

alzchem  
group



AGILE SCIENCE PURE RESULTS

Alzchem Group AG

QUARTERLY  
STATEMENT  
**Q1 2022**

# Alzchem at a Glance

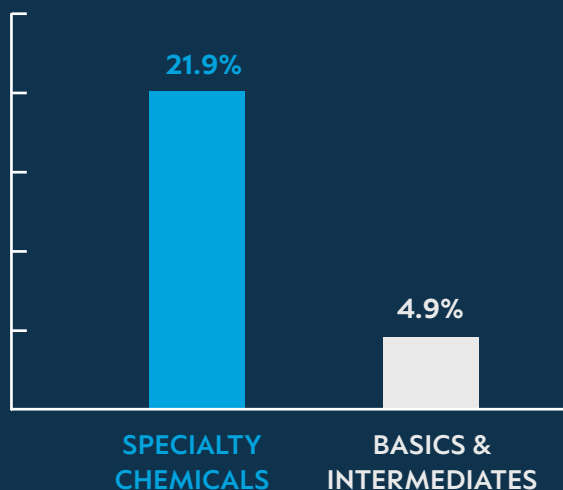
~ € 129  
mn

sales generated by Alzchem in  
the 1st quarter of 2022  
1st quarter of 2021: ~ € 104 mn

~ € 17  
mn

EBITDA achieved by AlzChem  
in the 1st quarter of 2022  
1st quarter of 2021: ~ € 17 mn

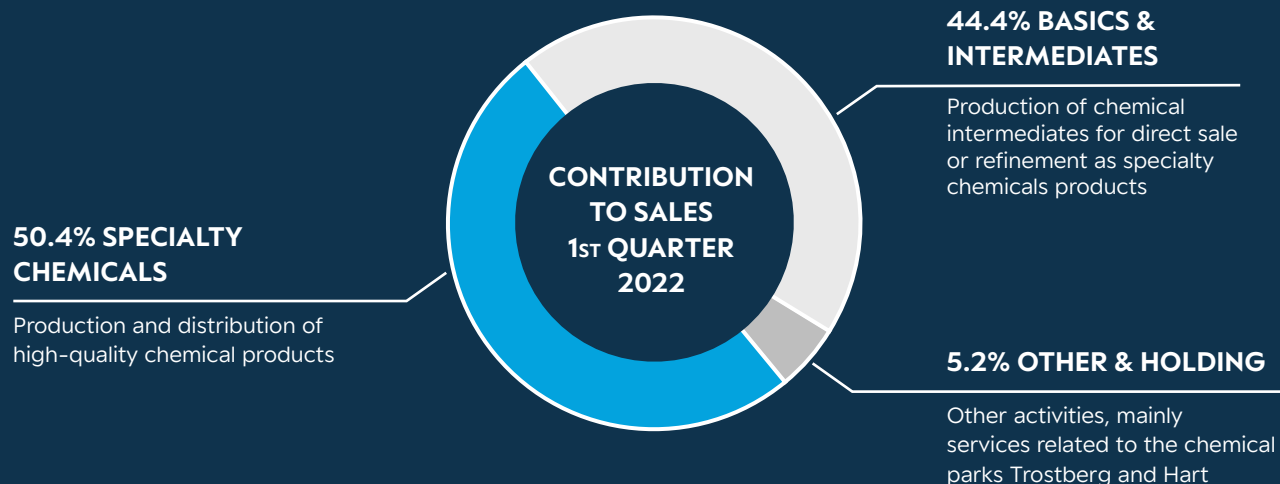
## EBITDA MARGIN BY MAIN SEGMENTS



## MARKETS



## THREE REPORTING SEGMENTS



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## **Sales growth of 24% with stable EBITDA, Group equity ratio increased from 23.7% to 28.2%**

- Strongest 1st quarter sales with substantial increases in Basics & Intermediates and Specialty Chemicals.
- Continued strong demand with order backlogs well above prior year and budget.
- Rise in equity and equity ratio due to positive result for the period and decrease in pension obligations.
- Russia-Ukraine war exacerbates shortages and price developments on commodity and energy markets.
- Successful start to passing on price increases to the market.
- Creapure® capacity expansion on schedule with expected completion in fall 2022.
- Outlook 2022: Sales forecast adjusted upward; all other key figures unchanged.

