine chemicals market.

The Bioselect® product area was very strongly stimulated by the needs of the pharmaceutical industry caused by the COVID-19 pandemic. As expected, demand for PCR test kits declined as the pandemic subsided. At the same time, however, product solutions were established in further kits, so that in future, demand is expected to remain stable at a significantly higher level than in the pre-Corona period.

Sales of Creamino® remained at the level of the previous year. 25% of sales were achieved with newly acquired customers. In addition, the trial pipeline has been filled by further manufacturers, so that further trial evaluations influencing volumes can be expected from the 4th quarter of 2021 to the 2nd quarter of 2022.

The Specialty Chemicals segment was not spared the turbulence on the raw material and logistics markets, with the result that one or two campaigns had to be changed at short notice because, for example, raw materials were delivered late or collection dates were postponed. Nevertheless, all

orders were delivered, all plants operated at high to very high capacity utilization rates, and unplanned plant shut-downs have been avoided to date.

All effects together led to an EBITDA of EUR 38,844 thousand in the segment and to an increase of EUR 4,811 thousand compared to the previous year.

At EUR 45,120 thousand, inventories were also above the level of the previous year. The high capacity utilization of the plants made it necessary to extend campaigns and thus build up higher inventories, so that for some products quantities are available to secure more than twelve months' supply.

### DEVELOPMENT IN THE 3RD QUARTER OF 2021

The picture for the period July to September 2021 is similar to that for the 9-month period as a whole. The product areas DYHARD® and NIGU® nitroguanidine as well as sales of dietary supplements around Creapure® contributed significantly to the increase in sales in the quarter. Sales of Creamino® were roughly level with the previous year. In the Bioselect® product line, the expected downward trend due to the waning of the COVID-19 pandemic continued. Capacity utilization in custom manufacturing again increased significantly compared to the prior-year quarter and the previous quarter of 2021.

As the effects of raw material price developments had a much stronger impact in the 3rd quarter of 2021 than in the previous quarters, EBITDA improved by only EUR 678 thousand year-on-year.

The same statement applies to the reporting date analysis of inventories as to the 9-month period.

## 2.2 BASICS & INTERMEDIATES SEGMENT

In EUR thousand	3rd quarter 2020	3rd quarter 2021	January 1 – September 30, 2020	January 1 – September 30, 2021
External sales	32,320	42,465	106,598	128,713
<b>EBITDA</b>	<b>2,006</b>	<b>3,118</b>	<b>6,394</b>	<b>9,735</b>
<b>EBITDA margin</b>	<b>6.21%</b>	<b>7.34%</b>	<b>6.00%</b>	<b>7.56%</b>
Inventories	31,938	28,881	31,938	28,881

### DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2021

Following a robust 1st half of 2021, the Basics & Intermediates segment developed particularly positively in the 3rd quarter of 2021. Here, Alzchem's long-term supplier position as a strategic, reliable and, above all, deliverable business partner showed effect. This was particularly noticeable in an increased order volume across all product areas.

Demand for the building block dicyandiamide (main area of application: pharmaceuticals) was just as strong as for almost all the products of the metallurgy business unit and the Perlka® products used in agriculture.

The expanded production facility for the NITRALZ® product range has now been commissioned and has since been successfully serving the market.

Despite the very positive developments in the sales market, developments in purchasing are also presenting Alzchem with particular problems in this segment. Especially the purchasing situation for coal, coke and electricity can be described as extremely challenging (prices, supplier behavior, forecasts).

Even in this uncertain phase, which is so difficult to plan, Alzchem continues to be interested in offering its customers attractive prices. At the same time, it is important to safeguard the company's competitiveness. For this reason alone, the integration of price escalator clauses is an essential part of contract negotiations with customers. On the other hand,

Alzchem is known as a reliable supplier to European agriculture and therefore bears a special responsibility, particularly for European food production. European farmers depend on high-quality, reliably priced fertilizers, so that seasonal prices are used here and not every movement on the purchasing markets can be passed on to customers.

