



alzchem
group

AGILE SCIENCE PURE RESULTS

Alzchem Group AG

QUARTERLY STATEMENT Q1 2024

Alzchem at a Glance

~ € 150
mn

sales generated by Alzchem in the 1st quarter of 2024
1st quarter of 2023: ~ € 150 mn

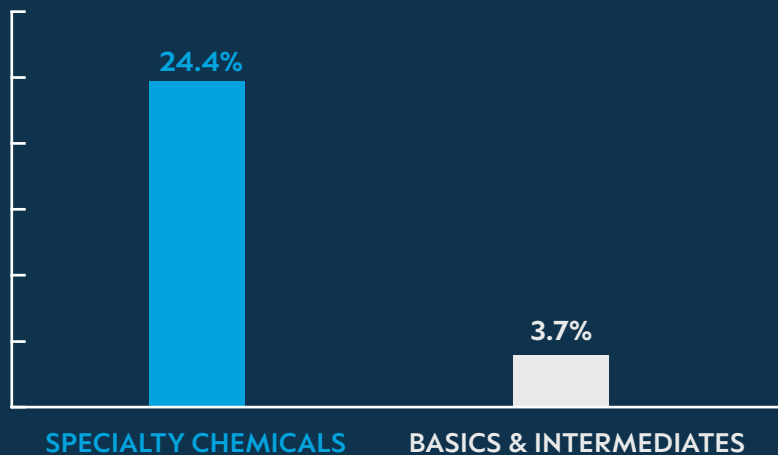
~ € 25
mn

EBITDA generated by Alzchem in the 1st quarter of 2024
1st quarter of 2023: ~ € 19 mn

MARKETS

				
HEALTH & NUTRITION	ANIMAL NUTRITION	FINE CHEMISTRY	PHARMA	AGRICULTURE
				
RENEWABLE ENERGIES	METALLURGY	CUSTOM SYNTHESIS	AGRI SOLUTIONS	AUTOMOTIVE & DEFENSE

EBITDA MARGIN BY MAIN SEGMENTS



THREE REPORTING SEGMENTS

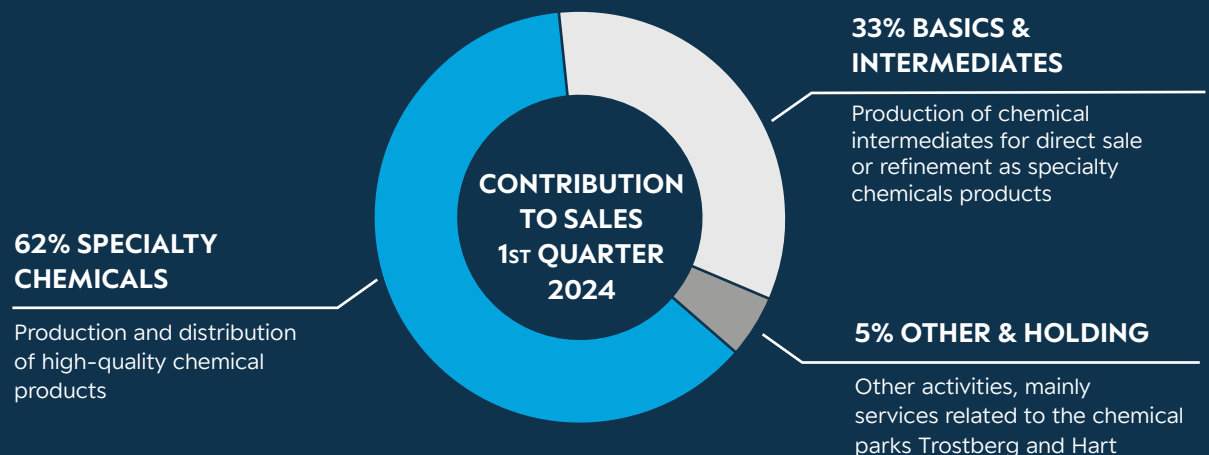








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EBITDA growth of 31.7% especially thanks to specialty chemicals; confirmation of the forecast for the fiscal year

- Group sales reach the previous year's level at EUR 150.1 million.
- Group EBITDA increases significantly by 31.7% to EUR 24.9 million; EBITDA margin rises strongly from 12.6% to 16.6%.
- Specialty chemicals business remains earnings driver with significant increases in both sales and EBITDA.
- The Human Nutrition (Creapure®), Animal Nutrition (Creamino®) and Defense (nitroguanidine) product areas continue to record high demand.
- Industry and price-related challenging developments in the area of multi-purpose plants (custom manufacturing) and in the NITRALZ® business.
- Positive investment decision for incremental expansion of creatine production capacities.
- The various ESG activities are progressing according to plan.
- Capital market rewards sustained positive business performance with share price increase of 41% in the first quarter 2024.
- Outlook 2024: forecast confirmed.