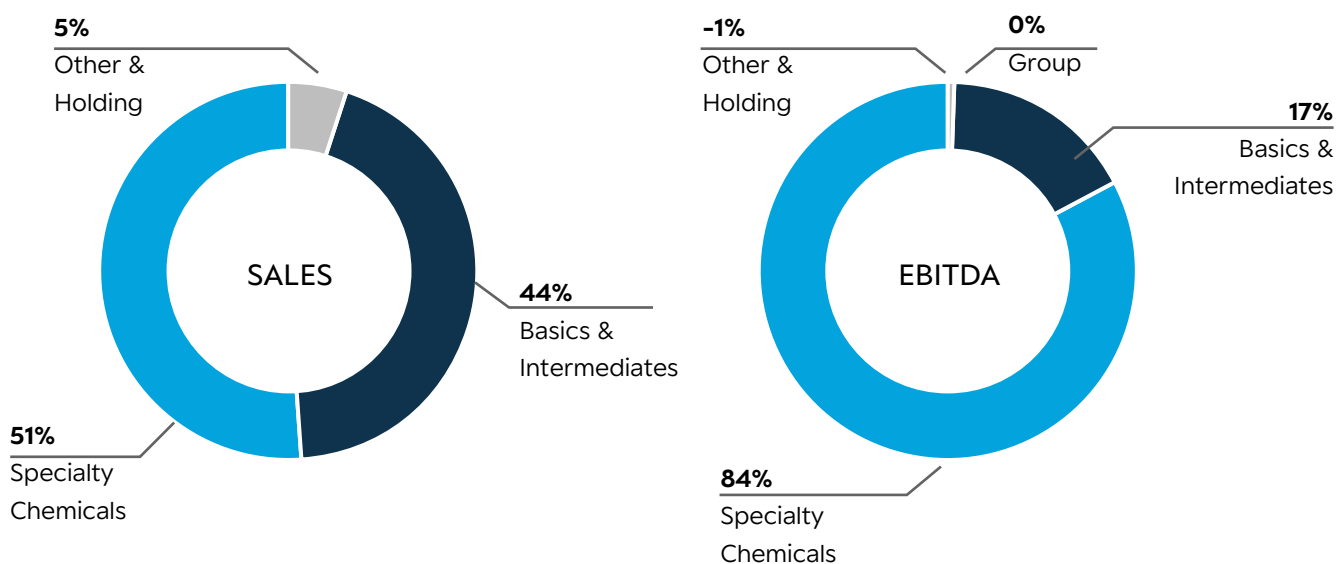
Note: Unless otherwise indicated, all amounts are stated in EUR thousand. For computational reasons, rounding differences of ± one unit may occur in tables.

## KEY FIGURES OF THE ALZCHEM GROUP

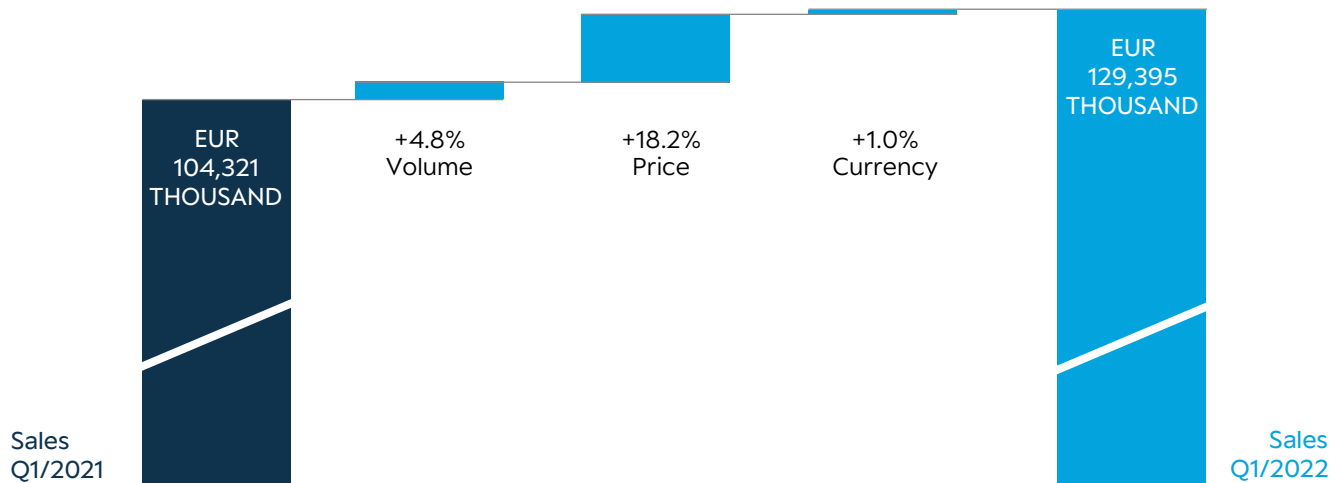
In EUR thousand	Unit	1st quarter 2021	1st quarter 2022
<b>Sales</b>	TEUR	<b>104,321</b>	<b>129,395</b>
EBITDA	TEUR	16,722	17,070
<b>EBITDA margin</b>	%	<b>16.03</b>	<b>13.19</b>
EBIT	TEUR	10,951	10,765
<b>Result for the period</b>	TEUR	<b>7,930</b>	<b>7,740</b>
Earnings per share (undiluted and diluted)*	EUR	0.78	0.76
<b>Equity ratio as of 03/31</b>	%	<b>23.04%</b>	<b>28.22%</b>

