



INTERIM STATEMENT

of H&R GmbH & Co. KGaA

FOR THE FIRST QUARTER OF 2024

Overview

- First quarter of 2024 significantly exceeds prior-year figures
- SALES segment makes biggest contribution to income
- Guidance for full year confirmed

H&R GMBH & CO. KGAA IN FIGURES

IN € MILLION	Q1/2024	Q1/2023	Change (absolute)
Sales revenue	337.0	349.0	-12.0
Operating income (EBITDA)	21.3	14.3	7.0
EBIT	6.8	0.5	6.3
EBT	3.6	-2.2	5.8
Consolidated net income	2.1	-0.8	2.9
Consolidated income attributable to shareholders	1.5	-0.9	2.4
Consolidated income per share (undiluted) in €	0.04	-0.03	0.07
Cash flow from operating activities	11.4	48.5	-37.1
Cash flow from investing activities	-11.7	-16.6	4.9
Free cash flow	-0.2	31.8	-32.0
Cash flow from financing activities	14.3	-29.7	44.0
	3/31/2024	12/31/2023	
Balance sheet total	971.2	903.2	68.0
Net working capital	204.1	209.1	-5.0
Equity	456.3	457.6	-1.3
Equity ratio in %	47.0	50.7	-3.7
No. of employees	1,690	1,704	-14

THE SEGMENTS IN FIGURES

IN € MILLION	Q1/2024	Q1/2023	Change (absolute)
Chemical-Pharmaceutical Raw Materials Refining			
Sales	206.4	219.5	-13.1
EBITDA	10.5	5.7	4.8
Chemical-Pharmaceutical Raw Materials Sales			
Sales	122.9	123.1	-0.2
EBITDA	10.9	6.4	4.5
Plastics			
Sales	12.3	13.2	-0.9
EBITDA	0.4	1.2	-0.8
Reconciliation			
Sales	-4.6	-6.7	2.1
EBITDA	-0.5	1	-1.5

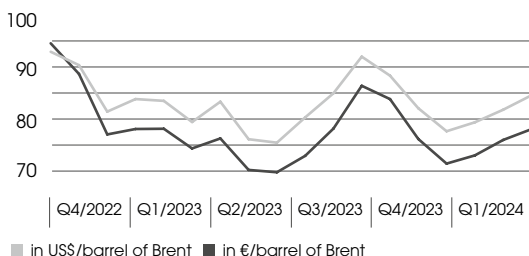
PERFORMANCE OF THE H&R SHARE Q1/2024

(INDEX 1/2/2024 = 100)



OIL PRICES Q4/2022 TO Q1/2024

(AVERAGE MONTHLY PRICES)



Letter from the Executive Board

Dear Shareholders, Dear Business Partners,

H&R's results for the first quarter of 2024 point in the right direction, but there is still much room for improvement.

The start of the year can be described simply from the company's perspective. With operating income (EBITDA) of more than €21 million, the months January to March serve as a solid foundation for further development.

The challenges, of which there were plenty at the turn of the year, were predominantly to be found in the markets. General uncertainty with regard to economic development resulted in a high threshold, especially among local customers, when it came to market-driven price adjustments. At the same time, prospects for the future supply of many of our products to the market continue to look bleak. In view of reduced capacities on the production side – we have already reported on the changes caused by the upcoming or now executed closures of a number of Group I base oil refineries – some customers reduced their demand significantly. We were also approached by new customers.

However, this market development only presented itself in the product price margins late in the quarter. A minor recovery as a result of this is nevertheless evident in the figures up to the end of March.

We are confident that we can succeed in influencing the H&R figures positively over the next few months on the basis of both larger sales volumes and stronger prices, thereby moving a good deal closer to our guidance range up to the midyear point.

First of all, however, the 2023 reporting season needs to be formally concluded in the usual orderly manner. What began with publication of the 2023 annual report together with numerous

sub-reports regarding, for example, remuneration and corporate governance at the end of March and continued with publication of the 2023 non-financial Group report will be concluded on May 28:

We will meet in the usual place for this year's Annual Shareholders' Meeting. In addition to the routine topics, which you have no doubt seen in the invitation and on the agenda, I would like to bring two topics in particular to your attention. Firstly, there is the distribution of a dividend, which we will propose to be the same level as last year. If you compare the results of the 2022 and 2023 financial years, you will appreciate that we did not make this decision lightly.