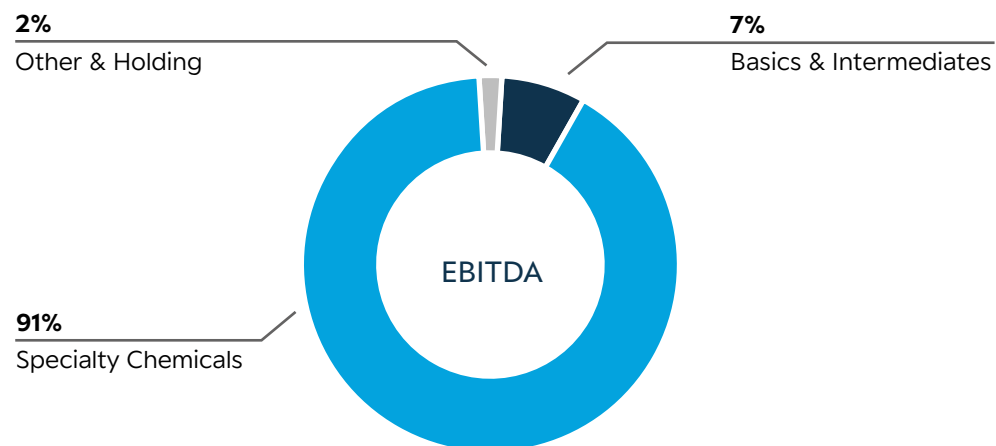
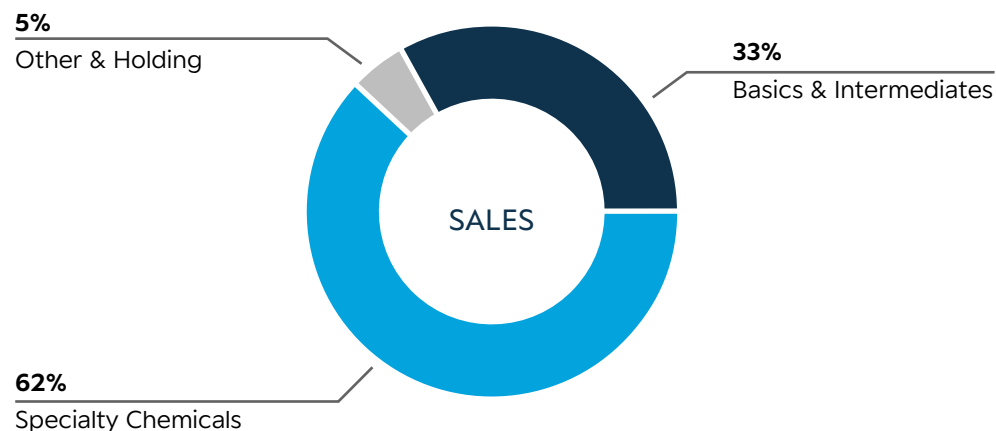
Note: Unless otherwise stated, all amounts are stated in EUR thousand. For computational reasons, rounding differences of ± one unit may occur in tables.

KEY FIGURES OF THE ALZCHEM GROUP

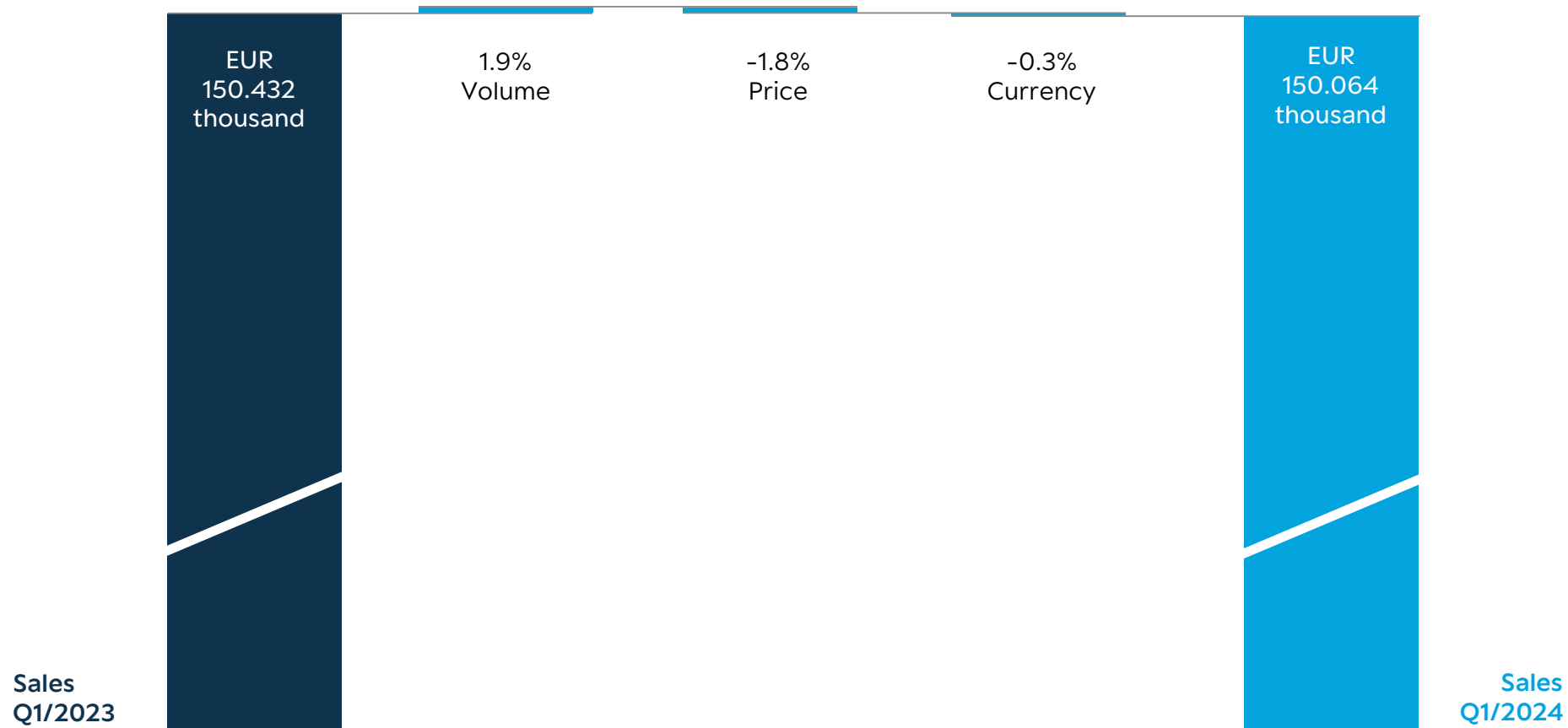
Key figure	Unit	1st quarter 2023	1st quarter 2024
Sales	EUR thousand	150,432	150,064
EBITDA	EUR thousand	18,917	24,910
EBITDA margin	%	12.6	16.6
EBIT	EUR thousand	12,598	18,375
Result for the period	EUR thousand	7,710	12,237
Earnings per share (undiluted and diluted)*	EUR	0.76	1.20
Equity ratio	%	34.7	40.0

