

alzchem  
group



AGILE SCIENCE PURE RESULTS

Alzchem Group AG

# QUARTERLY STATEMENT Q3 2022



# Alzchem at a Glance

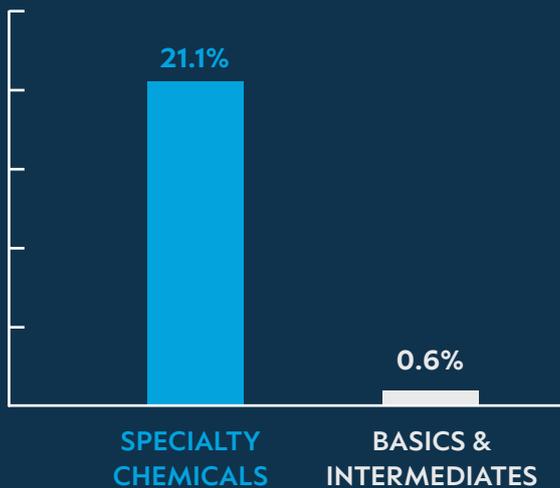
~ € 409  
mn

sales generated by Alzchem from  
January to September 2022  
January to September 2021:  
~311 mn

~ € 47  
mn

EBITDA achieved by Alzchem from  
January to September 2022  
January to September 2021:  
~ 50 mn

## EBITDA MARGIN BY MAIN SEGMENTS



## MARKETS



## THREE REPORTING SEGMENTS

### 52% SPECIALTY CHEMICALS

Production and distribution of high-quality chemical products



### 43% BASICS & INTERMEDIATES

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

### 5% OTHER & HOLDING

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

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## **STRONG SALES GROWTH OF 31.4%, EBITDA JUST BELOW PRIOR YEAR, INCREASE IN RESULT FOR THE PERIOD OF 6.7%**

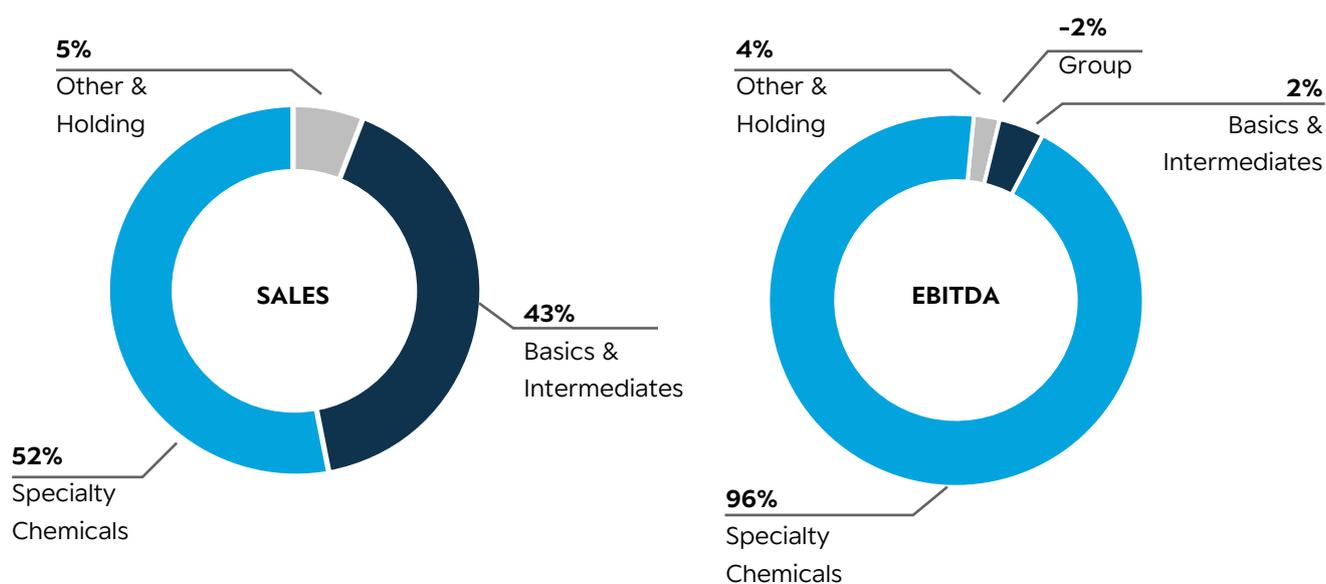
- Significant rise in sales due to price increases continues.
- Specialty Chemicals segment remains on growth track despite electricity distortions – offsetting the decline in volumes in the Basics & Intermediates segment.
- Demand in the human nutrition market, the steel and pharmaceutical industries as well as the automotive sector remain stable.
- Development of electricity prices in the period July to September 2022 impacts 3rd quarter earnings.
- Result for the period increases by 6.7% to EUR 23,350 thousand due to interest, earnings per share rise by 7.0% to EUR 2.29.
- Raw material shortage for natural gas-based and electricity-intensive raw materials intensifies.
- Commissioning of new Creapure® plant imminent. Increased production capacity to meet higher customer demand.
- Strong equity ratio of 31.9%.
- Forecast from May 2022 still confirmed – EBITDA expectation at lower end of corridor.

## KEY FIGURES OF THE ALZCHEM GROUP

Key figure	Unit	3rd quarter 2021	3rd quarter 2022	January 1 – September 30, 2021	January 1 – September 30, 2022
Sales	EUR thousand	95,920	139,193	311,242	409,023
EBITDA	EUR thousand	13,838	12,147	49,553	47,025
EBITDA margin	%	14.43	8.73	15.92	11.50
EBIT	EUR thousand	7,632	5,823	31,677	28,098
Result for the period	EUR thousand	4,733	5,977	21,876	23,350
Earnings per share (undiluted and diluted)*	EUR thousand	0.46	0.59	2.14	2.29
Equity ratio	%	21.3	31.9	21.3	31.9