More important, however, is an upcoming Supervisory Board personnel matter. Dr. Schütter, who last year agreed to place his expertise and experience at the disposal of the Supervisory Board once again, will be leaving the board at his own request. Assuming you are in agreement with our proposal, he shall be replaced by Mr. Peter Brömse, who will lend Production the necessary weight within the Supervisory Board.

We will be happy to engage with you on this and much more besides, and I very much hope that many of our shareholders will make it to Hamburg.

Until then, take care!

Hamburg, May 2024



Niels H. Hansen
Sole Managing Director

Business Trend in the First Quarter of 2024

Very Little Momentum at Start of Year, More Dynamic Growth Toward End of Quarter

Based on income in 2023 and the market trends, we entered the new financial year with similar expectations to those of the previous year. Accordingly, when we published the annual report at the end of March 2024, we set ourselves an EBITDA target for 2024 in the range of €90.0 million to €110.0 million.

The start of the year in particular offered numerous arguments for a more cautious statement:

- Feedstock prices increased sharply at the turn of the year, while the market prices for correlating products such as base oils barely changed.
- The competitors' lower production capacities were noted by the customers, resulting in greater demand.
- With reference to prices, there was unusually high resistance to our endeavors to increase our prices.

Lower expectations would therefore have been needed on this basis.

We nevertheless formulated our expectations on a par with the published guidance range – as a reflection of the fact that an assessment of the economic prospects is always also about looking to the future. The income figure up to March 31, 2024, proves we were right to take this decision. The momentum continued to improve in the first quarter and is now pointing in the right direction. There is additional potential in particular in view of the fact that our competitors will forfeit capacities in Italy. We are noticing this in the inquiries of our customers, many of whom are ordering larger volumes from us or are ordering certain products for the first time. With prices increasing, the market is now responding, too, such that price negotiations should additionally be easier going forward.

There is, after all, likely to be little momentum coming from the overall economic situation. The

ifo Economic Forecast Spring 2024 still considers the German economy to be “paralyzed”. Sentiment among companies and households is poor and uncertainty is high, it says. Gross domestic product will increase by only 0.2% this year compared to the previous year, meaning that the growth forecast for the current year has been significantly lowered (by 0.7 percentage points) compared to the ifo Economic Forecast Winter 2023

As such, H&R's robust income very much contrasts with the generally negative trend.

Results of Operations: Quarterly Income Comfortably Up Year-Over-Year

H&R GmbH & Co. KGaA generated operating income well above the prior-year level in the first quarter of 2024, at €21.3 million (Q1/2023: €14.3 million). While depreciation and amortization and also financing expenses did increase again marginally year-over-year, overall the performance was better across all net income levels. EBIT totaled €6.8 million (Q1/2023: €0.5 million), while income before tax (EBT) came to €3.6 million (Q1/2023: €-2.2 million). All in all, the Group generated income attributable to the shareholders that was a vast improvement on the prior-year figure, at €1.5 million (Q1/2023: €-0.9 million). Mathematically, this results in a €0.07 increase in earnings per share to €0.04.

This was achieved with sales of €337.0 million, down by around 3.4% on the previous year (Q1/2023: €349.0 million).

The main factors contributing to the key figures have already been mentioned. In spite of robust demand, it was above all the lower prices and our customers' resultant price sensitivity that stood in the way of a better income result.

Developments of this kind first and foremost affect our production sites in Germany. These process the majority of the Group's feedstocks

and therefore constitute a key lever for the H&R Group's overall income performance.

The ChemPharm Refining segment processes much of the feedstock volumes and produces the majority of our specialty products, and accordingly generated the lion's share of our sales. These fell year-over-year, however, and totaled €206.4 million at the end of the first three months of 2024 (Q1/2023: €219.5 million).

Although raw materials prices increased sharply in the first three months, the higher cost of materials could only be passed on to the customers to a degree. Subdued prospects in many of the customer industries and the stagnation of key prices made negotiations with a number of our customers more difficult, which in turn made passing on the above costs a sensitive issue. We noted a recovery toward the end of the quarter, as expressed by a generally acceptable EBITDA of €10.5 million (Q1/2023: €5.7 million). We therefore failed to match our own expectations, although we did comfortably surpass the weak prior-year figure.

In contrast, the international sites of our ChemPharm Sales segment developed positively both in terms of our expectations and year-over-year. Sales revenue was almost on a par with the first quarter of 2023, amounting to €122.9 million (Q1/2023: €123.1 million). Operating income in particular was encouraging – the previous year's EBITDA figure of €6.4 million, which was already good, was comfortably surpassed in the first quarter of 2024, at €10.9 million.