* In the period 01/01-03/31/2023 calculated with 10,149,281 shares; in the period 01/01-03/31/2024 calculated with 10,176,335 shares.

SALES AND EBITDA SHARE BY SEGMENT IN THE 1ST QUARTER 2024



CHANGE IN SALES COMPARED TO PREVIOUS YEAR



1. Development of the Group

1.1 SIGNIFICANT DEVELOPMENTS IN THE 3-MONTH PERIOD FROM JANUARY 1 TO MARCH 31, 2024

The Alzchem Group has made a successful start to the fiscal year 2024. In total, Alzchem achieved consolidated sales of EUR 150.1 million in the 1st quarter of 2024, confirming the strong 1st quarter of the previous year (EUR 150.4 million). Thanks to the consistent focus on high-margin niche products in the Specialty Chemicals segment, it was possible to seamlessly continue the strong performance of the fiscal year 2023 in the first quarter of 2024. The Specialty Chemicals business thus remains Alzchem's growth driver, which is reflected in a significant increase in both sales (+8.4%) and EBITDA (+41.6%) in this segment.

The Human Nutrition (Creapure®), Animal Nutrition (Creamino®) and Defense (nitroguanidine) segments continued to perform particularly well. By contrast, business in the Custom Manufacturing segment (multi-purpose plants), which is significantly influenced by the general chemical economy, remained challenging, as did the NITRALZ® business because of persistently strong price-driven competition from China. Overall, however, the Specialty Chemicals growth segment successfully compensated for the decline in sales in the Basics & Intermediates segment.

In terms of earnings development, the Specialty Chemicals segment once again proved to be a key driver for Alzchem in the reporting period. The shift in sales between the segments means that the higher-margin specialty chemicals are increasingly reflected in earnings. The fact that the manufacturing costs of the products in the Specialty Chemicals

segment are significantly less influenced by the electricity price than in the Basics & Intermediates segment also has a positive effect here. In the reporting period, electricity prices – based on the slightly reduced but still high overall level of the 4th quarter of 2023 – no longer recorded any massive jumps, but stabilized further, which enabled Alzchem to set more constant prices on the market. The scaling of the plant expansions, particularly in the Human Nutrition segment, also had a clearly positive effect on earnings development in the 1st quarter of 2024. In addition, the Animal Nutrition and Defense divisions made further important contributions to earnings. Against this background, Group EBITDA rose significantly by 31.7% to EUR 24.9 million in the 1st quarter of 2024. Considering the stable sales trend, the EBITDA margin increased significantly from 12.6% to 16.6%.

On the production side, Alzchem has decided on a further incremental expansion of creatine production capacities. The investment volume will total around EUR 15 million and will be divided into two phases. The first phase is expected to be completed in the first half of 2025 and the second phase in the first half of 2026. With the additional capacities, Alzchem is responding to the continuing high market demand and thereby strengthening its good market position. In addition to the already established creatine products Creapure® and LIVADUR®, there is also great growth potential for Creavitalis®, which is used as a fine, tasteless powder in health and nutrition and was only launched on the market in autumn 2023.

The development in operating cash flow continues to be just as pleasing. The combination of increased earnings power and the continuation of strict working capital management more than tripled the operating cash flow to EUR 33.5 million compared to the same period of the previous year. This effect is also reflected in the increase in cash and cash equivalents, which also more than tripled to EUR 36.0 million compared to December 31, 2023.

At the same time as the very good performance in the operating business, the Alzchem share price also developed very positively in the 1st quarter of 2024 with a significant increase in value of 41%. From the company's perspective, the capital market is thus increasingly rewarding the sustained positive business development. Equity analysts in particular emphasize the broad diversification of the products and the high innovative strength, which have led to a steadily growing importance of the Specialty Chemicals business and a unique position in numerous high-growth and high-yield products. Moreover, Alzchem has proven itself to be a resilient company in the past times of crisis that acts with agility and can successfully adapt to the individual needs of its customers as well as to social and global developments.

1.2 ALZCHEM GROUP AG RECEIVES EUR 34.4 MILLION IN EU FUNDING

Nitroguanidine and the precursor guanidine nitrate are a key investment focus for the expansion of capacities. Nitroguanidine is used in plant protection, as a propellant for airbags and, increasingly, in defense applications. In mid-March 2024, Alzchem was awarded an investment grant of EUR 34.4 million by the EU Commission as part of the ASAP (“Act in Support of Ammunition Production”) funding instrument following a Europe-wide selection process. The non-repayable funds are to be used over a period of two and a half years to increase the production capacities for nitroguanidine and to renew and expand the existing facilities for the production of guanidine nitrate. The planned total investment volume over several years will amount to approximately EUR 75 million. Following approval in principle by the EU, the corresponding funding agreement is currently being drawn up. Once the funding agreement has been finalized, the final allocation of the funding and the respective payment dates are expected to take place in the 1st half of 2024.

