

CORPORATE NEWS

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Alzchem Group AG reports positive business development in the first half of 2023

- **Sales increase by 3% to EUR 277.0 million**
- **EBITDA grows by 5% to EUR 36.8 million**
- **Strong free cash flow of EUR 31.3 million**
- **Forecast confirmed: for the full year, sales expected to be at the lower end of the range, EBITDA at the upper end of the range**

Trostberg, August 3, 2023 – Alzchem Group AG, a vertically integrated specialty chemicals supplier with a leading market position in selected niche markets, successfully decoupled itself from the general trend in the chemical industry in the first half of 2023. At EUR 277.0 million, Group sales improved by 3% compared to the prior-year period, in which EUR 269.8 million was generated.

The Specialty Chemicals segment again proved to be a growth driver, with sales increasing by 12% from EUR 141.5 million to EUR 159.0 million. This was due in particular to higher prices than in the previous year, but also to volume growth in individual product areas, although the segment as a whole recorded a slight decline in volumes. The Creapure® capacities, which were only expanded in the previous year, are being heavily utilized as the dietary supplements product area is experiencing high demand. For this reason, a further expansion is currently being implemented so that additional capacities will be available as early as the fourth quarter of 2023.

In the Basics & Intermediates segment, sales declined by 10% from EUR 115.4 million to EUR 103.4 million, as the price increases still achieved in some cases were unable to compensate for the volume declines. The sharpest drop in sales was in the agricultural product sector with the fertilizer Perlka®. Here, the high proportion of electricity used in production forces Alzchem to charge sales prices that are significantly higher than those of local competitors or imported goods (from Russia, among others). In contrast, growth was achieved in the pharmaceutical, agrochemical and basic chemicals sectors (NITRALZ®). As the natural gas-based raw materials required there (e.g. ammonia) are once again available on the market at slightly lower prices, it was also possible to acquire more customers by reducing selling prices in certain areas.

In line with the positive Group sales development, earnings before interest, taxes, depreciation and amortization (EBITDA) also increased in the first half of 2023. At EUR 36.8 million, the previous year's figure of EUR 34.9 million was improved by 5%, equivalent to an increased EBITDA margin of 13.3% compared with 12.9% in the previous year.

AGILE SCIENCE PURE RESULTS

Thanks to unchanged strict working capital management, operating cash flow improved significantly in the first six months of 2023 by EUR 57.0 million from EUR -17.2 million to EUR 39.8 million. As a result, free cash flow also developed very positively at EUR 31.2 million (first half of 2022: EUR -32.2 million).

Compared with 31 December 2022, Group equity increased by EUR 2.4 million to EUR 148.3 million. The Group equity ratio increased from 34.5% to 35.4%.

Andreas Niedermaier, CEO of Alzchem Group AG: "The market challenges remain enormous and the economic environment is also very fragile. The fact that we nevertheless managed to improve both sales and EBITDA compared to the previous year is therefore a great success. We continue to strive to offer our customers fair prices. However, permanent business with negative contribution margins just to generate higher sales is not part of this. Instead, we will continue to focus on profitable product areas in order to keep our EBITDA margins stable or even increase them. At the same time, we will make further targeted growth investments."

In the area of ceramic products (especially Silzot®), Alzchem is currently examining the expansion of existing production capacities. A new application area for high-purity ceramics is leading to significantly higher volume requirements in the European supply chain here. In the area of multi-purpose plants, an expansion investment has already been initiated, which should lead to growth in very specific product areas.

Alzchem confirms its forecast for the fiscal year 2023. Group sales are expected to be rather at the lower end (lower limit: slightly growing, upper limit: up to EUR 590 million) and EBITDA rather at the upper end (lower limit: slightly growing, upper limit: up to EUR 70 million) of the forecast ranges.

The detailed half-year financial report 2023 is available for download on the website www.alzchem.com in the [Investors/Publications](#) section.

About Alzchem

Alzchem is a globally active specialty chemicals company that is one of the market leaders in most of its fields of activity. Alzchem benefits from the three very different global developments climate change, population growth and longer life expectancy in a unique way. Alzchem products can offer attractive solutions for achieving the resulting social goals in a multitude of different applications.

The company sees interesting growth prospects for itself in the areas of human and animal nutrition and agriculture in particular. As a result of population growth, it is necessary to achieve efficient food production. Pharmaceutical raw materials and creatine products can contribute to a healthy old age as life expectancy increases. Alzchem is facing up to the goal of sustainability

arising from climate change in the field of renewable energies and across the entire company. The fields of fine chemicals and metallurgy offer just as great a perspective.

Alzchem Group AG's broad product range includes dietary supplements, precursors for PCR tests and pharmaceutical raw materials. These offerings are the company's response to global trends and developments. Alzchem is ideally positioned in this respect and considers itself well prepared for an environmental future and global developments.

The company employs around 1,680 people at four production sites in Germany and a plant in Sweden, as well as three sales companies in the USA, China and England. Alzchem generated Group sales of around EUR 542.2 million and EBITDA of around EUR 61.4 million in 2022.