Both of the segments in the Chemical-Pharmaceutical division were responsible for 96.4% of total Group sales.

The Plastics segment came under pressure in the first quarter of 2024 due to the weak automotive industry. The GAUDLITZ Group companies achieved a lower positive EBITDA of €0.4 million (Q1/2023: €1.2 million). Customers in the field of electric mobility in particular were rattled by the cancellation of state subsidized incentives and accordingly responded with caution. The volume of parts requested fluctuated, too, with sizable cut-

backs at short notice on the one hand, but also significant – and unexpected – ramp-ups on the part of other customers. All in all, this complicated plannability considerably. Altogether, sales revenue dropped in this segment, too, from the previous year's €13.2 million to €12.3 million in the first quarter of 2024. Overall, the Plastics segment accounted for around 3.6% of our sales.

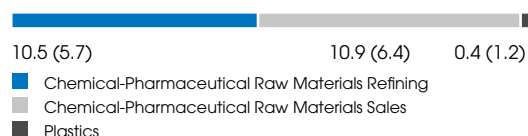
The Plastics division accounted for 1.9% of operating income, while the other two segments generated 98.1% of income.

EBITDA BY SEGMENT, Q1/2024

IN % (PREVIOUS YEAR'S Q1 FIGURES)

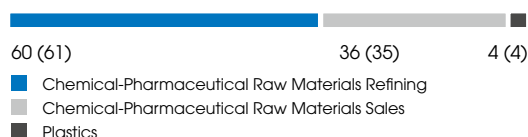


IN € MILLION (PREVIOUS YEAR'S Q1 FIGURES)



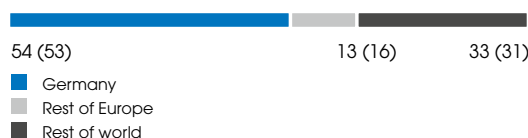
SALES BY SEGMENT IN Q1/2024

IN % (PREVIOUS YEAR'S Q1 FIGURES)



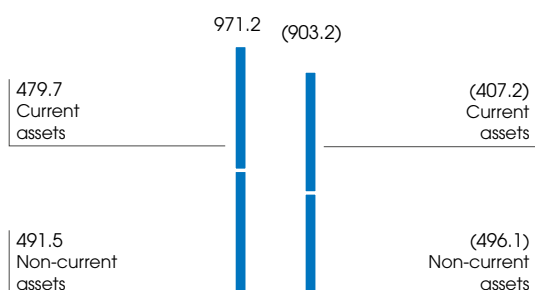
SALES BY REGION IN Q1/2024

IN % (PREVIOUS YEAR'S Q1 FIGURES)

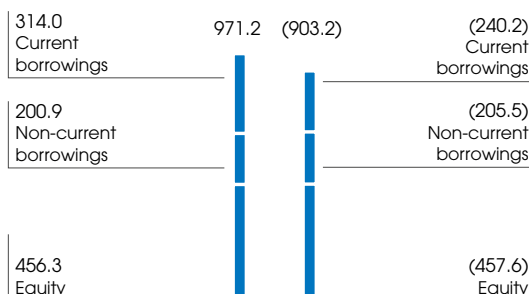


ASSETS AS OF 3/31/2024

IN € MILLION (PREVIOUS YEAR'S FIGURES AS OF 12/31/2023)

**LIABILITIES AND SHAREHOLDERS' EQUITY AS OF 3/31/2024**

IN € MILLION (PREVIOUS YEAR'S FIGURES AS OF 12/31/2023)



Net Assets and Financial Position: Raw Materials Prices Push Up Working Capital

our business model, there is a high degree of volatility inherent in the cash flow. This is attributable to changes in net working capital – for example, due to fluctuations in the prices of the feedstocks we buy or when larger deliveries of raw materials are made to our specialty production sites close to the reporting dates.

Based on improved consolidated income of €2.1 million (Q1/2023: €-0.8 million), cash flow from operating activities in the first quarter of 2024 was burdened by slightly higher depreciation and amortization, and above all higher income tax payments. Net working capital requirements increased sharply from the beginning of the year, but were at the prior-year level as of the reporting date. The corresponding effects of a positive change in the requirements consequently had no impact on cash flow, which totaled €11.4 million (Q1/2023: €48.5 million). Investing activities fell by around 30.0%, resulting in a slightly negative free cash flow of €-0.2 million (Q1/2023: €31.8 million).