1.3 RESULTS OF OPERATIONS

CONSOLIDATED INCOME STATEMENT (IFRS, UNAUDITED)

in EUR thousand	1st quarter 2023	1st quarter 2024
Sales	150,432	150,064
Change in inventories of finished goods and work in progress	916	-6,520
Other operating income	5,574	3,558
Cost of materials	-76,159	-53,237
Personnel expenses	-35,262	-40,588
Other operating expenses	-26,584	-28,367
EBITDA	18,917	24,910
Depreciation and amortization	-6,319	-6,535
EBIT	12,598	18,375
Other interest and similar income	49	292
Interest and similar expenses	-1,882	-1,454
Financial result	-1,833	-1,162
Result from ordinary business activities	10,765	17,213
Taxes on income and earnings	-3,055	-4,976
Consolidated result for the period	7,710	12,237
thereof non-controlling interests	43	43
thereof shares of the shareholders of Alzchem Group AG	7,667	12,194
Earnings per share in EUR (undiluted and diluted)*	0.76	1.20

* In the period 01/01-03/31/2023 calculated with 10,149,281 shares; in the period 01/01-03/31/2024 calculated with 10,176,335 shares.



In the first three months of the fiscal year 2024, Alzchem generated sales of EUR 150,064 thousand, roughly on a par with the same period of the previous year. The segments again contributed to this sales development in different ways. While sales in the Specialty Chemicals growth segment increased by EUR 7,178 thousand (+8.4%) compared to the previous year, the Basics & Intermediates segment recorded a decline in sales of EUR 8,037 thousand (-14.0%), which was mainly driven by price formulas. The Other & Holding segment recorded a slight increase in sales of EUR 491 thousand. As in the previous year, the sales performance of the segments reflects the strategy of consciously accepting volume declines in low-margin business as long as this does not impair the optimal production process. This continues the trend of the Basics & Intermediates segment's share of sales increasingly shifting to the Specialty Chemicals segment.

The cost of materials is considered together with the changes in inventories as an "extended cost of materials ratio". In the first three months of the fiscal year 2024, the cost of materials amounted to EUR 53,237 thousand and was therefore EUR 22,922 thousand lower than in the previous year. While a change in inventories of EUR 916 thousand was recorded as an increase in inventories in the same period of the previous year, the volume- and cost-related reduction in inventories led to a negative change in inventories of EUR 6,520 thousand in the reporting period. The effect of this cost reduction is also reflected in the positive development of the cost of materials ratio. In addition, the further shift of sales to the Specialty Chemicals segment also has a positive effect on the cost of materials, which is generally not as strongly influenced by the price of electricity for specialty chemicals products as it is for basic chemicals. The extended cost of materials ratio has therefore fallen again and now stands at around 40%, compared to 50% in the previous year.

Other operating income was EUR 2,016 thousand below the previous year's level. This is mainly due to lower foreign currency gains.

Personnel expenses amounted to EUR 40,588 thousand in the first three months of 2024, up 15% on the previous year. The increase is the result of collectively agreed pay rises and the increase in provisions for performance-related wage and salary components for Alzchem employees due to the positive development of the underlying business result and the share price. The number of employees, on the other hand, remained largely stable.

Other operating expenses amounted to EUR 28,367 thousand in the reporting period, an increase of EUR 1,783 thousand on the previous year. Significant rises were recorded primarily in waste disposal costs as a result of higher volume production in the Specialty Chemicals segment. Foreign currency losses decreased compared to the previous year.

In the first three months of the fiscal year 2024, Alzchem generated EBITDA of EUR 24,910 thousand, up EUR 5,993 thousand or 32% on the previous year. The two operating segments developed differently. While the Specialty Chemicals segment significantly exceeded the previous year's EBITDA (EUR +6,665 thousand), the Basics & Intermediates segment recorded a decline of EUR 978 thousand.

The EBITDA margin was 16.6% in the reporting period and therefore significantly higher than the 12.6% in the same period of the previous year. There are various reasons for the positive development of the Group's profitability. These include the shift in business shares with significantly increasing volumes towards the high-margin Specialty Chemicals segment. The strategy of focusing on business with higher margins while accepting lower volumes in the Basics & Intermediates segment also contributed to the positive development of Alzchem's EBITDA and EBITDA margin. In addition, the price level of energy costs has stabilized significantly compared to the same quarter of the previous year and even decreased at times, although electricity prices are still higher compared to the period before the war in Ukraine.

Depreciation and amortization increased as planned by EUR 216 thousand to EUR 6,535 thousand.

The financial result amounted to EUR -1,162 thousand and was therefore around 1/3 better than in the previous year (EUR -1,833 thousand). The improved financial result was mainly due to the stable cash situation of the Alzchem Group. On the one hand, this allowed surplus liquidity to be invested profitably and, on the other hand, the sale of receivables was reduced, which also reduced the interest burden. Non-cash interest effects also had an impact on the improved financial result. These are mainly the result of interest rate changes from the valuation of long-term personnel provisions. The different development of discount rates for non-current provisions led to a decrease in interest expenses for valuation purposes compared to the 1st quarter of 2023. Slightly lower interest expenses were recorded for pension obligations in the first three months of the fiscal year 2024, as the interest rates as of 31 December of a year are always used for the subsequent period. These were lower on December 31, 2023, than on December 31, 2022, and led to EUR 32 thousand lower interest expenses than in the same period of the previous year.

Tax expenses amounted to EUR 4,976 thousand in the first three months of 2024 and were therefore EUR 1,921 thousand higher than in the same period of the previous year. With a tax rate of 28.9% (previous year: 28.4%), tax expenses thus developed in line with the increase in the operating result.