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

## SALES AND EBITDA SHARE BY SEGMENT IN THE 1ST QUARTER 2022



## CHANGE IN SALES COMPARED TO PREVIOUS YEAR



# 1. Development of the Group

## 1.1 COVID-19

In the Annual Report 2021, we provided detailed information on the economic and financial impact of the COVID-19 pandemic. There have been no fundamental changes to this information.

In medical terms, the first quarter of 2022 was characterized by the spread of the Omicron variant. The higher risk of infection was also felt by Alzchem. Employee sick days continue to be at a peak level and quarantine-related absences also increased. Despite this, there were no production stoppages, and all plants continue to run at target capacity.

Similarly, the personnel situation had no impact on investment activities: The expansion of the Creapure® plant progressed according to plan and completion is still expected in the fall of 2022.

With the most extensive removal of Corona protection measures, operational protection measures have also been relaxed to some extent. However, Alzchem appeals to its employees to voluntarily maintain the previous protection measures. In certain situations, especially when there is a lack of distance possibilities, an FFP2 mask is still mandatory.

COVID-19-related distortions continue to be seen in the logistics markets. Here, personnel bottlenecks are leading to delays and price increases. Alzchem's high inventory levels are also partly due to the fact that goods cannot be delivered to customers as planned and therefore remain in stock until the appropriate logistics can be made available.

The current situation in China must also be viewed critically. Due to the ordered complete lockdown in Shanghai, Alzchem's local warehouse is completely closed, as no deliveries of goods are possible during this time. This situation will again have an impact on the supply chains for raw material purchases from China, as the port in Shanghai will again have to reckon with considerable backlogs.

Alzchem's purchasing department was and is once again strongly challenged here. However, the company benefits on the one hand from raw material volumes for the fiscal year 2022, some of which have already been covered thanks to long-term and reliable supplier relationships, and on the other hand from its own raw material supply via the Verbund production. Ensuring the availability of raw materials and maintaining the logistics chains will continue to be a central task for Alzchem.

## 1.2 WAR IN UKRAINE

With a sales volume of approximately EUR 500 thousand to date, the sales markets of Ukraine and Russia play only a minor role for the Alzchem Group. However, the outbreak of the war in Ukraine has further increased the uncertainty and disruptions in the supply chains already caused by COVID-19. Whereas initially all fears in this regard were directed only at the sales side, it quickly became clear that the more significant effects were felt on the purchasing side. Thus, within a very short time, there were extreme effects on the prices of gas, oil and coal. Moreover, since the price of gas is a key component in determining the price of electricity, unprecedented increases were observed on the spot market for electricity. As an energy-intensive company, Alzchem is directly affected by electricity prices. Even if a certain contingent of the electricity requirement has already been purchased in advance at a fixed price, there is still a residual quantity that Alzchem purchases on the spot market.

In electricity price determination, it can be felt that any statements by politicians about possible gas supply stops from Russia lead to considerable volatility. Alzchem is very close to the electricity market here and checks almost daily how electricity purchasing can be optimized via weekly or monthly bands. In sales, attempts are made to pass on the increased raw material prices to the market via price adjustments or also price escalator clauses. It should be noted, however, that Alzchem is also obligated to price commitments for a certain period of time due to contractual agreements, and therefore the passing on can only take place with a delay. However, the company considers itself to be on the right track here and has been able to generate approximately 18% of its sales growth from price increases compared to the first quarter of the previous year. Nevertheless, this did not fully compensate for the volatility of the raw material and energy markets.

One risk is that Alzchem's customers may have to shut down their production for a certain period of time due to the high raw material and energy prices or due to supply bottlenecks, meaning that no deliveries can be made to customers despite price adjustments. This has not yet happened, but the possibility exists for as long as the Ukraine war continues.

The strategy already pursued in the COVID-19 pandemic of ensuring a high level of supply capability and not optimizing inventory levels at any price is again proving to be a particular strength now. A large number of opportunities could be exploited because Alzchem once again proved to be a reliable supplier.