In contrast, the development in cash flow from financing activities (Q1/2024: €14.3 million; Q1/2023: €-29.7 million) had a positive effect, taking cash and cash equivalents to a total of €82.7 million at the end of the quarter (Q1/2023: €57.4 million).

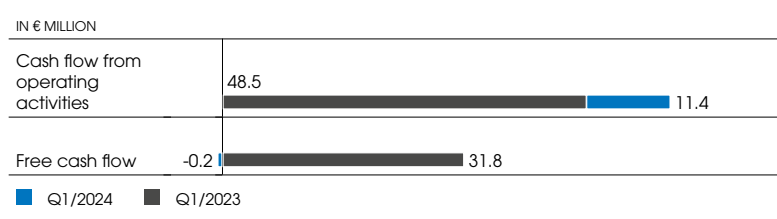
The balance sheet total increased to €971.2 million at the end of the first quarter of 2024 (December 31, 2023: €903.2 million). On the assets side, an increase in cash and trade receivables caused current assets to rise from €407.2 million to €479.7 million. Non-current assets fell only marginally to €491.5 million (December 31, 2023: €496.1 million).

On the liabilities side, in particular liabilities to banks and trade payables increased. In total, current liabilities rose to €314.0 million, compared with €240.2 million the previous year. In terms of non-current liabilities, lower liabilities to banks and other financial liabilities in particular led to reduced liabilities in the amount of €200.9 million (Q1/2023: €205.5 million).

The company's equity totaled €456.3 million as of the reporting date (December 31, 2023: €457.6 million). The equity ratio was 47.0% (December 31, 2023: 50.7%).

FINANCIAL POSITION

IN € MILLION	Q1/2024	Q1/2023	Change
Cash flow from operating activities	11.4	48.5	-37.1
Cash flow from investing activities	-11.7	-16.6	4.9
Free cash flow	-0.2	31.8	-32.0
Cash flow from financing activities	14.3	-29.7	44.0
Cash and cash equivalents as of March 31	82.7	57.4	25.3

Q1/2024 CASH FLOW

Interim Financial Statements

Outlook: Sights Still Set On Familiar Guidance Range

When the 2023 annual report was published, the company had set an annual sales target for the 2024 financial year of at least €1.2 billion, which was lower than in the previous year, based on the expectation of stable to slightly falling feedstock prices. We also stated percentage expectations for the individual segments. After the first quarter of 2024 and in view of the higher feedstock prices, H&R KGaA is on course to be above this minimum sales forecast.

As for the sales weightings, any deviations from the forecasts were only 2% (ChemPharm Sales 2024 forecast: 34.0%; achieved: 36.0%; ChemPharm Refining 2024 forecast: 62.0%; achieved: 60.0%; Plastics forecast and achieved: 4%).

In terms of the percentage share of EBITDA, meanwhile, the ChemPharm Sales segment not only made the largest contribution to income in absolute terms in the first quarter of 2024, but also significantly exceeded the forecast with a share of around 51.0% rather than the anticipated 34.0%. The Plastics segment closed the quarter at a lower 2.0% instead of 4.0%. The ChemPharm Refining segment likewise fell short of expectations at 47.0% (forecast: 68.0%).

In March, we set a target in the range of €90.0 million to €110.0 million. Based on the first quarter of 2024, H&R is, mathematically speaking, slightly below the course of the original 2024 full-year forecast. We are nevertheless anticipating noticeable growth and positive effects from the markets in the course of the year. The company is therefore sticking to its guidance range for the time being.

SALES AND INCOME FORECAST*

	2024 forecast
Consolidated sales	€1,200 million to €1,500 million
of which Refining	62%
of which Sales	34%
of which Plastics	4%
Consolidated EBITDA	€90.0 million to €110.0 million
of which Refining	68%
of which Sales	27%
of which Plastics	5%

* Original expectation according to the 2023 annual report.

Consolidated Statement of Financial Position of H&R GmbH & Co. KGaA as of March 31, 2024

ASSETS

IN € THOUSAND	3/31/2024	12/31/2023
Current assets		
Cash and cash equivalents	82,725	69,443
Trade receivables	158,767	105,805
Income tax refund claims	5,063	4,772
Inventories	191,917	206,387
Other financial assets	14,933	9,282
Other assets	26,277	11,493
Current assets	479,682	407,182
Non-current assets		
Property, plant and equipment	438,548	444,576
Goodwill	17,020	17,020
Other intangible assets	15,758	15,533
Shares in holdings valued at equity	3,513	3,550
Other financial assets	8,568	10,045
Other assets	1,850	1,866
Deferred tax assets	6,259	3,466
Non-current assets	491,516	496,056
Total assets	971,198	903,238