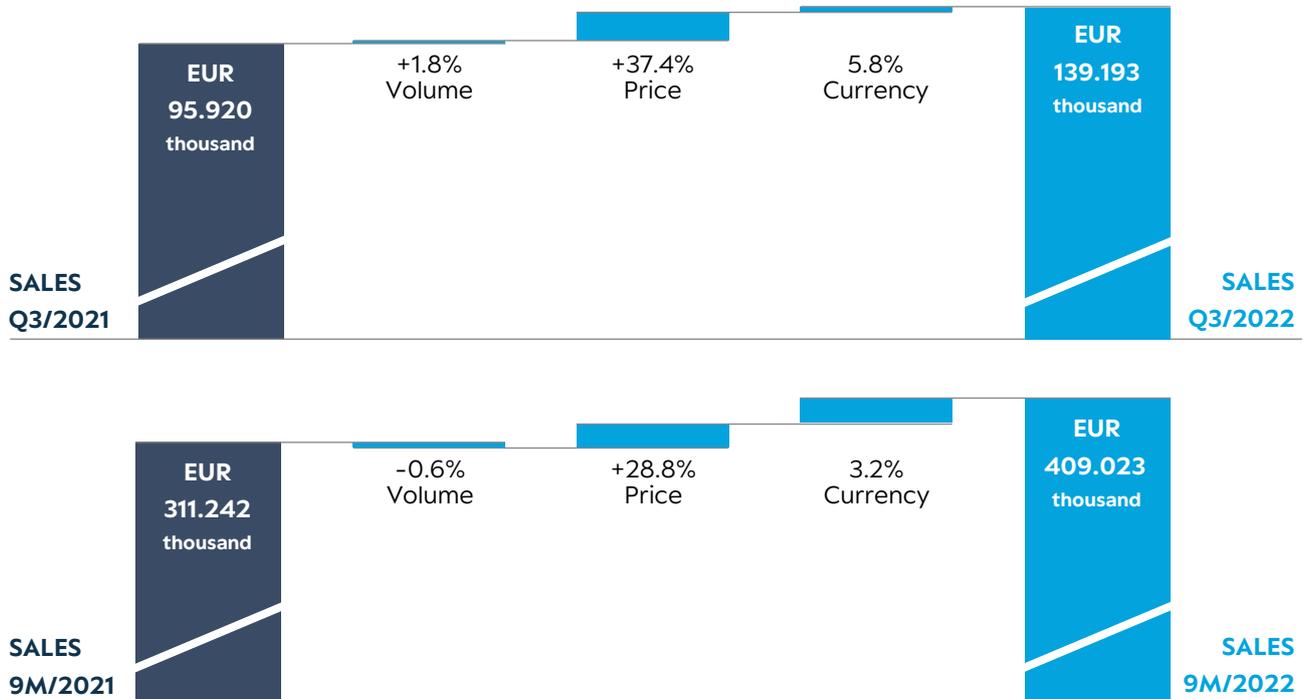
\* After share buyback 2021 calculated with the average number of outstanding shares in the period 01/01-09/30/2021 of 10,150,671 shares and in the period 07/01-09/30/2021 of 10,135,754 shares. In the entire period 2022 calculated with 10,135,754 shares.

## SALES AND EBITDA SHARE BY SEGMENT FOR THE NINE-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022



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

## CHANGE IN SALES COMPARED TO PREVIOUS YEAR



# 1. Development of the Group

## 1.1 EFFECTS OF THE UKRAINE WAR ON THE ALZCHEM GROUP

The effects of the Ukraine war on the global economy continue to be the all-dominant topic in the public eye, and they also occupy the Alzchem Group on an almost daily basis. Alzchem reported on this in detail in its half-year financial report as of June 30, 2022. The statements made there regarding the effects on the purchasing and logistics side have not fundamentally changed much. However, the topics of gas shortages and energy cost increases are now also being discussed much more transparently. This is probably due to the further extreme increase in energy prices in the period from July to September 2022 with the absolute peaks in August 2022. Since then, the considerations on a gas and electricity price brake for Germany and Europe have reached

politicians and the public, but unfortunately have still not been decided.

Alzchem also felt the effects of the further increase in prices in the 3rd quarter of 2022. Having largely succeeded in passing on the higher raw material and energy prices to customers via price increases by the end of the first half of 2022, this has not always been possible since the end of July 2022, and certainly not immediately given the speed of price developments on the electricity market. In the half-year financial report as of June 30, 2022, Alzchem presented the development of spot prices on the German electricity market at that time in the following comparative form:

Period	Average (EUR/MWh)	High (EUR/MWh)
January – June 2021	54.96	94.83
July – December 2021	138.04	431.98
January – February 2022	149.25	297.29
March – June 2022	203.48	487.57

The monthly development in the 3rd quarter of 2022 is shown in the following overview:

Period	Average (EUR/MWh)	High (EUR/MWh)
July 2022	315.00	473.25
August 2022	465.18	699.44
September 2022	346.12	571.20
July – September 2022	375.75	699.44

Electricity prices had a direct impact on the manufacturing costs of products, the valuation of inventory volumes produced, and Alzchem's liquidity and results of operations. One of the ways in which the company reacted to this development was by utilizing flexibility in the management of production. For example, in the event of extreme price peaks for electricity, one of the two carbide furnaces was temporarily switched off and maintenance of a carbide furnace originally scheduled for the end of the year was brought forward to mid-August. In this way, Alzchem succeeded in reducing the economic effect of the extreme electricity price developments in the 3rd quarter. In addition to reduced electricity costs, this measure also enabled inventories to be reduced. Nevertheless, the dramatic developments on the energy markets have left their mark. In general, it should be noted that the extreme increases since mid/late July were not expected and could not be fundamentally justified by a gas or electricity shortage.

Due to their pace, the developments on the electricity market in the 3rd quarter of 2022 could not be passed on to Alzchem's customers to the same extent, as there is always a certain time lag here. Price jumps of up to 50% from one day to the next are difficult to implement, as Alzchem does not fix daily prices with customers, but at most sets monthly prices or contractual arrangements for the next deliveries. This effect on earnings could not be fully offset by the substantial sales increases already achieved compared with the same period of the previous year. As a result, absolute EBITDA for the reporting period was slightly below the prior-year level. It was not possible to maintain the EBITDA margin in the short term, with the result that this figure decreased by 4.4 percentage points to 11.5% in the first nine months of the year.

In addition, the impact of natural gas availability and thus the development of electricity costs on production and supply chains is becoming increasingly apparent. As some manufacturers have already discontinued or significantly curtailed production due to the high cost of natural gas or electricity, this has led to shortages and further increases in the cost of natural gas-based products (such as ammonia, nitric acid, ammonium nitrate and urea) and absolute basic chemicals (such as hydrochloric acid and caustic soda), which are normally by-products of electricity-intensive production processes.

Nevertheless, Alzchem successfully adapts to this fast pace. The extremely high flexibility of all Alzchem employees has contributed to the fact that the Group has so far come through these volatile times calmly and prudently.

Comprehensive programs to support citizens and companies have been announced by the German government. Discussions range from a gas price brake, which has already been presented, to a proposal for an electricity price brake. It is not yet clear in detail from the regulations to date in what way Alzchem can benefit from this. Regardless of the final regulations, however, Alzchem assumes that this will bring calm and stability to the energy markets and that this will result in a curbing of prices. At the very least, fear and uncertainty should disappear from the markets and fundamentally unjustifiable, highly speculative price developments such as those in August 2022 should be a thing of the past.

## 1.2 CORONA MANAGEMENT

The management of the Corona measures continues to require a high level of attention. There are still no plant closures despite an increased number of people testing positive. However, the sickness rate within Alzchem is still at a high level above the historical average, albeit with a downward trend. The free distribution of masks and Corona rapid tests is still being maintained and this offer is also being used intensively. Employees still have the opportunity to be vaccinated by the company doctor – this also applies to the current flu vaccination. However, as there is currently an increase in incidences, all employees have been informed once again about the existing hygiene and distance rules as well as meeting conditions. Measures such as home office or individual office regulations are implemented by managers and employees on their own responsibility and with a high degree of freedom.

After weeks of complete lockdown in Shanghai, Alzchem employees there are back in the office. Since there is no production at this site, employees were able to continue their activities seamlessly from home. Following the end of the lockdown, the logistics situation for shipping between Shanghai and Europe is slowly easing and more reliable shipments can be expected. Nevertheless, there were still significant order postponements in the 3rd quarter of 2022 due to non-availability of transport options, especially in shipping. Here, Alzchem is in permanent coordination with customers and transport service providers in order to minimize these postponements.