This is also clearly reflected in EBITDA and especially in the EBITDA margin. Volumes increased significantly and economies of scale were realized. Furthermore, a significant part of the higher raw material and electricity costs could be passed on to the market. At the same time, various Six Sigma projects along the entire NCN chain are having a noticeable effect, which is clearly reflected in the cost items. In total, the EBITDA of the segment could nevertheless be increased by EUR 3,341 thousand compared to the previous year.

The inventories of the Basics & Intermediates segment as of September 30, 2021 are at a lower level than in the previous year despite substantial cost increases. This means that along the NCN chain some plants are running at very high capacity utilization.

#### DEVELOPMENT IN THE 3RD QUARTER OF 2021

Business performance in the Basics & Intermediates segment was very encouraging in the 3rd quarter of 2021. Only

the aforementioned distortions on the procurement markets impacted the very pleasing overall impression. With volume increases in some cases of > 50%, all product areas contributed to the overall 31% increase in sales.

Raw material prices picked up again in the 3rd quarter of 2021 and thus had a substantial negative impact on business performance. Significant challenges also had to be overcome in the supply of freight space. Overall, however, almost all deliveries were secured. In the 4th quarter of 2021, too, there is no sign of any noticeable easing on the supply markets, so that supply chain availability continues to represent a major challenge.

EBITDA and the EBITDA margin show the structure of pricing (price escalator clauses and adjustments) and the effects of the process optimization projects on the one hand and the burdens from disproportionately increased procurement costs for coal, coke, lime and electricity on the other. Also not to be neglected are the significantly higher prices for CO<sub>2</sub> allowances as well as for all crude oil and natural gas-based raw materials.

When looking at inventories as of the reporting date, the same statement applies as for the 9-month period.

## 2.3 OTHER & HOLDING SEGMENT

In EUR thousand	3rd quarter 2020	3rd quarter 2021	January 1 – September 30, 2020	January 1 – September 30, 2021
External sales	6,058	6,339	18,978	19,309
<b>EBITDA</b>	<b>361</b>	<b>512</b>	<b>758</b>	<b>904</b>
<b>EBITDA margin</b>	<b>5.95%</b>	<b>8.07%</b>	<b>4.00%</b>	<b>4.68%</b>
Inventories	2,730	2,903	2,730	2,903

### DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2021

The Other & Holding segment slightly exceeded the previous year's sales. Alzchem's chemical park customers increasingly purchased services of a variable nature (compressed air, instrument air, industrial gas, as well as natural gas and technical services).

The segment's results reflect a price increase based on planned cost increases. The ongoing refurbishment and maintenance measures on the plant's own infrastructure are also having an impact.

At EUR 2,903 thousand, inventories at the reporting date were at a similar level to the previous year. These are mainly consumables and supplies, which are not subject to any significant fluctuations.

#### DEVELOPMENT IN THE 3RD QUARTER OF 2021

The comments on the 9-month period also apply to the analysis of the 3rd quarter of 2021.

## 3. Sustainability at Alzchem

Alzchem's non-financial concerns and efforts were reported in the combined management report as of December 31, 2020. In the statement on the 1st quarter of 2021 and in the half-year report 2021, information was provided on corresponding current developments in the fiscal year. There have been no fundamental changes to the statements made there. Nevertheless, we would like to inform our stakeholders about our latest sustainability activities also in the context of this quarterly statement.

### CONTRIBUTION DURING COVID-19 PANDEMIC

Even if the impression that the COVID-19 pandemic is weakening emerges as vaccination progresses and social interactions are further relaxed, we are not letting up in our efforts to protect our employees. The hygiene measures already established will remain in place. Further investment is being made in individual or physically separate offices. The employees have now implemented the processes changed by the security measures as well as the challenges of mobile working very well and established them as "normal". All the measures we have taken in this respect help to maintain our economic activities and thus social cohesion – and not least to protect our health. A coordinated testing and vaccination strategy is still urgently needed to fight the COVID-19 pandemic. To this end, we support the relevant initiatives of the German government. We will also continue to offer our employees and their families free testing and vaccination through our company medical service.