In total, consolidated result for the 3-month period 2024 amounted to EUR 12,237 thousand, up EUR 4,527 thousand or 59% on the previous year.

Earnings per share also rose as a result of the improved consolidated result for the period. They amounted to EUR 1.20 in the reporting period, an increase of EUR 0.44 or 58% compared to the previous year. Earnings per share were calculated using a weighted average number of shares in circulation of 10,176,335 in the period from January 1 to March 31, 2024, and 10,149,281 in the period from January 1 to March 31, 2023.

1.4 FINANCIAL POSITION

CONSOLIDATED CASH FLOW STATEMENT (IFRS, UNAUDITED)

in EUR thousand	1st quarter 2023	1st quarter 2024
Cash flow from operating activities	10,245	33,450
Cash outflow from investing activities	-4,838	-6,894
Free cash flow	5,407	26,556
Cash outflow (-)/inflow (+) from financing activities	-6,383	-2,415
Net decrease (-)/increase (+) in cash and cash equivalents	-976	24,141

The Alzchem Group received EUR 33,450 thousand in cash from operating activities in the first three months of the fiscal year 2024. The increase of EUR 23,205 thousand compared to the same period of the previous year is mainly due to the increase in EBITDA (EUR +5,993 thousand) and the reduction in net working capital – in the first quarter of the previous year, there was still an increase in net working capital. The change in net working capital alone resulted in a EUR +14,157 thousand increase in operating cash flow.

The Alzchem Group spent EUR 6,894 thousand on investing activities in the reporting period. Investment expenditure was therefore EUR 2,056 thousand higher than in the previous year. While investment activity in the first quarter of 2023 was still restrained due to the uncertain overall economic situation in this period, investments were significantly higher in the first quarter of 2024. The focus of investment activity in the reporting period was primarily on capacity expansions, infrastructure renewals and the construction of a photovoltaic system at the Trostberg site.

The significant increase in operating cash flow of EUR 23,205 thousand led to an overall increase in free cash flow of EUR 21,149 thousand compared to the same period of the previous year, despite the EUR 2,056 thousand higher cash outflow from investing activities. Free cash flow for the first three months of 2024 therefore amounted to EUR 26,556 thousand.

The cash outflow from financing activities of EUR -2,415 thousand mainly includes the scheduled repayment of non-current liabilities to banks (EUR -1,771 thousand).

Cash and cash equivalents amounted to EUR 35,997 thousand as of March 31, 2024. Taking currency effects into account, this corresponds to an inflow of EUR 24,141 thousand compared to December 31, 2023.

Since the beginning of the fiscal year 2024, Alzchem has been able to generate a clearly positive operating cash flow, which was used for investment activities and the repayment of financial liabilities, among other things. Cash surpluses can be partially invested at short notice to generate interest. As a result of this development, Alzchem remains on a very solid financial footing and feels well equipped for future investment projects (such as the ASAP investment project mentioned above).

1.5 NET ASSETS

CONSOLIDATED BALANCE SHEET (IFRS, UNAUDITED)

in EUR thousand	12/31/2023	03/31/2024	Delta
Assets			
Intangible assets	3,664	3,751	+87
Property, plant and equipment	177,281	176,798	-483
Lease usage rights	4,855	4,784	-71
Financial assets	6	6	0
Other receivables and other assets	1,369	1,225	-144
Deferred tax assets	20,921	19,282	-1,639
Non-current assets	208,096	205,846	-2,250
Inventories	107,478	97,393	-10,085
Trade receivables	75,212	88,388	+13,176
Financial assets	0	0	0
Other receivables and other assets	19,239	18,759	-480
Income tax claims	2,769	1,425	-1,344
Cash and cash equivalents	11,883	35,997	+24,114
Total current assets	216,581	241,962	+25,381
Total assets	424,677	447,808	+23,131
Capital			
Equity	163,559	179,019	+15,460
Non-current liabilities	178,487	172,954	-5,533
Current liabilities	82,631	95,835	+13,204
Balance sheet total	424,677	447,808	+23,131



As of March 31, 2024, Alzchem's balance sheet total amounted to EUR 447,808 thousand, an increase of EUR 23,131 thousand compared to December 31, 2023.

The development of current and non-current assets differed. In the non-current area, there was a decline in deferred tax assets and property, plant and equipment in particular. In the case of deferred taxes, the interest-related decline in pension obligations led to a reduction in the deferred tax assets recognized on these.

Current assets developed in the opposite direction to non-current assets and increased by a total of EUR 25,381 thousand. While inventories were significantly reduced, the trade receivables and cash and cash equivalents to be recognized increased. The development in inventories was driven by a combination of volume and price declines. The increase in trade receivables follows the sales trend in the first quarter, which was significantly higher than in the last quarter of 2023 – the use of factoring, on the other hand, was kept stable at a low level. There are still no extensions of payment terms or significant bad debt losses on the customer side. The increased difficulties in the free convertibility of currency in some countries around the world in the past year continued to some extent but have not yet led to any significant payment defaults.

Alzchem's equity has increased by EUR 15,460 thousand to EUR 179,019 thousand since December 31, 2023. This led to a significant rise in the equity ratio as of March 31, 2024, to 40.0% compared to 38.5% as of December 31, 2023. The consolidated result for the period had a positive impact on equity, which amounted to EUR 12,237 thousand in the first three months of 2024. The decline in pension obligations also had an increasing effect on equity: The changes in actuarial assumptions regarding the risk-free interest rate for the measurement of pension obligations resulted in an increase in equity of EUR 4,785 thousand as of 31 March 2024. By contrast, the deferred taxes to be recognized in the opposite direction reduced equity by EUR 1,340 thousand. Accordingly, effects from changes in interest rates contributed a total of EUR 3,445 thousand to the growth in equity.