## 1.3 INVESTMENT IN FURTHER GROWTH

Despite the volatile economic environment, Alzchem continues to invest in growth markets and products. In this context, the expansion of the Creapure® plant was the focus of investment activity in the 3rd quarter of 2022. The general global supply difficulties also slightly affected the completion of the plant, which had to be postponed by four to six weeks from September 2022. As a result, the technical start-up of the plant has been taking place since mid-October 2022, so that the first deliveries can begin from the end of October 2022. This is urgently needed to meet the continuing high demand for Creapure®. Creapure® is the world's purest creatine monohydrate, which is used as a dietary supplement in sports nutrition and is additionally added to vegan and vegetarian foods. Based on existing customer inquiries, Alzchem expects the expansion of the Creapure® plant to generate significant additional volumes and a substantial positive effect on sales and EBITDA of the Specialty Chemicals segment in the coming years.

An important sub-project of this investment plan has already been successfully implemented. In addition to the expansion of production capacities for Creapure®, the production plant for sodium sarcosinate, a precursor of creatine mono-

hydrate, has also been significantly expanded. This plant has already gone into operation. Previously, sodium sarcosinate was produced mainly for internal production processes. With the commissioning of the new plant, Alzchem is now also in a position for the first time to sell this product to customers on a larger scale and to meet the significantly increased demand. Sodium sarcosinate is used, for example, as a cleaning agent in cosmetics and industry. Alzchem is positioning itself as the sole European supplier with this plant.

Alzchem invested a total of EUR 13.5 million in the expansion of the plant, which was financed from operating cash flow. The production of the two products (Creapure®, sodium sarcosinate) is less electricity-sensitive, as is generally the case in the Specialty Chemicals segment, and helps Alzchem on its way to generating more sales from products with lower electricity requirements.

In addition, in response to increased customer requests, a further growth investment in the Specialty Chemicals segment is currently being examined and analyzed. This analysis includes validating customer feedback, calculating the profitability of this investment, as well as coordinating with the relevant committees and financing partners.

## 1.4 RESULTS OF OPERATIONS

### Consolidated Income Statement (IFRS, unaudited)

In EUR thousand	3rd quarter 2021	3rd quarter 2022	January 1 – September 30, 2021	January 1 – September 30, 2022
Sales	95,920	139,193	311,242	409,023
Changes in inventories of finished and unfinished products	6,350	-1,959	2,586	26,652
Other operating income	2,143	5,955	8,631	15,761
Cost of materials	-42,153	-75,308	-115,918	-222,871
Personnel expenses	-30,875	-31,316	-99,122	-101,602
Other operating expenses	-17,547	-24,418	-57,866	-79,938
<b>EBITDA</b>	<b>13,838</b>	<b>12,147</b>	<b>49,553</b>	<b>47,025</b>
Depreciation and amortization	-6,206	-6,324	-17,876	-18,927
<b>EBIT</b>	<b>7,632</b>	<b>5,823</b>	<b>31,677</b>	<b>28,098</b>
Other interest and similar income	139	2,466	895	6,041
Interest and similar expenses	-431	-753	-1,269	-1,999
<b>Financial result</b>	<b>-292</b>	<b>1,713</b>	<b>-374</b>	<b>4,042</b>
<b>Result from ordinary business activities</b>	<b>7,340</b>	<b>7,536</b>	<b>31,303</b>	<b>32,140</b>
Taxes on income and earnings	-2,607	-1,559	-9,427	-8,790
<b>Consolidated result for the period</b>	<b>4,733</b>	<b>5,977</b>	<b>21,876</b>	<b>23,350</b>
thereof non-controlling interests	43	43	128	128
thereof shares of the shareholders of Alzchem Group AG	4,690	5,934	21,748	23,222
<b>Earnings per share in EUR (undiluted and diluted)*</b>	<b>0.46</b>	<b>0.59</b>	<b>2.14</b>	<b>2.29</b>

\* After share buyback 2021 calculated with the average number of outstanding shares in the period 01/01-09/30/2021 of 10,150,671 shares and in the period 07/01-09/30/2021 of 10,135,754 shares. In the entire period 2022 calculated with 10,135,754 shares.

## DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022

In terms of sales, the development of the first half of the year continued. Alzchem posted a strong year-on-year increase in sales in the first nine months of the fiscal year 2022. Sales of EUR 409,023 thousand were significantly higher than in the same period of the previous year (EUR +97,781 thousand or +31%). The growth was achieved in the two manufacturing segments Specialty Chemicals and Basics & Intermediates. The Other & Holding segment was again stable at the level of the previous year.

Other operating income increased by EUR 7,130 thousand compared to the same period of the previous year. The majority of this development came from higher foreign currency gains than in the previous year. These were EUR 5,188 thousand higher in the first nine months of the fiscal year 2022 than in the previous year.

The cost of materials is considered together with changes in inventories as the "extended cost of materials ratio". The significant price increases on the purchasing side for almost all important raw materials and energy purchases were also reflected in the cost of materials, which was EUR 106,953 thousand higher than in the first nine months of the fiscal year 2021. The extended cost of materials ratio increased from 36% to 48%. Changes in inventories rose by EUR 24,066 thousand year-on-year, thus reducing the "extended cost of materials". This reflected, on the one hand, price increases for raw materials and, as a consequence, for finished and unfinished products as well as, on the other hand, the considerable effects of the build-up of a safety stock in the inventory area.

Personnel expenses amounted to EUR 101,602 thousand in the first nine months of the current fiscal year and were thus 2% higher than in the same period of the previous year. The increase includes collectively agreed pay rises for calendar year 2022 and a small increase in headcount. In addition, a collectively agreed one-time payment was made to employees in May 2022 to compensate for the temporary suspension of collective bargaining in the chemical industry.

Other operating expenses also reflected the general cost increase effect. The rise of EUR 22,072 thousand to EUR 79,938 thousand represented a jump of 38%. In terms of the individual cost drivers, the largest increases were recorded in selling expenses, external services, foreign currency expenses and marketing costs. The significant rise in freight and forwarding costs was reflected in the higher selling expenses,

which were not necessarily driven by increased volumes, but primarily by price. Similarly, there was a rise in travel costs following the resumption of travel activities.

EBITDA in the 9-month period of the fiscal year 2022 amounted to EUR 47,025 thousand. Despite the significant increase in revenue, the sharp rise in electricity prices in the period from July to September 2022 meant that the previous year's level of EUR 49,553 thousand could not quite be achieved. However, the development varied from segment to segment. While the electricity-intensive Basics & Intermediates segment recorded a decline in EBITDA, EBITDA grew in the less electricity-sensitive Specialty Chemicals segment. Overall, these developments resulted in a decline in the EBITDA margin from 15.9% to 11.5%.

Depreciation and amortization climbed by EUR 1,051 thousand to EUR 18,927 thousand, as planned.

The financial result amounted to EUR 4,042 thousand in the first 9 months of the fiscal year 2022 and was thus significantly higher than in the previous year by EUR 4,416 thousand. The main drivers of this development were the interest rate change effects for the measurement of non-current provisions and pension obligations. As these increased significantly compared with the prior-year period, this resulted in two opposing effects. The discounting of non-current provisions resulted in interest income of EUR 5,336 thousand (previous year: EUR 858 thousand), whereas non-current pension obligations were subject to a higher interest rate, leading to increased interest expense of EUR 1,044 thousand (previous year: EUR 529 thousand). The rise in interest income was thus significantly higher than the rise in interest expense. By contrast, the actual interest expenses for loan liabilities, leasing liabilities, and the utilization of factoring rose only slightly compared with the previous year, as the scheduled repayments also resulted in a further reduction in the interest component. Tax expense of EUR 8,790 thousand was slightly lower than in the comparable prior-year period. In the 9-month period 2022, the tax rate was 27.4% compared with 30.1% in the prior-year period. Two effects played a role in this development. Actual tax expense was below the prior-year level because interest income from the measurement of provisions was lower in the actual tax result and therefore actual taxable income was also lower. By contrast, deferred tax expense was higher than in the comparative period as a result of the lower level of provisions.