It can also be observed that demand for some of our products remains very high worldwide, so that growth businesses, for example the expansion of Creapure® capacities and multi-purpose plants, or infrastructure investments in power grids, will continue to be driven forward.

In all these upheavals, Alzchem is once again helped by its strong diversification, which leads to a certain spread of risk. In particular, chemical products with high competition from China have already been able to establish themselves stably since 2021 – a trend that is continuing.

At present, it is impossible to predict how a prolonged war in Ukraine will affect the global economy. However, almost all economists are already assuming a decline in the previously forecast growth. Alzchem is conscientiously preparing for all conceivable scenarios here, but the full potential impact of a longer-term crisis cannot be predicted.

Alzchem currently believes that it is well equipped to successfully master the challenges that currently exist.

### 1.3 RESULTS OF OPERATIONS 1ST QUARTER 2022

Consolidated income statement (IFRS, unaudited)

in EUR thousand	1st quarter 2021	1st quarter 2022
<b>Sales</b>	<b>104,321</b>	<b>129,395</b>
Change in inventories of finished goods and work in progress	-2,144	14,144
Other operating income	3,983	4,070
Cost of materials	-36,226	-73,537
Personnel expenses	-33,038	-34,000
Other operating expenses	-20,174	-23,003
<b>EBITDA</b>	<b>16,722</b>	<b>17,070</b>
Depreciation and amortization	-5,771	-6,305
<b>EBIT</b>	<b>10,951</b>	<b>10,765</b>
Other interest and similar income	513	1,181
Interest and similar expenses	-425	-603
<b>Financial result</b>	<b>88</b>	<b>578</b>
<b>Result from ordinary business activities</b>	<b>11,039</b>	<b>11,343</b>
Taxes on income and earnings	-3,109	-3,603
<b>Consolidated result for the period</b>	<b>7,930</b>	<b>7,740</b>
thereof non-controlling interests	43	43
thereof shares of the shareholders of Alzchem Group AG	7,887	7,698
<b>Earnings per share in EUR (undiluted and diluted)*</b>	<b>0.78</b>	<b>0.76</b>

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



In the first quarter of 2022, Alzchem reported record sales of EUR 129,395 thousand, representing growth of 24% (= EUR 25,074 thousand) compared to the already strong sales in the same period of the previous year. In terms of segments, there was a very high increase in both the Basics & Intermediates segment (+40%) and the Specialty Chemicals segment (+15%). Sales in the Other & Holding segment were almost unchanged from the previous year. Volume growth of almost 5% was recorded across all segments. The price increases that became necessary contributed even more to the sales growth. Alzchem has thus already succeeded in part in compensating for the enormous price increases for raw materials and energy via the market and in coordination with customers.

At EUR 4,070 thousand, other operating income was slightly above the level of the previous year (EUR 3,983 thousand). There were no major changes in the individual components compared with the previous year.

The cost of materials is considered together with changes in inventories as the cost of materials ratio. The development of the cost of materials ratio reflects the further significant increase in prices for raw materials and energy as a result of the war in Ukraine. The cost of materials ratio was therefore 45.9% in the 1st quarter of 2022, compared with 36.8% in the prior-year period.

With the number of employees almost unchanged, personnel expenses rose by 2.9% to EUR 34,000 thousand. This increase essentially corresponds to the planned annual pay increases.

Other operating expenses grew by EUR 2,828 thousand to EUR 23,003 thousand. This mainly reflects an increase in sales-related selling expenses as a result of intensified sales activities and higher logistics costs. The other items mainly reflect the higher price level.

The development of EBITDA follows the increased cost level. In absolute terms, EBITDA rose by EUR 348 thousand. Taking into account the disproportionately high increase in the

level of sales, this means a decline in the EBITDA margin from 16.0% in the prior-year quarter to 13.2% in the current quarter. This shows that the passing on of increased raw material and energy prices to the market was not possible immediately in specific sectors, but only occurs with a time lag.

Depreciation and amortization amounted to EUR 6,305 thousand, EUR 534 thousand higher than in the previous year. The investment activity of the past two years is now also reflected in depreciation and amortization.

The financial result improved by EUR 490 thousand compared with the prior-year quarter and amounted to EUR 578 thousand in the 1st quarter of the fiscal year 2022. A significant growth was achieved in interest income. Here, the significant increase in interest for discounting non-current provisions and liabilities resulted in interest income that was EUR 532 thousand higher than in the previous year. The trend in interest expense was slightly in the opposite direction. Here, too, the increase was mainly driven by non-cash interest effects, as the rise in interest rates also led to slightly stronger compounding effects for pension obligations. By contrast, there were no significant changes compared with the prior-year period in the actual cash interest effects in the financial result.