The development of pension obligations is significantly influenced by actuarial parameters. Although their change does not affect the consolidated result, it is recognized directly in equity under other comprehensive income. The risk-free market interest rate plays a key role in the actuarial parameters. If this market interest rate falls, pension obligations increase, while a rise leads to a decrease in pension obligations. Historically, the risk-free market interest rate has developed as follows:

The effect of the pension obligations can also be seen in the decrease in non-current liabilities. EUR 4,519 thousand of the total reduction of EUR 5,533 thousand results solely from pension obligations.

Current liabilities have increased by EUR 13,204 thousand since December 31, 2023, due to the business and reporting date and amounted to EUR 95,835 thousand as of March 31, 2024.

in %	2019	2020	2021	2022	2023	Q1/2023	Q1/2024
Discount rate	0.90	0.50	1.00	3.70	3.20	3.50	3.50

2. Development in the segments

2.1. SPECIALTY CHEMICALS SEGMENT

In EUR thousand	1st quarter 2023	1st quarter 2024
External sales	85,783	92,961
EBITDA	16,019	22,684
EBITDA margin	18.7%	24.4%
Inventories	67,492	56,355

DEVELOPMENT IN THE 1ST QUARTER 2024

The Specialty Chemicals segment continued its dynamic growth trajectory. In the first three months of the fiscal year 2024, sales amounted to EUR 92,961 thousand, up EUR 7,178 thousand or 8.4% on the previous year. This development is based on a combination of volume and price effects. However, the sales and revenue situation of the individual business divisions developed differently within the growth segment.

The Dietary Supplements product area in particular continues to show strong sales growth. The demand for creatine “Made in Germany” continues to develop positively. Alzchem has created a unique selling point here and has established a strong position in the market with Creapure®. The Creapure® logo is perceived by end customers as a sign of quality and is explicitly in demand. Volumes sold increased compared to the same quarter of the previous year, which is attributable to the capacity expansion of the creatine plant at the end of the fiscal year 2022. The volume produced was gradually increased in the first quarter of 2023, while almost full production capacity was called up and sold in the first quarter of 2024. In addition to Creapure®, Creavitalis® was created as a second brand in the Food & Health segment to reach other target groups in addition to competitive sports. The current development in the global creatine market offers additional growth potential for Alzchem. With this in mind, the company is working on further expanding its production capacities. The first volume increases from this investment are expected at the beginning of 2025.

In the Animal Nutrition product area with the Creamino® brand, significant volume and sales growth was achieved despite the price-intensive competitive situation. The consistent presence and further expansion of sales activities in all key global markets are paying off and will continue to contribute to growth.

The increasing importance of defense applications has led to a further shift in sales in the guanidine salts product area (including nitroguanidine) away from applications in the agrochemical and automotive industries. According to current estimates, this trend will continue. The requirements of increased demand and market acceptance are also reflected in the aforementioned capacity expansion with the support of the European Union (“ASAP”).

Products in the pharmaceutical sector (Bioselect®) and in the automotive product area (DYHARD®) also performed well. Here, the negative trend from the previous year was reversed. Increases in volume and sales were recorded in both areas. This confirms last year’s assumption that demand would recover.

In contrast, custom manufacturing of multi-purpose plants recorded a significant decline in sales. Alzchem was unable to completely escape the continuing negative trend in the chemical industry in Germany. The customers are mostly large companies in the chemical industry that have Alzchem manufacture specific products for them in small quantities per recipe. These customers are currently facing declining volumes. However, Alzchem considers this to be a temporary phase and an opportunity for the future, as the plants are well diversified and can therefore serve a wide range of products. This diversification has historically proven to be very valuable and crisis-resistant.

The agricultural product area (DORMEX®) is also down on the previous year's sales in terms of volume. There is considerable price competition here from Asian competitors. As a result, Alzchem was forced to implement slight price reductions to maintain stable volumes on the market.

The growth in sales also led to an increase in EBITDA. In the first three months of the fiscal year 2024, the segment generated EBITDA of EUR 22,684 thousand, up EUR 6,665 thousand or 41.6% on the previous year. This resulted in an EBITDA margin of 24.4% in the reporting period (previous year: 18.7%). The growth trend in the Specialty Chemicals segment thus also continued in the EBITDA margin in the first three months of 2024. While energy and raw material costs are declining overall compared to last year, EBITDA growth can be achieved in most product areas. Exceptions to the positive earnings trend are, in particular, products that are affected by the general development of the chemical industry in Germany and Europe or are exposed to strong price competition from Asian competitors.

The segment's inventories amounted to EUR 56,355 thousand and were therefore significantly lower than the previous year's figure. One of the main reasons for the reduction in inventories is the decrease in the cost of energy and other key raw materials compared to the previous year. The results of working capital management are also reflected in the focus on lower inventory levels and lower safety buffers in purchasing and sales. Furthermore, the improved availability of logistics means that inventories can be delivered more quickly and on time.

2.2 BASICS & INTERMEDIATES SEGMENT

In EUR thousand	1st quarter 2023	1st quarter 2024
External sales	57,337	49,299
EBITDA	2,780	1,802
EBITDA margin	4.8%	3.7%
Inventories	49,446	40,115

DEVELOPMENT IN THE 1ST QUARTER 2024

The Basics & Intermediates segment closed the reporting period with sales of EUR 49,299 thousand. Sales were therefore EUR 8,038 thousand or 14.0% below the previous year's level. While cost-related price increases led to a growth in sales in the same period of the previous year, the trend in costs and sales prices has reversed in the current fiscal year. Overall, the decline in energy costs and other key raw materials in particular led to a reduction in sales prices, allowing cost savings to be passed on to customers. The decline in sales was exacerbated by volume reductions in individual product areas, although the volume effects must be considered separately for each product area. In the current fiscal year, it is still the case that volume reductions are consciously accepted if the market does not allow for profitable pricing.