In total, the consolidated result for the 9-month period 2022 amounted to EUR 23,350 thousand, which was EUR 1,474 thousand or 7% higher than in the previous year.

The improved consolidated result for the period led to an increase in earnings per share of 7% from EUR 2.14 to EUR 2.29. The share buyback program completed in 2021 has slightly reduced the number of shares in circulation compared to the same period of the previous year. In the period from January 1 to September 30, 2021, earnings per share were calculated using a weighted average number of shares outstanding of 10,150,671 and in the period from January 1 to September 30, 2022 of 10,135,754.

### DEVELOPMENT IN THE 3RD QUARTER OF 2022

The 3-month period from July 1 to September 30, 2022 was also characterized by significant sales growth. Here, Alzchem recorded an increase of EUR 43,273 thousand year-on-year to EUR 139,193 thousand. At 45%, the increase in sales in the 3rd quarter was proportionally stronger than in the 9-month period. Looking at the segments, the development was the same as from January to September: The two segments Specialty Chemicals and Basics & Intermediates were significant sales drivers, while the Other & Holding segment remained almost stable at the previous year's level.

Other operating income amounted to EUR 5,955 thousand in the 3rd quarter of 2022, recording an increase of EUR 3,812 thousand. With slightly higher own work capitalized due to own work on the Creapure® capacity expansion, significantly higher foreign currency gains were the main driver of this development.

As described at the beginning, electricity prices reached previously unseen highs in the 3rd quarter of 2022. This had a corresponding impact on the cost of materials in the 3rd quarter, which amounted to EUR 75,308 thousand and was thus EUR 33,155 thousand (+78%) higher than in the 3rd quarter of the previous year. As a result, the "extended cost of materials ratio" rose from 37 % to 55 %. This development shows that Alzchem was not completely successful in passing on the extreme fluctuations in electricity prices in the 3rd quarter to customers immediately.

Personnel expenses rose by just under 2% year-on-year to EUR 31,316 thousand, reflecting the same effects as in the first nine months of the year (collectively agreed pay rises and collective bargaining one-off payments).

Other operating expenses grew by EUR 6,871 thousand year-on-year to EUR 24,418 thousand. The main increases were in freight rates, selling expenses, foreign currency expenses and maintenance expenses.

In total, these developments led to a decrease in EBITDA in the 3rd quarter of 2022 compared to the same period of the previous year by EUR 1,691 thousand to EUR 12,147 thousand. In terms of the EBITDA margin, this represented a reduction from 14.4% to 8.7%. Here, Alzchem's strength was also evident in the Specialty Chemicals segment, which recorded a year-on-year increase in EBITDA in the 3rd quarter of 2022. By contrast, electricity-intensive production in the Basics & Intermediates segment led to a decline in segment EBITDA.

In line with the development in the 9-month period, depreciation and amortization also increased as planned by EUR 118 thousand in the 3rd quarter of 2022.

The financial result showed the same development as in the first nine months, albeit not to the same extent. The financial result in the 3rd quarter of 2022 amounted to EUR 1,713 thousand and was thus EUR 2,005 thousand higher than in the previous year. The development of interest rates for the non-current other provisions led to significantly higher interest income, whereas the interest expense for pension obligations went up but was nowhere near the effect of the other provisions.

Tax expense amounted to EUR 1,559 thousand and was therefore EUR 1,048 thousand lower than in the previous year. Here, the lower taxable income of the Group also led to lower current taxes, which was not offset by the increase in deferred tax expense.

Mainly driven by the financial result and tax expenses, consolidated result for the 3rd quarter of 2022 was EUR 1,244 thousand higher than in the previous year, reaching EUR 5,977 thousand, despite the turbulence on the energy markets.

Earnings per share in the 3rd quarter of 2022 went up from EUR 0.46 in the previous year to EUR 0.59, which corresponds to an increase of 28%. As the share buyback program in the previous year had already been completed before the 3rd quarter of 2022, the number of shares in circulation amounted to 10,135,754 in both quarters.

## 1.5 FINANCIAL POSITION

In EUR thousand	3rd quarter 2021	3rd quarter 2022	January 1 – September 30, 2021	January 1 – September 30, 2022
<b>Cash flow from operating activities</b>	<b>-775</b>	<b>3,070</b>	<b>24,926</b>	<b>-14,099</b>
Cash outflow from investing activities	-5,261	-7,177	-21,665	-22,198
<b>Free cash flow</b>	<b>-6,036</b>	<b>-4,107</b>	<b>3,261</b>	<b>-36,297</b>
Cash inflow/outflow from financing activities	2,080	3,310	-13,651	37,263
<b>Net decrease (-)/increase (+) in cash and cash equivalents</b>	<b>-3,956</b>	<b>-797</b>	<b>-10,390</b>	<b>966</b>

### DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022

The financial position of the Alzchem Group remains stable. The dominant issue continues to be the build-up of working capital and, consequently, its financing.

The cash inflow from operating activities in the first nine months of the fiscal year 2022 is negative at EUR -14,099 thousand. Based on almost identical consolidated earnings before taxes (EUR 32,140 thousand in the current period vs. EUR 31,303 thousand in the same period of the previous year) and similarly high depreciation and amortization, the negative cash inflow resulted exclusively from the working capital build-up. At Alzchem, the working capital figure includes trade receivables and payables as well as inventories. The influence of these three items alone on the cash flow statement for the first nine months of the current fiscal year amounted to EUR -56,847 thousand, compared to EUR -19,873 thousand in the previous year. Furthermore, the large change here is due to the build-up of inventories. The situation on the raw materials markets, which has existed for about a year, required maximum flexibility in purchasing and production. For this reason, some raw materials were or-

dered immediately when available and placed in stock, while at the same time production was increasingly stockpiled to avoid future uncertainties in production control. These two effects accounted for 50% of the volume-based inventory build-up. The other 50% resulted from the huge price increases, which did not impact volume, but did impact the valuation of volume. At the beginning of the 3rd quarter of 2022, an inventory optimization project was launched, in which all optimization potentials in inventory are analyzed and implemented, taking into account optimal production control. The aim is to reduce the volume of inventories by the end of 2022.

In the first nine months of the fiscal year 2022, Alzchem invested EUR 22,198 thousand in cash and cash equivalents, which is EUR 533 thousand more than in the same period of the previous year. The main projects here were the capacity expansion of the creatine plant for the growth of the Creapure® and sodium sarcosinate products, and the renewal of the electricity networks operated by Alzchem as an infrastructure measure.

Alzchem received EUR 37,263 thousand from financing activities in the first nine months. The significant increase in net working capital required financing from short-term financing lines, which are available to Alzchem for precisely these cases. The funds raised from short-term financing lines corresponded almost exactly to the build-up of working capital in the period described above. EUR 9,387 thousand was paid out for the scheduled repayment of non-current loan and lease liabilities. The dividend payment for the fiscal year 2021 resulted in a cash outflow of EUR 10,136 thousand in May 2022.