### RESPONSIBLE CARE COMPETITION 2021

Alzchem was named the winner of the Responsible Care Competition 2021 in Bavaria for its innovative additive Eminex®. Responsible Care is a contribution to the joint sustainability initiative Chemie3 of the Verband der Chemischen Industrie e.V. (German Chemical Industry Association), the IG Bergbau, Chemie, Energie (German Mining, Chemical and Energy Industrial Union) and the Bundesarbeitgeberverband Chemie e.V. (German Chemical Industry Employers' Association). By participating, each company simultaneously makes a contribution to the Chemie3 sustainability initiative.

Eminex® is an additive for liquid manure and biogas digesterates that reliably inhibits 90% to 100% of the methane and

CO<sub>2</sub> emissions they produce, thus enabling these substances to be stored in an environmentally and climate-friendly manner. In addition, Eminex® contributes to improved quality and fertilizing effect of the manure as well as to a reduction in the required storage volume. The official jury statement was correspondingly positive: "An outstanding development that has climate protection firmly in focus. The process, which can be implemented quickly and efficiently, has very great potential for significantly reducing methane emissions in agriculture."

Eminex® is already available to farmers with its official product launch in September 2021.

### ENVIRONMENTAL STATEMENT 2021

Alzchem has already published the new Environmental Statement 2021 for its German sites in Trostberg, Schalchen, Hart and Waldkraiburg, demonstrating the central importance that environmental compatibility and sustainability have for us as a Bavarian specialty chemicals company. Alzchem has been EMAS-registered (Eco-Management and Audit Scheme, also known as the EU Eco-Audit) since 1997 and has its annual environmental statements audited by an independent environmental auditor in order to document, monitor and evaluate the impact of its own activities in terms of environmental protection and sustainability.

Alzchem's investment in environmental protection in 2020 was more than EUR 19 million. The reduction and avoidance or recycling of waste, the independent recycling of process water and the reduction of required energy are just a few examples that prove that environmental protection and sustainability are important to Alzchem. In addition, we aim to exceed the requirements of the German Federal Constitutional Court on the Climate Protection Act of April 29, 2021, through compensation measures for our own products.

Detailed information and key figures on our activities to protect the environment are contained in our Environmental Statement 2021, which is available on our website at [www.alzchem.com](http://www.alzchem.com).



## 4. Forecast

In an ad hoc announcement dated July 15, 2021, Alzchem raised its forecast for the fiscal year 2021. We can confirm the statements made there for the fiscal year 2021 with this quarterly statement.

Forecast <sup>1</sup> for 2021	2020	Current forecast 2021
<b>Group sales</b>	EUR 379.3 million	significantly to strongly increasing (up to EUR 415 million)
<b>Adjusted EBITDA*</b>	EUR 53.8 million	significantly to particularly strongly increasing (up to EUR 64 million)
<b>Adjusted EBITDA margin*</b>	14.2%	stable to slightly increasing
<b>Inventory ratio</b>	19.0%	slightly to noticeably decreasing
<b>Equity ratio</b>	19.4%	moderately to slightly increasing

The current forecast is based on the assumption that (i) the economic recovery continues unchanged, (ii) there are no further negative impacts on the commodity pipeline and commodity prices beyond the current pressures, and (iii) there are no further business constraints, such as the COVID-19 pandemic or supply chain disruptions, in the last quarter of fiscal year 2021.

The planned sales growth is expected to continue to be achieved organically. The main growth drivers will still be volume effects and passed-on raw material prices. The current order situation indicates continued high demand for the coming months. With the full commissioning of our new production capacities, we see a realistic opportunity to place additional volumes with our customers.