Tax expenses amounted to EUR 3,603 thousand and were thus at approximately the same level as in the previous year. While actual taxes hardly changed due to the almost unchanged earnings before taxes, there was only an increase in deferred tax expenses as a result of changes in tax loss carryforwards.

Earnings per share follow the result for the period and amount to EUR 0.76 compared to EUR 0.78 in the prior-year quarter. The share buyback program carried out in the fiscal year 2021 resulted in a slightly lower number of outstanding shares to be taken into account for the calculation of earnings per share. In the 1st quarter of the previous year, earnings per share were calculated using 10,168,503 shares, and in the 1st quarter of 2022, a number of 10,135,754 shares was used.

## 1.4 FINANCIAL POSITION 1ST QUARTER 2022

### Consolidated cash flow statement (IFRS, unaudited)

in EUR thousand	1st quarter 2021	1st quarter 2022
<b>Cash flow from operating activities</b>	<b>8,091</b>	<b>-5,581</b>
Cash outflow from investing activities	-9,985	-7,349
<b>Free cash flow</b>	<b>-1,896</b>	<b>-12,930</b>
Cash outflow (-)/inflow (+) from financing activities	-4,114	13,036
<b>Net decrease (-)/increase (+) in cash and cash equivalents</b>	<b>-6,010</b>	<b>106</b>

The 1st quarter of 2022 closed with a negative cash flow from operating activities of EUR -5,581 thousand, a decrease of EUR 13,672 thousand compared to the 1st quarter of the previous year. While the result for the period is almost unchanged, this mainly reflects the financing of growth and the significantly higher price level. Thus, the rise in inventories as a result of the price increases and changes in inventory levels led to a change in operating cash flow of EUR 22,190 thousand compared to the same quarter of the previous year. The rise in trade payables had an opposite effect on the operating cash flow. This resulted in an effect of EUR 9,302 thousand compared to the previous year.

In the first quarter of the fiscal year 2022, EUR 2,636 thousand less flowed into Alzchem's investing activities than in the first three months of the previous year. This reflects a prioritization of projects towards Alzchem's growth investments. The most important single investment was the expansion of production capacities at the Creapure® plant. Alzchem is fully on schedule with this project and expects completion in

the fall of 2022. In contrast, fewer replacement investments were made than in the same period of the previous year in view of the challenging environment.

The financing of the strong increase in operating activities is reflected in the development of Alzchem's cash flow from financing activities. A total of EUR 13,036 thousand was received from financing activities in the first quarter of 2022. In the same period of the previous year, an outflow of funds of EUR 4,114 thousand was recorded. While the scheduled repayment of long-term loan liabilities remained at the level of the previous year, the inflow of short-term operating financing lines was EUR 16,618 thousand higher than in the first quarter of the previous year.

Overall, Alzchem's cash and cash equivalents have developed stably compared with December 31, 2021. This is reflected in only a minimal change in cash and cash equivalents of EUR 106 thousand as of March 31, 2022.

## 1.5 NET ASSETS AS OF MARCH 31, 2022

Consolidated balance sheet (IFRS, unaudited)

in EUR thousand	12/31/2021	03/31/2022	Delta
<b>Assets</b>			
Intangible assets	2,329	2,257	-72
Property, plant and equipment	178,806	178,136	-670
Lease usage rights	7,686	7,204	-482
Financial assets	20	20	0
Other receivables and other assets	1,320	1,462	142
Deferred tax assets	34,924	27,516	-7,408
<b>Non-current assets</b>	<b>225,085</b>	<b>216,595</b>	<b>-8,490</b>
Inventories	86,676	107,620	20,944
Trade receivables	40,841	50,813	9,972
Other receivables and other assets	16,454	20,434	3,980
Income tax claims	326	77	-249
Cash and cash equivalents	8,285	8,435	150
<b>Total current assets</b>	<b>152,582</b>	<b>187,379</b>	<b>34,797</b>
<b>Total assets</b>	<b>377,667</b>	<b>403,974</b>	<b>26,307</b>
<b>Capital</b>			
Equity	89,564	113,951	24,387
Non-current liabilities	211,978	185,304	-26,674
Current liabilities	76,125	104,719	28,594
<b>Balance sheet total</b>	<b>377,667</b>	<b>403,974</b>	<b>26,307</b>

Overall, assets have increased by EUR 26,307 thousand to EUR 403,974 thousand since the last reporting date of December 31, 2021. Non-current assets decreased by EUR 8,490 thousand, which was more than offset by the rise in current assets by EUR 34,797 thousand.