Cash and cash equivalents amounted to EUR 9,506 thousand as of September 30, 2022, which, taking into account currency effects, corresponded to an inflow of cash and cash equivalents of EUR 966 thousand compared with December 31, 2021.

#### **DEVELOPMENT IN THE 3RD QUARTER OF 2022**

In the 3rd quarter of 2022, a positive cash flow from operating activities of EUR 3,070 thousand was achieved. In the 3rd quarter of the previous year, an outflow of funds of EUR 775 thousand was recorded. In the 3-month period, the main change compared with the previous year was also in working capital, with consolidated earnings before taxes almost at the same level. In the prior-year period, EUR 11,863 thousand was used to build up working capital, in the cur-

rent period only EUR 7,595 thousand. Although there was an increase in inventories in the 3rd quarter of 2022, the first tendencies to reduce inventories in the finished goods area were noticeable. This was counteracted by further increases in raw material and energy prices in the valuation of inventories.

In the 3rd quarter of 2022, cash used in investing activities totaled EUR 7,177 thousand, EUR 1,916 thousand more than in the previous year. Essentially, the final work for the creatine plant was driven forward in the 3rd quarter of 2022. Usually, the largest amounts flow at the end of completion for such projects.

Alzchem's financing activities resulted in an inflow of cash and cash equivalents of EUR 3,310 thousand in the 3rd quarter of 2022, which was EUR 1,230 thousand more than in the 3rd quarter of the previous year. The inflow from short-term financing lines was essentially at the level of the previous year. However, due to higher loan balances, approximately EUR 1 million more loan repayments were made in the previous year. As a result of the further repayment of loans, fewer repayments had to be made in the 3rd quarter of 2022.

Cash and cash equivalents amounted to EUR 9,506 thousand as of September 30, 2022, which, taking into account currency effects, corresponded to an outflow of cash and cash equivalents of EUR 797 thousand in the 3rd quarter of 2022 (previous year: EUR -3,956 thousand).

## 1.6 NET ASSETS

### CONSOLIDATED BALANCE SHEET (IFRS, UNAUDITED)

In EUR thousand	12/31/2021	09/30/2022	Delta
<b>Assets</b>			
Intangible assets	2,329	2,568	239
Property, plant and equipment	178,806	181,018	2,212
Lease usage rights	7,686	6,424	-1,262
Financial assets	20	6	-14
Other receivables and other assets	1,320	1,521	201
Deferred tax assets	34,924	18,473	-16,451
<b>Non-current assets</b>	<b>225,085</b>	<b>210,010</b>	<b>-15,075</b>
Inventories	86,676	131,482	44,806
Trade receivables	40,841	52,482	11,641
Other receivables and other assets	16,454	32,576	16,122
Income tax claims	326	627	301
Cash and cash equivalents	8,285	9,506	1,221
<b>Total current assets</b>	<b>152,582</b>	<b>226,673</b>	<b>74,091</b>
<b>Total assets</b>	<b>377,667</b>	<b>436,683</b>	<b>59,016</b>
<b>Capital</b>			
Equity	89,564	139,239	49,675
Non-current liabilities	211,978	149,346	-62,632
Current liabilities	76,125	148,098	71,973
<b>Balance sheet total</b>	<b>377,667</b>	<b>436,683</b>	<b>59,016</b>

The increase in Alzchem's balance sheet total by EUR 59,016 thousand to EUR 436,683 thousand resulted on the assets side from a decrease in non-current assets and a rise in current assets. Non-current assets declined by EUR 15,075 thousand to EUR 210,010 thousand. The investment-related rise in property, plant and equipment was more than offset by the reduction in deferred tax assets. The latter also reduced significantly as a result of the interest-related decrease in pension obligations. Current assets reflected the effects of the working capital build-up. Inventories increased by EUR 44,806 thousand and trade receivables by EUR 11,641 thousand compared with December 31, 2021. The higher inventories reflected the price and availability effects on the raw material and energy side. On the one hand, prices had a considerable influence on the valuation of current inventories; on the other hand, the current shortages and distortions on the raw materials markets meant that it was still necessary to hedge inventories on the purchasing side but also on the sales side in order to remain able to produce and deliver. An inventory optimization project launched by Alzchem in the 3rd quarter of 2022 has yielded initial positive results in this regard and at least halted the ongoing increase in inventories. Trade receivables went up as a result of the significantly higher sales contributions. Furthermore, there have been no extensions to payment terms or bad debt losses on the part of customers.

Alzchem's equity has increased substantially by EUR 49,675 thousand to EUR 139,239 thousand since December 31, 2021. This led to a rise in the equity ratio to 31.9% as of September 30, 2022, compared to 23.7% as of December 31, 2021. Alzchem's equity is generally influenced by three effects: first, the positive consolidated result for the period led to an increase, which amounted to EUR 23,350 thousand in the first nine months of 2022. The dividend paid in the first half of 2022 based on the resolution of the Annual General Meeting on May 5, 2022 reduced equity by EUR 10,136 thousand. However, the most significant contribution to equity in the current reporting period was provided by the development of pension obligations. The changes in the actuarial assumptions regarding the risk-free interest rate used to measure the pension obligations resulted in an increase in equity of EUR 50,168 thousand as of September 30, 2022. In contrast, the deferred taxes to be recognized in the opposite direction reduced equity by EUR 14,047 thousand. The development of the 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 significant role in the actuarial parameters. If this market interest rate falls, the pension obligations increase, while its rise leads to a decrease in pension obligations. The risk-free market interest rate developed historically as follows:

in %	2015	2016	2017	2018	2019	2020	2021	Q3/2021	H1/2022	Q3/2022
Discount rate	2.50	1.75	1.75	1.90	0.90	0.50	1.00	0.80	3.30	3.40

This effect from the development of pension obligations in turn has an influence on the development of Alzchem's non-current liabilities. These have decreased by EUR 62,632 thousand since December 31, 2021. The largest reduction was in precisely these pension obligations (EUR -49,756 thousand). In addition, non-current loan and lease liabilities were reduced by a total of EUR 8,556 thousand, for which the future repayment portions were reclassified to current liabilities as a result of scheduled repayments.

The development of current liabilities continued to be strongly influenced by the build-up of working capital and the scheduled repayment of loan liabilities. There was an increase of EUR 71,973 thousand compared with December 31, 2021. Trade payables grew by EUR 16,838 thousand as a result of higher purchase prices for raw materials and energy. Current liabilities to banks decreased by EUR 7,976 thousand due to scheduled repayments and increased by EUR 56,956 thousand in the opposite direction to finance the working capital build-up.

## 2. Development in the segments

### 2.1. SPECIALTY CHEMICALS SEGMENT

In EUR thousand	3rd quarter 2021	3rd quarter 2022	January 1 – September 30, 2021	January 1 – September 30, 2022
External sales	47,116	72,967	163,220	214,459
<b>EBITDA</b>	<b>10,096</b>	<b>14,637</b>	<b>38,844</b>	<b>45,225</b>
<b>EBITDA margin</b>	<b>21.42%</b>	<b>20.06%</b>	<b>23.80%</b>	<b>21.09%</b>
Inventories	45,120	76,785	45,120	76,785

### DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022

The Specialty Chemicals segment remained Alzchem's growth driver even in turbulent times. In the first nine months of the fiscal year 2022, sales in this segment grew significantly by 31% compared to the same period of the previous year. However, in addition to the price increases that were necessary due to higher raw material costs, volume growth of 4% was also achieved. Plant utilization was very high throughout the period. Some plants have reached the limits of their capacity, so that in particular the commissioning of the new creatine plant (Creapure® and sodium sarcosinate), which is now due, will help us to serve the continuing increase in customer demand for dietary supplements. In the area of multi-purpose plants, a further capacity expansion is currently under review due to steady customer demand.