Despite the decline and stabilization of the cost level, some products in the Basics & Intermediates segment are exposed to strong Asian competition, which has significantly lower energy and CO₂ costs to process and operates under different ESG framework conditions than Alzchem. Alzchem cannot and does not want to match the prices of these competitors, as the company is convinced that they do not permit economically sustainable operations. Some customers then switch to the Asian competition and place lower volume orders with Alzchem. It remains to be seen how sustainably the Asian competition can maintain this price level. Alzchem has consciously decided to accept lower sales volumes in favor of economically viable sales prices, as long as this does not result in a negative impact on "Verbund production".

In the NITRALZ® product area in particular, with applications in the pharmaceutical,

agrochemical and basic chemicals industries, sales fell compared to the same period of the previous year due to a combination of volume and price reductions. Sales are primarily

generated with customers who prioritize delivery reliability, quality and reliable compliance with ESG criteria over short-term cost effects. Compared to the same period of the previous year, volume reductions also had to be accepted due to the discontinuation of unprofitable business.

Sales in the metallurgy business were also below the previous year's level. In addition to the effect of automatic price escalation clauses, most of which are linked to raw materials, volumes here also remained below the previous year's level. Seasonal competition from Eastern Europe and the general economic situation of European steel producers were the main reasons for this.

In the pharmaceutical sector (building block dicyandiamide), where Alzchem is the only producer in Europe, sales volumes increased slightly compared to the previous year. Here, only the reduction in sales prices as a result of passing on positive cost effects to customers led to a slight decline in sales.

The development in the agricultural sector with the fertilizer Perlka® should be highlighted on a positive note. Thanks to a significant recovery in demand, sales increased while prices remained stable. Due to the better specification of the product, the remaining customers are prepared to pay a premium over cheaper alternatives. Natural gas-based products from Russia in particular are still available at significantly lower prices, as the import of fertilizers is still not subject to an EU embargo.

However, the decline in sales in the Basics & Intermediates segment did not lead to an overall reduction in segment EBITDA to the same extent. This amounted to EUR 1,802 thousand in the first three months of the fiscal year 2024 and was therefore EUR -978 thousand below the previous year's level. The EBITDA margin fell by 1.1 percentage points to 3.7%. Overall, the decline in sales and EBITDA in the NITRALZ® product area in particular could not be fully compensated for. However, positive cost developments and the discontinuation of lower-margin business meant that the segment was still able to achieve a positive EBITDA and contribute to the Group's profitability.

At EUR 40,115 thousand, the segment's inventories were below the previous year's level (EUR 49,446 thousand). One of the main reasons for the reduction in inventories is the decrease in the cost of energy and other key raw materials compared to the previous year. Inventories in this segment also follow the electricity-optimized furnace operation and are reduced in times of higher electricity prices when one of the carbide furnaces is shut down for cost reasons – as happened in the first quarter of 2024.

2.3 OTHER & HOLDING SEGMENT

In EUR thousand	1st quarter 2023	1st quarter 2024
External sales	7,312	7,804
EBITDA	475	537
EBITDA margin	6.5%	6.9%
Inventories	4,548	3,338

DEVELOPMENT IN THE 1ST QUARTER 2024

Sales in the Other & Holding segment was slightly higher than in the previous year (EUR +492 thousand). This essentially corresponds to the passing on of cost increases to the chemical park customers. The services used by Alzchem's chemical park customers were primarily of a variable nature (energy supply, technical services and network operation).

The segment's EBITDA was also up slightly on the previous year (EUR +62 thousand), with the EBITDA margin increasing by 0.4 percentage points to 6.9%.

As of the reporting date, inventories were EUR 1,210 thousand lower than in the previous year. As this mainly related to consumables and supplies, this reflects the slightly lower cost level and seasonal and reporting date fluctuations.

3. Sustainability at Alzchem

In the combined management report as of December 31, 2023, Alzchem reported on the non-financial aspects of the company for the first time and voluntarily in accordance with the newly adopted European Sustainability Reporting Standards (ESRS). The feedback on this first-time initiative was consistently positive and has met with lively interest from investors and other stakeholders, especially in Europe. The statements in this sustainability declaration have not changed fundamentally in the first quarter of 2024. However, as a responsible company in the Bavarian region, we would like to inform our stakeholders about our current sustainability activities in the first three months of the fiscal year 2024 in this quarterly report as of March 31, 2024.

3.1 SAP SUSTAINABILITY FOOTPRINT MANAGEMENT (SFM): IMPLEMENTATION PLANNED

With the implementation of the SAP Sustainability Footprint Management (SFM) software, Alzchem aims to be one of the first companies to be able to calculate CO₂ footprints in an integrated SAP software landscape.

Along the way, a feasibility study (proof of concept) was launched together with SAP. The first real production processes were modeled in the new SAP module and CO₂ footprints were determined. The required functionalities are being developed in close cooperation with SAP.

The first impressions of the feasibility study are promising. As soon as the current project phase has been completed and the first production processes have been implemented, further production processes will be modeled and implemented.

Alzchem would like to have the modeling and calculation of CO₂ footprints in SAP SFM audited by an external certification body by the end of the current fiscal year, so that audited results of selected products can be verified in the future. This will enable Alzchem to provide customers, but also the public, with structured information on a product-specific CO₂ footprint in a digital and verifiable process.