The main reason for the decrease in non-current assets was the reduction in deferred tax assets due to the significant decrease in pension obligations. By contrast, non-current assets reduced only slightly during the period under review.

The developments in current assets are essentially in line with the current business development. The rise in inventories by EUR 20,944 thousand is mainly due to the price increases for raw materials and finished products in the inventory, as well as to the adjusted warehousing. Efforts are being made to increasingly store scarce raw materials in advance and to produce finished products already in stock in order to maintain Alzchem's ability to deliver. The second main driver is trade receivables, which, in line with sales growth, are EUR 9,972 thousand higher at the reporting date of March 31, 2022 than at the end of 2021.

As of March 31, 2022, the Alzchem Group's equity amounted to EUR 113,951 thousand and recorded a strong increase of EUR 24,387 thousand compared to December 31, 2021. Accordingly, the Group equity ratio also improved from 23.7% to 28.2%.

Two effects had a positive impact on the development of equity in the 1st quarter of 2022. The positive result for the period led to an increase in equity of EUR 7,740 thousand, while the interest-related decrease in pension obligations had an even greater effect. After deduction of deferred taxes, equity rose by EUR 16,603 thousand. The decrease was recognized in other comprehensive income in this amount.

The development of pension obligations is significantly influenced by actuarial parameters. Although a change in these parameters does not affect consolidated profit or loss, 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 a rise in the market interest rate leads to a decrease in pension obligations. The risk-free market interest rate developed historically as follows:

in %	2015	2016	2017	2018	2019	2020	2021	Q1/2021	Q1/2022
Discount rate	2.50	1.75	1.75	1.90	0.90	0.50	1.00	0.80	1.90

The effect of pension obligations can also be seen in the decrease in non-current liabilities. Of the total reduction of EUR 26,674 thousand, EUR 23,018 thousand resulted solely from pension obligations. The scheduled repayment of non-current loan liabilities also reduced non-current liabilities by EUR 2,514 thousand.

The decrease in non-current liabilities described above is more than offset by the rise in current liabilities.

Overall, there was an increase of EUR 28,594 thousand, which is mainly due to business activities. Short-term financing lines were utilized to finance business activities, which are EUR 16,218 thousand higher than as of December 31, 2021. The rise in raw material prices also led to an increase in trade payables of EUR 9,578 thousand. Both effects account for the majority of the increase in current liabilities.

## 2. Development in the segments

### 2.1. SPECIALTY CHEMICALS SEGMENT

In EUR thousand	1st quarter 2021	1st quarter 2022
External sales	56,775	65,279
<b>EBITDA</b>	<b>13,947</b>	<b>14,265</b>
<b>EBITDA margin</b>	<b>24.6%</b>	<b>21.9%</b>
Inventories	39,154	69,786

The performance of the Specialty Chemicals segment was extremely encouraging. Capacity utilization of the entire plant portfolio was maintained at the high level of the fourth quarter of 2021.

The continuing strong utilization of capacity in the automotive sector had a significant impact not only on the DYHARD® product area but also on airbag applications. Higher demand for PCR tests was also reflected in strong sales at Alzchem.

Continuing the positive trend of the previous year, the multi-purpose plants (custom manufacturing) were again very well utilized in the 1st quarter of 2022. New chemical solutions in a variety of application areas support the robust business structure and also allow for a further growth scenario in which additional capacity expansions could follow.

Product sales in the plant growth business (including Dormex®) once again developed significantly better than in the prior-year quarter due to high global demand for fresh fruit and high quality and delivery reliability. In healthy and efficient animal nutrition (Creamino®), volumes increased by a low double-digit percentage. For the year as a whole, Alzchem continues to expect that the ambitious targets for this product can be achieved.

In addition to consistent implementation of the Creapure® strategy (including a significant intensification of our market presence), we successfully drove forward the strategic realignment of our market presence in the dietary supplements business in the 1st quarter of 2022, enabling us to report sustainable growth rates. In addition to Creapure®, we are working with sustained high commitment on the relaunch of the product LIVADUR®, which is intended for end customers.

Comprehensive process cost optimization measures support the segment's stable EBITDA margin development, but cannot fully compensate for the enormous cost increases.

EBITDA thus reflects the strong operating performance across all the segment's business areas on the one hand, and on the other hand process cost optimization measures can further underpin this trend. Although increases in raw material costs are having a negative impact on earnings, they have been successfully offset to date.