Looking at the individual product areas in this segment, sales growth was recorded almost everywhere. However, sales in the agricultural sector (DORMEX®), the automotive sector (DYHARD® and Nitroguanidine) and the products of the multi-purpose plants (Custom Manufacturing), which made a disproportionately high contribution to sales growth, deserve special mention. The Animal Nutrition business (Creamino®) also achieved sales growth with a slight rise in

volumes. Following the establishment of a number of major new customers, the focus here is now on growth with these customers.

Despite a renewed increase in the number of Corona infections, sales in the Bioselect® product area were below those of the previous year. In the previous year, an increased inventory build-up was observed among customers who use Bioselect® products in the manufacture of COVID-19 PCR tests. However, the development of the pandemic shows that demand for test kits has only temporarily declined and should pick up again once the accumulated inventories have been reduced.

The turbulence on the raw material and energy markets was also felt considerably in the Specialty Chemicals segment. However, it became apparent that the manufacture of individual products in this segment was not as extremely sensitive to the volatile electricity price. The constant and short-term electricity price increases did not have such a strong impact on earnings here. The rises on the raw materials side were largely passed on to customers in the form of price increases, with the result that the segment achieved growth

in absolute EBITDA of EUR 6,381 thousand. However, the increase in sales did not entirely follow the rise in costs, with the result that the EBITDA margin fell from 23.8% to 21.1%.

At EUR 76,785 thousand, inventories were well above the previous year's level of EUR 45,120 thousand. The general trend towards stockpiling, but also price effects, played a major role in the increase. In addition, the campaign mode of operation in some plants also required a certain build-up of inventories. One of the main aims of the inventory optimization project is to bring campaign operations even closer into line with customers' acceptance requirements.

#### DEVELOPMENT IN THE 3RD QUARTER OF 2022

The analysis of the 3rd quarter of 2022 also showed significant growth in sales. During this period, sales increased by

EUR 25,851 thousand to EUR 72,967 thousand. This corresponded to a rise of 55%, which was supported by volume growth of 13% in addition to price increases. In terms of the individual product areas, the picture was similar to that seen over the nine-month period as a whole. Customers in Agriculture, Automotive and Human Nutrition contributed to the strong growth. However, the rebound in sales in the Bioselect® product area in the last two months of the quarter led to year-on-year sales increase in the 3rd quarter of 2022.

A similar development was seen in EBITDA. The growth of EUR 4,541 thousand with a simultaneous decline in the EBITDA margin to 20.1% (previous year: 21.4%) illustrates the necessity and successful implementation of the price increases.

For the reporting date analysis of inventories, the same statement applies as for the 9-month period.

## 2.2 BASICS & INTERMEDIATES SEGMENT

In EUR thousand	3rd quarter 2021	3rd quarter 2022	January 1 – September 30, 2021	January 1 – September 30, 2022
External sales	42,465	59,557	128,713	174,925
<b>EBITDA</b>	<b>3,118</b>	<b>-2,621</b>	<b>9,735</b>	<b>1,073</b>
<b>EBITDA margin</b>	<b>7.34%</b>	<b>-4.40%</b>	<b>7.56%</b>	<b>0.61%</b>
Inventories	28,881	52,195	28,881	52,195

## DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022

The Basics & Intermediates segment also achieved significant sales growth in the first nine months of the fiscal year 2022. The figure of EUR 174,925 thousand represented an increase of EUR 46,212 thousand or 36% compared to the previous year. The analysis showed that a decline in volumes in the segment was more than compensated for by price increases. While almost all product areas of this segment contributed to the sales growth, the NITRALZ® product range was unable to grow compared to the previous year.

Customers in the metallurgical sector were extremely robust in their ordering behavior; the further prospects in this area are also encouraging. In the building block dicyandiamide business (main area of application: pharmaceuticals), demand also remained strong, although margins were barely sufficient to cover the cost of capital. The Agriculture product area (Perlka®) closed with substantially lower volume sales but increased revenue compared to the previous year. The very high proportion of electricity used in production forced Alzchem to implement sharp price increases here, which not all farmers were willing to bear. The company has already reacted to this development by curtailing production in the short term. Nevertheless, even convinced and long-time users of Perlka® are asking themselves, due to the current cost situation, whether it does not make sense to forego using Perlka® for a year and wait for the next fertilizer season. Depending on further developments on the electricity markets, this product area is currently being closely monitored. The NITRALZ® product area is also currently having to deal with a decline in competitiveness. Here, mainly natural gas-based raw materials (such as ammonia) are used, which are currently only available in Europe – if at all – at extremely high purchase prices. This is forcing Alzchem to raise prices, even though it is competing with suppliers from India or China, who can currently calculate with much more favorable natural gas and energy prices. Alzchem's geographical proximity as a European supplier and the very high product quality can continue to convince European customers in many cases. However, outside Europe and especially in Asia, there is a lack of competitiveness due to local competitors, and thus a lack of sales growth.

The development of EBITDA showed that the strong price increases were not sufficient to offset the higher manufacturing costs in this segment. Overall, the segment closed with

EBITDA of EUR 1,073 thousand, compared with EUR 9,735 thousand in the previous year. The development in the months of July to September 2022 with the extreme electricity price increases described above made a particular contribution to this. If electricity prices double on a daily basis in some cases, this makes it considerably more difficult to pass on to customers, as new prices are not negotiated on a daily basis. In some product areas, however, this is facilitated by price escalator clauses, even if these usually only take effect with a certain time lag.

The sometimes high safety stocks in the inventories of this segment have helped here to adjust production quickly and flexibly and thus to remove the carbide furnaces from the power supply in the event of extreme electricity price peaks. Nevertheless, careful consideration must always be given here, as the Verbund production also serves to ensure that products in downstream production processes are adequately supplied.

Currently, production processes as well as production and volume planning in the Basics & Intermediates segment are being analyzed and critically reviewed by a project group set up specifically for this purpose. This should help Alzchem to quickly make well-founded decisions regarding certain product areas depending on the further development of electricity prices. The aim is to be able to adequately supply the product areas that are still profitable even under very high electricity prices as part of integrated production.

Inventories in the Basics & Intermediates segment amounted to EUR 52,195 thousand as of September 30, 2022, a significantly higher level than as of December 31, 2021, due in particular to price effects, but also to high safety stocks for early plant shutdowns in October 2022.

### DEVELOPMENT IN THE 3RD QUARTER OF 2022

In terms of sales, business development in the Basics & Intermediates segment in the third quarter of 2022 was in line with the nine-month period. Sales rose by EUR 17,092 thousand to EUR 59,557 thousand. This sales growth, which was based on price increases, was counteracted by an 11% lower volume development. Essentially, the volume deas-

es occurred in the same product areas as in the analysis of the 9-month period. Nevertheless, sales volumes in all areas were higher than in the 3rd quarter of the previous year.

The comments on developments in the individual product areas in relation to the 9-month period also apply to the 3rd quarter.