3.2 NEW TRAINING CENTER FOR CHEMICAL TECHNICIANS IN TROSTBERG

The trainees of today form the foundation for the successful development of Alzchem tomorrow. Alzchem therefore considers the construction of a new, state-of-the-art training center for prospective chemical technicians at the Trostberg site with a total area of around 600 square meters to be an important investment in the future. Chemical technicians are responsible for the large-scale production of Alzchem's diverse product range. Around EUR 2.8 million will be invested in the modern, exemplary facility, which is expected to be integrated into the training operation at the end of 2025, to train young people to become qualified junior staff. In addition to Alzchem, numerous international companies that have always had their young employees trained by Alzchem will also benefit from training at the highest level. The company is one of the largest training providers in the region and is proud of the high training rate of 9% at its German sites compared to the rest of the industry. Every year, up to 50 trainees start their training in commercial, metal and electrical engineering as well as chemical and logistics areas at Alzchem. The ground-breaking ceremony for the new training center is scheduled for this summer.



3.3 IMPLEMENTATION OF THE ACT ON CORPORATE DUE DILIGENCE OBLIGATIONS IN SUPPLY CHAINS

Sustainability and respect for human rights as part of this are of particular importance to Alzchem in all areas of the supply chain. In this respect, Alzchem complies with all requirements of the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – “LkSG”), which has been applicable to it since January 1, 2024. In particular, the company has set up a risk management system to ensure compliance with human rights due diligence obligations. This is coordinated by the Human Rights Officer, who monitors the rules relevant to compliance with human rights and the voluntary commitments made by Alzchem in this regard and continuously improves risk management for compliance with human rights due diligence obligations. Alzchem’s policy statement on human rights highlights the company’s commitment to respecting human rights, which is already reflected in other company policies such as the Corporate Guideline, the Supplier Code of Conduct and the established USGQ policy on the environment, safety, health and quality.

As part of the regular risk analysis, Alzchem identifies human rights risks that are considered a priority due to their potential severity and the opportunities to influence them. These are currently in particular the health protection and occupational safety of Alzchem employees, environmental protection, product safety and the (non-)observance of human rights in the supply chain. The results of the risk analyses are incorporated into the relevant business processes and in particular into the supplier management system. Where risks exist, Alzchem implements suitable preventive measures and will ultimately also part ways with suppliers in the event of violations.

Alzchem will continuously and cooperatively develop its human rights and environmental due diligence obligations and report regularly on the status of implementation.

4. Forecast

The following table provides an overview of the values forecast for the Group’s financial performance indicators for the fiscal year 2024 in the consolidated financial statements as of December 31, 2023:

	Unit	2023	Forecast 2024
Group sales	EUR million	540.6	Growing to around EUR 570 million
Adjusted EBITDA*	EUR million	81.4	Growing to around EUR 90 million
Adjusted EBITDA margin*	%	15.1	Growing to 15.8%
Inventories	EUR million	107.5	Stable
Inventory intensity	%	19.9	Stable
Equity ratio	%	38.5	Growing strongly

* No adjustments were made.

The forecasts for the fiscal year 2024 made in the consolidated financial statements as of December 31, 2023, can be confirmed with this quarterly statement. The assumptions made in the Annual Report 2023 continue to apply.

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 results of operations of Alzchem.

List of abbreviations

AG	Aktiengesellschaft (stock corporation)
ASAP	Act in Support of Ammunition Production
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
ESG	Environmental, Social and Governance
EU	European Union
EUR	Euro
EUR thousand	Thousand Euro
USA	United States of America
USD	US dollar

Financial Calendar 2024

May 7, 2024	Annual General Meeting 2024
July 2 to August 1, 2024	Quiet Period*
August 1, 2024	Half-year Financial Report 2024
October 12 to November 7, 2024	Quiet Period*
November 7, 2024	Q3 Quarterly Statement 2024

* 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/





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.

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PUBLISHER

Alzchem Group AG
Chemiepark Trostberg
Dr.-Albert-Frank-Str. 32
83308 Trostberg
alzchem.com

INVESTOR RELATIONS

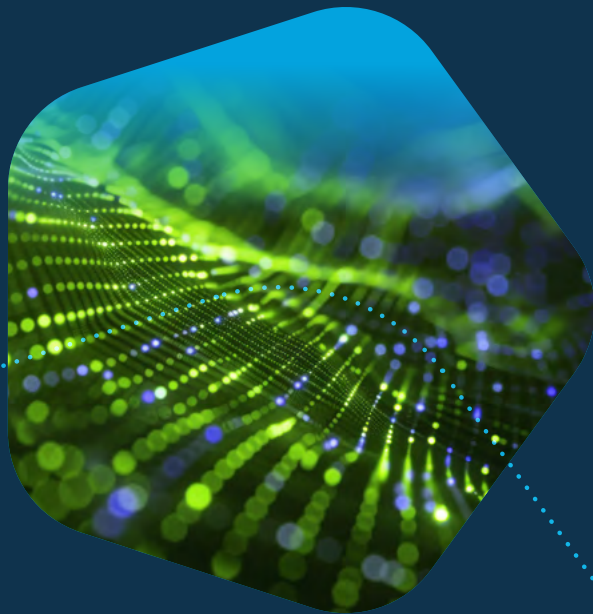
Sabine Sieber
P + 49 86 21 86 – 2888
F + 49 86 21 86 – 502888
ir@alzchem.com

EDITING

Better Orange IR & HV AG

PICTURE CREDITS

AdobeStock: Muhammad_
Waqar



Alzchem Group AG

CHEMIEPARK TROSTBERG

Dr.-Albert-Frank-Str. 32

83308 Trostberg

P + 49 8621 86-0

info@alzchem.com

alzchem.com