Inventories in the 1st quarter of 2022 follow the development of the high raw material purchase prices and the significant business growth, so that a build-up is to be reported. Alzchem is operating at almost full capacity in most of its plants and is deliberately maintaining increased raw material inventories so that a high level of supply capability can continue to be guaranteed despite the existing difficulties.

## 2.2 BASICS & INTERMEDIATES SEGMENT

In EUR thousand	1st quarter 2021	1st quarter 2022
External sales	41,070	57,441
<b>EBITDA</b>	<b>2,791</b>	<b>2,841</b>
<b>EBITDA margin</b>	<b>6.8%</b>	<b>4.9%</b>
Inventories	26,416	36,233

The Basics & Intermediates segment also achieved more than pleasing sales growth in the 1st quarter of 2022. With growth rates in the double-digit percentage range, products for agriculture, the dicyandiamide product area (essentially a raw material for medicines), and the metallurgy business formed the basis for the renewed jump in sales in this segment. In all business areas, Alzchem was able to acquire new customers, reliably supply existing customers and thus further expand the NCN chain as the stable backbone of Alzchem.

The exorbitant cost increases with new highs almost every day, particularly in the area of European electricity purchases, resulted in a significant burden on the segment result. Although cost rollover mechanisms are included in a majority of sales contracts, it is virtually impossible to place chemical products with daily prices on the market in the long term, so that cost rollovers generally take place with a lag of 1 to 3 months.

The expanded NITRALZ<sup>®</sup> capacities were successfully commissioned in mid-2021 and can now be gradually filled with new and existing products. As the only supplier of specialty nitriles outside China, Alzchem supplies important raw materials to the pharmaceutical, agrochemical and basic chemicals sectors, and thus also has a broad customer and application spectrum in this product area that contributes significantly to the success of the business.

In addition to the cost-rollover mechanisms, ongoing Six Sigma as well as AI optimizations – especially in our Perlka<sup>®</sup> process – mean that the more than significant cost increases only have a negative impact of 1.9% on the EBITDA margin, but the segment's absolute earnings were kept stable.

The segment's inventories are also affected by the cost increases. At the same time, we try to ensure our ability to supply at all times, so that security of supply is also a high priority in this segment.

## 2.3 OTHER & HOLDING SEGMENT

In EUR thousand	1st quarter 2021	1st quarter 2022
External sales	6,476	6,675
<b>EBITDA</b>	<b>435</b>	<b>-139</b>
<b>EBITDA margin</b>	<b>6.7%</b>	<b>-2.1%</b>
Inventories	3,424	4,059

In the 1st quarter of 2022, the Other & Holding segment essentially repeated the performance of the comparable quarter of 2021. Customers of our chemical parks purchased our services in the first three months of 2022 at a similar level to the previous year. Price increases, mainly for fossil media, are also impacting the Group's cost structure here. Due

to existing contractual obligations, they can mostly only be passed on to customers with a slight time lag. The segment's earnings reflect this circumstance.

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

## 3. Sustainability at Alzchem

In the combined management report as of December 31, 2021, we reported in detail on Alzchem's non-financial concerns and efforts. There have been no fundamental changes to the findings and activities described there. As a responsible and profitable company in the Bavarian region, we nevertheless also want to inform our stakeholders about our sustainability activities in the first three months of the fiscal year 2022 as part of the quarterly statement.

### ACTIVITIES IN THE AREA OF SUSTAINABILITY

The roadmap to climate neutrality at Alzchem is taking concrete shape. The project team has compiled the ideas; they will now be reviewed in the next step to determine their feasibility and practicability. We remain committed to our goal of climate neutrality.

We are sticking to our vision of "zero accidents". On the way there, we investigate and analyze every occupational accident, no matter how minor, and try to work with employees to analyze the reasons and further optimize work processes and protective measures. As the overall number of accidents

has increased slightly, the "safety tours" that were suspended at the start of the COVID-19 pandemic have been resumed. Employees from outside the plant take stock of the situation and draw up suggestions for improvement.

We also pressed ahead with process optimization to further reduce waste. Here, we are working on permanent improvements across all departments in order to be able to realize our vision of complete waste avoidance.

### OCCUPATIONAL HEALTH MANAGEMENT

The health of our employees is very important to us. That's why we have a wide range of offers, from nutrition and exercise to preventive health care, giving everyone the opportunity to put together their own individual health program. This year, a spring program was again published as part of the "gesund punkten" initiative. With this initiative, our employees can keep themselves healthy and are also rewarded with non-cash prizes. The entire program of the campaign consists of three building blocks: nutrition, exercise and prevention. Corresponding individual measures (for example

spinning, running and back fitness courses) are offered for the respective building blocks, which in turn are rewarded with health points. Alzchem supports participation in sporting events in the region and is always pleased when employees demonstrate their capabilities here as well.