The development of EBITDA in the 3rd quarter reflected the enormous price development on the electricity markets in the months from July to September 2022. While electricity and raw material cost increases could largely be passed on to customers in the Basics & Intermediates segment until the end of the 1st half of 2022, this was no longer possible with-

out a time lag due to the very rapid development in the 3rd quarter. In particular the developments in August 2022 with the absolute highs in electricity prices had a strong negative impact on earnings in this very electricity-intensive and electricity-sensitive segment. In the end, the segment recorded negative EBITDA of EUR 2,621 thousand in the 3rd quarter of 2022. In the product areas with price escalation clauses, these cost increases will be passed on to customers with a time lag via the contractual provisions in the 4th quarter of 2022, as a result of which positive effects on earnings are to be expected.

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

## 2.3 OTHER & HOLDING SEGMENT

In EUR thousand	3rd quarter 2021	3rd quarter 2022	January 1 – September 30, 2021	January 1 – September 30, 2022
External sales	6,339	6,670	19,309	19,639
<b>EBITDA</b>	<b>512</b>	<b>1,038</b>	<b>904</b>	<b>1,729</b>
<b>EBITDA margin</b>	<b>8.07%</b>	<b>15.56%</b>	<b>4.68%</b>	<b>8.80%</b>
Inventories	2,903	5,259	2,903	5,259

### DEVELOPMENT IN THE 9-MONTH PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2022

Sales in the Other & Holding segment were stable at the level of the previous year. The services used by Alzchem's chemical park customers were mainly of a variable nature (energy supply, warehousing and network operation).

The segment's earnings were mainly the result of internal efficiency measures and lower maintenance work on the plant's own infrastructure.

At EUR 5,259 thousand, inventories at the reporting date were significantly higher than in the previous year. As this

mainly related to consumables and supplies, this reflected the increased cost level.

#### DEVELOPMENT IN THE 3RD QUARTER OF 2022

The comments on the 9-month period also apply to the analysis of the 3rd quarter of 2022.

## 3. Sustainability at Alzchem

In the combined management report as of December 31, 2021, we reported on Alzchem's non-financial matters and efforts. There have been no fundamental changes to these statements. However, as a responsible company in the Bavarian region, we also want to inform our stakeholders about our sustainability activities in the first nine months of the fiscal year 2022 as part of this quarterly report as of September 30, 2022.

### ACTIVITIES IN THE AREA OF SUSTAINABILITY

The roadmap to climate neutrality at Alzchem is taking concrete shape. The project team has compiled the ideas, which will now be examined in the next step for their feasibility and practicability. To this end, the project team is already working on calculating the costs for the individual measures defined. We are sticking to our goal of climate neutrality in the medium term.

We remain committed to our vision of "zero accidents". On the way there, we investigate and analyze every work accident, no matter how minor, and try to analyze the reasons together with the employees and optimize work processes and protective measures. As the number of accidents increased slightly overall in the 1st quarter of 2022, the "safety tours" that had been suspended at the start of the COVID-19 pandemic were resumed. During these tours, employees from outside the plant take stock of the situation and develop suggestions for improvement. We hope that these measures will result in fewer reportable accidents and can already see the first positive changes.

We have 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.

### ALZCHEM DEVELOPS CERAMIC POWDER FOR ELECTROMOBILITY

Alzchem is contributing to the energy transition with an innovative development as part of a project funded by the German Federal Ministry for Economic Affairs and Climate Action (BMWK). For more than 25 years, Alzchem has successfully produced and marketed a silicon nitride powder "Made in Germany", manufactured by direct nitriding of silicon metal. Due to its purity and consistently high quality, Silzot® HQ is used for the production of high-quality technical and high-perfor-

mance ceramics. The properties of these ceramics are characterized by high strength in wide temperature ranges, good thermal conductivity and high fracture toughness.

The aim is to develop an optimized powder variant for the electronics industry as well as for electromobility as part of a BMWK funded project. The high demands of electromobility include not only the battery as a core component of the electric powertrain, but also energy management – and here, as a central challenge, above all the power electronic assemblies for the powertrain. This requires so-called metal-ceramic substrates that act as circuit carriers. Alzchem is currently working on powder variants that are specially optimized for this application.

The aim of the project is also to present the entire value chain in Germany, from the raw materials to the ready-to-use metal-ceramic substrate, and to bring a high-quality, competitive end product to market maturity.

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

In 2022, Alzchem again underwent an independent CSR rating by EcoVadis, the world's largest provider of sustainability ratings for companies, and again improved on its very good result in 2020. The EcoVadis methodology is based on international sustainability standards (Global Reporting Initiative, United Nations Global Compact, ISO 26000) and is overseen by a scientific panel of CSR and supply chain experts to produce reliable CSR ratings. Corporate activities in the areas of environment, labor and human rights, ethics, and sustainable procurement are assessed. With 70 out of 100 achievable points, Alzchem is among the top 4% of companies worldwide assessed by EcoVadis in the field of basic chemical manufacturing. Among the various ESG topics, Alzchem achieved the highest score for environmental issues and the greatest improvement over 2020 for sustainable sourcing. In recognition of its sustainability successes, Alzchem was once again awarded the Gold Medal, which confirms Alzchem's responsible approach to people and the environment.

### EMINEX® PROVES ITSELF

Methane and CO<sub>2</sub> emissions from liquid manure do not have to be. In view of the current price explosion for mineral fertilizers, Eminex® as an innovative product in Alzchem's portfolio offers

an effective approach to significantly reducing methane and CO<sub>2</sub> emissions during manure storage and thus significantly improving its environmental impact. This is confirmed by the results of a study conducted at the University of Bonn, which was presented on the occasion of the DLG Field Days 2022.

Practical trials have already delivered convincing results in this regard. In a study at the University of Bonn, the high effect of Eminex<sup>®</sup> was also scientifically confirmed once again. In addition to a significant reduction in methane and CO<sub>2</sub> emissions of 82 to 100 percent over 182 days, a substantial decrease in nitrous oxide emissions was also demonstrated over the same period. In addition, it was proven that manure treated with Eminex<sup>®</sup> binds ammonia, thus enhancing its value as a fertilizer and leading to higher yield potential. Alzchem's new product Eminex<sup>®</sup> suppresses methane and CO<sub>2</sub> emissions during manure storage and thus helps to avoid emissions that are harmful to the climate. Furthermore, this additive stops the formation of foam and a floating layer, ensures more homogeneous manure and better flowability, and also increases the fertilizing effect of the manure. In view of the climate debate and the current supply and price situation for mineral fertilizers, this is an extremely effective approach for farmers to improve the use and image of liquid manure as a valuable nutrient carrier.

#### **INTRODUCTION TORK PAPERIRCLE**

In the future, Alzchem will participate in the Tork Papercircle program, a unique recycling service for paper towels, in which used paper towels are collected and processed into new hygiene paper products. In this way, waste is turned into new resources, which serves as a visible sign of the company's own commitment to sustainability for employees as well as visitors.

#### **ENVIRONMENTAL STATEMENT 2022**

Alzchem has been EMAS-registered (Eco-Management and Audit Scheme, also known as EU Eco-Audit) since 1997 and prepares an annual Environmental Statement. Alzchem has this validated by an independent environmental auditor in order to document, monitor and evaluate the impact of its own activities on environmental protection and sustainability. Accordingly, Alzchem has published the Environmental Statement 2022 for its German sites in Trostberg, Schalchen, Hart and Waldkraiburg, underlining the central importance of environmental protection and sustainability for the company.