Building on our flexible backbone – the NCN chain – we also see good opportunities for the remainder of the fiscal year to manage volume flows according to demand, so that we continue to expect noticeable growth in our activities in line with the results of the first nine months.

On the earnings side, we expect consolidation in the short to medium term. Above all, we see raw material costs continuing to rise or at least remain high, electricity and EUA prices at a considerable level, and significantly increased costs in the logistics environment. We also anticipate that the USD/EUR exchange

rate will remain unfavorable. We do not currently expect any delivery failures or plant shutdowns, although a corresponding risk cannot be completely ruled out.

The forecast for the EBITDA margin, derived from the key figures for sales and EBITDA, remains valid.

For inventories, we see opportunities to close the year below the level of the previous year. On the other hand, there are risks with regard to security of supply. Supply chains are currently increasingly exposed to exogenous influences. In addition to the issues of freight space shortages, COVID-19 cases in ports, exploding costs for shipping containers, lack of long-distance drivers and delays in shipping, which have been widely discussed in the media, there are difficulties throughout European rail traffic. Shunting yards are flooded, rail tracks are washed out by storms and power lines are down.

Although Alzchem has alternative supply routes for almost all its main raw materials, we continue to face significant risks here too, which we can only circumvent to a certain extent.

With regard to the equity ratio, we continue to expect an upward trend. However, we see the renewed decline in the discount rate to below the current level as a significant risk position.

<sup>1</sup> The forecasts are based on unchanged regulatory assumptions, such as the continuation of the Renewable Energy Sources Act (EEG), Sec. 19 (2) StromNEV, electricity price compensation or product approvals. Furthermore, forward-looking statements based on current management assessments and currently available information are included. Such statements are subject to risks and uncertainties that are beyond Alzchem's ability to control or estimate precisely. Should any of these uncertainties or other imponderables materialize, or should the assumptions on which these statements are based prove incorrect, actual results may differ materially from those expressed or implied.

\* No adjustments were made.

## 5. Significant events after the balance sheet date

No significant events occurred after the balance sheet date that could have an impact on the net assets, financial position and earnings position of Alzchem.

## 6. List of abbreviations

€/EUR	Euro
AG	Aktiengesellschaft (stock corporation)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EUA	European Allowances

# Financial Calendar 2022

February 24, 2022	<b>Annual Report 2021</b>
April 28, 2022	<b>Q1 Quarterly Report 2022</b>
Mai 5, 2022	<b>Annual General Meeting 2022</b>
July 26, 2022	<b>Half-yearly Financial Report 2022</b>
October 26, 2022	<b>Q3 Quarterly Report 2022</b>

## 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.

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

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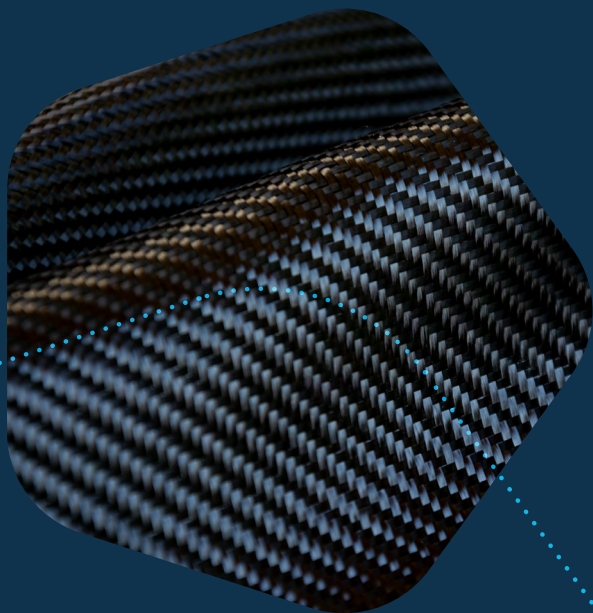
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