#### PROFIT SHARING

In the fiscal year 2021, the Alzchem Group achieved sales of EUR 422.3 million and an adjusted EBITDA of EUR 62.7 million, which is decisive for the calculation of profit sharing in the collective bargaining area. After the participation and site development agreement expired, profit sharing is now based on the general works agreement. Accordingly, our employees will continue to benefit personally from Alzchem's success. Specifically, this results in a profit-sharing bonus of 38.6% of a monthly salary for 2021.

We would also like to take this opportunity to thank our employees for their commitment in the past year and are counting on their motivation and dedication in 2022 as well.

#### INTRODUCTION OF DIGITAL TEACHING AT THE VOCATIONAL SCHOOL

The innovative and forward-looking concept for the comprehensive use of tablet computers in dual training, developed and implemented in a cooperation between the Altötting State Vocational Schools and Alzchem as well as other training companies, was recognized as exemplary by the Bavarian Ministry of Education and Cultural Affairs. On Alzchem's initiative, trainees have been using their tablet computers for some time now not only in the training company, but also in the vocational school. The corresponding planning began even before the Corona pandemic, but this has accelerated implementation considerably: The Altötting State Vocational Schools (BSAOE) and the training companies worked together in record time to develop viable concepts for digital instruction. Now, the State Ministry of Education and Cultural Affairs honored this independent development of solutions for coping with the Corona impairments with an award and a bonus of EUR 1,000.

## 4. Outlook

The following table provides an overview of the ranges and values of the Group's financial performance indicators forecast for fiscal year 2022 in the consolidated financial statements as of December 31, 2021:

	2021	Forecast 2022
<b>Group sales</b>	EUR 422,293 thousand	strongly to particularly strongly increasing (up to EUR 480 million)
<b>Adjusted EBITDA*</b>	EUR 62,046 thousand	noticeably declining to especially strongly increasing (up to EUR 68 million)
<b>Adjusted EBITDA margin*</b>	14.7%	stable to slightly declining
<b>Inventories</b>	EUR 86,676 thousand	stable to noticeably increasing
<b>Inventory intensity (previously inventory ratio)</b>	20.5%	stable to slightly declining
<b>Equity ratio</b>	23.7%	stable to slightly increasing

\* Adjustments were not made.



The forecasts for fiscal year 2022 made in the consolidated financial statements as of December 31, 2021 can be confirmed with this quarterly statement, with the exception of Group sales.

Based on current developments, we are raising the upper limit for the Group sales indicator to "up to EUR 520 million". No further adjustments will be made to the forecast.

The increase in the upper limit of the Group sales indicator is due to the necessary price adjustments that developments on the raw material and energy markets are forcing us to make. The passing-on of purchasing prices to the market has no impact on the other forecast key figures. Due to the volatile purchasing markets and the only delayed possibility of passing on cost increases on the purchasing side, we do not see any further increase in EBITDA as a result of the expected rise in sales at the present time. Consequently, the same also applies to the EBITDA margin.

For the financial performance indicators inventories and inventory intensity, we also currently see no need to adjust the forecast, even though the volatility of the markets remains challenging. Based on continued high capacity utilization at our facilities, the successfully implemented changes within production and strict net working capital management, we confirm the current forecast.

With regard to the equity ratio, we continue to expect a stable to slightly increasing trend. However, as we do not expect any adjustment to earnings, opportunities could arise here due to the interest rate environment for pension obligations. However, it remains to be seen whether the current trend of rising interest rates will accompany us throughout the year and is therefore not yet part of our forecast.

The possible effects of a prolonged war with the consequence of, for example, abrupt gas supply stops are also not reflected in this forecast and are not currently foreseeable.

## 5. Significant events after the balance sheet date

No significant events occurred after the balance sheet date of March 31, 2022 that could have an impact on Alzchem's

net assets, financial position and results of operations.

## List of abbreviations

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

## Financial Calendar 2022

May 5, 2022	<b>Annual General Meeting 2022</b>
June 26 to July 26, 2022	<b>Quiet Period*</b>
July 26, 2022	<b>Half-year Financial Report 2022</b>
September 26 to October 26, 2022	<b>Quiet Period*</b>
October 26, 2022	<b>Q3 Quarterly Statement 2022</b>

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



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

## 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 annual report does not use the masculine, feminine and diverse (m/f/d) forms of language simultaneously. All references to persons apply equally to all genders.

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

## Imprint

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