The reduction, avoidance and recycling of waste, the independent reprocessing of process water and the minimization of energy consumption are just a few examples that demonstrate the high priority placed on environmental protection and sustainability at Alzchem. Last year, expenditure on environmental protection amounted to over EUR 18 million. In addition, the company's production processes are already today

based predominantly on electricity rather than oil or natural gas. Electricity is the energy of the future and is becoming more and more green thanks to the switch to renewable energies – as are Alzchem's products as a result.

The resource "energy" continues to be the focus of Alzchem's environmental projects. Energy consumption is to be further reduced. One urgent goal is to optimize processes in the manufacture of products and thus reduce the consumption of energy. In addition, emission protection, water consumption and the energy- and raw material-efficient use of resources also play an important role in the Alzchem production network.

Detailed information and key figures can be found in Alzchem's Environmental Statement 2022, which is available on the company's website.

#### **DISCOVERY DAYS**

In July 2022, Alzchem offered young people and parents the opportunity to look behind the scenes of the company and its training opportunities at the Trostberg site. All seven training professions as well as various internship opportunities were presented in various tours. Together with a trainer, the guests visited the training laboratory, a production plant or the training workshop, among other things, in small groups depending on the tour.

Through these and other activities, young people and parents should get to know Alzchem as a company and training company. This year's September 1 event also showed that this effort is worthwhile: 44 young people started their training at the Trostberg Chemical Park. This means that Alzchem currently has a total of 148 prospective skilled workers on board, including three dual students. This corresponds to a trainee ratio of around 9 percent – 3.4 percentage points above the average for the chemical industry in Bavaria.

#### **OCCUPATIONAL HEALTH MANAGEMENT**

The health of our employees is very important to us. That is 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, we again published a spring program as part of the "gesund punkten" initiative. This initiative allows our employees to keep themselves healthy and is also rewarded with non-cash prizes for their participation. 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 sports 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 a significant increase in EBITDA to EUR 62.0 million. 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.

## 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 the 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 for Education and Cultural Affairs has honored this independent development of solutions for coping with the Corona impairments with an award and a bonus of EUR 1,000.

# 4. Forecast

In an ad hoc announcement dated April 22, 2022, the forecast for consolidated sales made in the consolidated financial statements as of December 31, 2021 was adjusted. This was reported in the quarterly report as of March 31, 2022. We can confirm this adjusted forecast. The forecasts continue to be as follows:

Forecast <sup>1</sup> for 2022	2021	Original forecast 2022	Adjusted forecast 2022
<b>Consolidated sales</b>	EUR 422.3 million	strongly to particularly strongly increasing (up to EUR 480 million)	strongly to particularly strongly increasing (up to EUR 520 million)
<b>Adjusted EBITDA*</b>	EUR 62.0 million	noticeably declining to especially strongly increasing (up to EUR 68 million)	noticeably declining to especially strongly increasing (up to EUR 68 million)
<b>Adjusted EBITDA margin*</b>	14.7%	stable to slightly declining	stable to slightly declining
<b>Inventories</b>	EUR 86.7 million	stable to noticeably increasing	stable to noticeably increasing
<b>Inventory intensity (previously inventory ratio)</b>	20.5%	stable to slightly declining	stable to slightly declining
<b>Equity ratio</b>	23.7%	stable to slightly increasing	stable to slightly increasing

\* No adjustments were made.

<sup>1</sup> The forecasts are based on unchanged regulatory assumptions, such as the continuation of the German Renewable Energy Act (EEG), sec. 19 para. 2 StromNEV, electricity price compensation and the continuation of existing product approvals. Furthermore, the forecasts contain forward-looking statements based on Management's current estimates and currently available information. Such statements are subject to risks and uncertainties that are beyond Alzchem's ability to control or estimate precisely. If any of these or other uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements.

The increase in April 2022 at the upper limit of the key figure sales was made due to the necessary price adjustments forced upon us by developments on the raw material and energy markets. In contrast, the passing on of purchasing prices to the market has only a minor impact on the other forecast key figures. At present, we do not see any further increase in EBITDA as a result of rising sales due to the volatile purchasing markets and the only delayed possibility of passing on cost increases on the purchasing side. In our EBITDA forecast, we therefore stated a fairly wide-ranging forecast corridor. Taking into account the developments on the electricity markets in the 3rd quarter of 2022, we now expect EBITDA to be at the lower end of the forecast corridor. The same applies to the EBITDA margin. This forecast is based on a calming of developments on the electricity markets in the 4th quarter of 2022. If these assumptions do not materialize – in whatever direction – corresponding fluctuations in EBITDA and the EBITDA margin are possible.

The financial performance indicators inventories and inventory intensity were below the aforementioned forecast corridor as of September 30, 2022. However, Alzchem does not currently see any need to adjust the forecast here, even if the volatility of the markets remains challenging. Based on continued high capacity utilization at our plants, the implemented changes within production, and the launched project to reduce inventories in conjunction with strict net working capital management, we are sticking to the forecast. Added to this is the unpredictability of developments. If renewed increases in electricity prices necessitate temporary shutdowns of production plants, this could lead to a rapid and currently unforeseeable reduction in

inventories. On the other hand, further rises in raw material and energy costs could lead to higher inventory valuations. Taking these uncertainties into account, we are not changing our current forecast.

The equity ratio as of September 30, 2022 was above the current forecast corridor. The expectations we set out in the forecast with regard to the consolidated result for the period and the dividend have been met. One major deviation relates to the forecast of interest rate changes for pension provisions. The significant rise in risk-free interest rates had a major positive effect on equity. However, this increase in interest rates occurred in an unprecedentedly short period of time. The current volatility on the markets means that we cannot completely rule out the possibility that this trend will be reversed again in a similarly short period. Nevertheless, should interest rates stabilize at this high level, opportunities could arise here with regard to pension obligations. However, these volatile interest rate developments are not part of our forecast, which is why we are not adjusting the current forecast.

The events of this fiscal year have shown that forecasts of possible further effects of the war in Ukraine are very difficult to make and are usually already outdated after a short time. We therefore point out here that every new development in the Ukraine war can have unexpected consequences for the economic environment and Alzchem can also be affected by such unforeseeable developments - both positively and negatively. We will therefore continue to monitor events closely and try to continue to react flexibly to any development.

## 5. Significant events after the balance sheet date

After the balance sheet date, no significant events occurred that could have an impact on the net assets, financial position and results of operations of Alzchem.

## 6. List of abbreviations

AG	Aktiengesellschaft (stock corporation)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EUR	Euro
EUR thousand	Thousand euro
LLC	Limited Liability Company

# Financial Calendar 2023

February 28, 2023*	<b>Annual Report 2022</b>
May 4, 2023*	<b>Q1 Quarterly Report 2023</b>
May 11, 2023*	<b>Annual General Meeting 2023</b>
August 3, 2023*	<b>Half-yearly Financial Report 2023</b>
October 26, 2023*	<b>Q3 Quarterly Report 2023</b>



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

\* Subject to change

## Remarks

This quarterly statement may contain forward-looking statements based on current assumptions and forecasts made by the management of Alzchem Group AG. Such statements are subject to risks and uncertainties. These and other factors may cause actual results, financial position, development or performance of the company to differ materially from the estimates made here. The company assumes no liability whatsoever to update such forward-looking statements or to conform them to future events or developments.

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

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