LIABILITIES AND SHAREHOLDERS' EQUITY

IN € THOUSAND	3/31/2024	12/31/2023
Current liabilities		
Liabilities to banks	95,688	77,090
Trade payables	146,601	103,065
Income tax liabilities	5,955	8,511
Contract liabilities	2,963	4,004
Other provisions	23,341	17,934
Other financial liabilities	16,196	12,848
Other liabilities	23,225	16,715
Current liabilities	313,969	240,167
Non-current liabilities		
Liabilities to banks	76,553	80,472
Pension provisions	56,283	56,085
Other provisions	2,815	2,786
Other financial liabilities	31,876	33,956
Other liabilities	20,691	20,303
Deferred tax liabilities	12,670	11,852
Non-current liabilities	200,888	205,454
Equity		
Subscribed capital	95,156	95,156
Capital reserve	46,427	46,427
Retained earnings	280,106	278,819
Other reserves	-10,813	-7,385
Equity of H&R GmbH & Co. KGaA shareholders	410,876	413,017
Non-controlling interests	45,465	44,600
Equity	456,341	457,617
Total liabilities and shareholders' equity	971,198	903,238

Income Statement of H&R GmbH & Co. KGaA

for the period from January 1 to March 31, 2024

IN € THOUSAND	3/31/2024	3/31/2023
Sales revenue	336,961	349,010
Changes in inventories of finished and unfinished goods	-9,087	-21,528
Other operating income	6,785	7,123
Cost of materials	-253,877	-262,035
Personnel expenses	-26,673	-26,265
Depreciation, impairments and amortization of intangible assets and property, plant and equipment	-14,460	-13,845
Other operating expenses	-32,797	-31,963
Operating result	6,852	497
Income from holdings valued at equity	-38	-39
Financing income	181	230
Financing expenses	-3,353	-2,932
Income before tax (EBT)	3,642	-2,244
Income taxes	-1,559	1,408
Consolidated income	2,083	-836
of which attributable to non-controlling interests	614	111
of which attributable to shareholders of H&R GmbH & Co. KGaA	1,469	-947
Earnings per share (undiluted), €	0.04	-0.03
Earnings per share (diluted), €	0.04	-0.03

Consolidated Cash Flow Statement of H&R GmbH & Co. KGaA

for the period from January 1 to March 31, 2024

IN € THOUSAND	3/31/2024	3/31/2023
1. Consolidated income	2,083	-836
2. Income taxes	1,559	-1,408
3. Net interest income	3,172	2,702
4. +/- Depreciation and amortization/appreciation on fixed assets and intangible assets	14,461	13,845
5. +/- Increase/decrease in non-current provisions	-564	-583
6. + Interest received	181	230
7. - Interest paid	-2,390	-2,184
8. +/- Income tax received/paid	-6,067	-869
9. +/- Other non-cash expenses/income	464	13
10. +/- Increase/decrease in current provisions	5,431	4,834
11. -/+ Gain/loss from the disposal of intangible assets	-35	-
12. -/+ Changes in net working capital	3,657	35,048
13. +/- Changes in remaining net assets/other non-cash items	-10,545	-2,338
14. = Cash flow from operating activities (sum of items 1 to 13)	11,407	48,454
15. + Proceeds from disposals of property, plant and equipment	14	6
16. - Payments for investments in property, plant and equipment	-10,810	-15,630
17. - Payments for investments in intangible assets	-859	-1,025
18. = Cash flow from investing activities (sum of items 15 to 17)	-11,655	-16,649
19. = Free cash flow (sum of items 14 and 18)	-248	31,805
20. - Payments for settling financial liabilities	-50,723	-69,933
21. + Proceeds from taking up financial liabilities	65,048	40,226
22. = Cash flow from financing activities (sum of items 20 to 21)	14,325	-29,707
23. +/- Changes in cash and cash equivalents (sum of items 14, 18 and 22)	14,077	2,098
24. + Cash and cash equivalents at the beginning of the period	69,443	55,997
25. +/- Changes in cash and cash equivalents due to changes in exchange rates	-795	-727
26. = Cash and cash equivalents at the end of the period	82,725	57,368

Financial Calendar

5/28/2024	Annual Shareholders' Meeting in Hamburg
8/14/2024	2024 half-year report
11/14/2024	Q3/2024 interim report

Contact

If you have any questions concerning our company or if you would like to sign up for the company mailing list, please contact our Investor Relations team:

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Disclaimer

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