



alzchem  
group

AGILE SCIENCE PURE RESULTS

Alzchem Group AG

# ANNUAL REPORT 2024



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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.

# Alzchem at a glance

~ € 554.2 million

sales generated by Alzchem in the fiscal year 2024

Fiscal year 2023: ~ € 540.6 mn

~ € 105.3 million

EBITDA achieved by Alzchem in the fiscal year 2024

Fiscal year 2023: ~ € 81.4 mn

+117.6%

was the share price performance in the fiscal year 2024

Fiscal year 2023: +45.7%

€ 5.31

was earnings per share in the fiscal year 2024

Fiscal year 2023: € 3.40

**Dividend in €/share**    **1.20**    **1.80**  
for fiscal year            2023    2024<sup>1</sup>

<sup>1</sup> Subject to approval by the Annual General Meeting on May 8, 2025

  
1,725

employees support the processes and products of Alzchem with their know-how on a daily basis<sup>2</sup>

Fiscal year 2023: 1,689

<sup>2</sup> Average value over the fiscal year 2024

## MARKETS



HEALTH & NUTRITION



ANIMAL NUTRITION



FINE CHEMISTRY



PHARMA



AGRICULTURE



RENEWABLE ENERGIES



METALLURGY



CUSTOMER SYNTHESIS



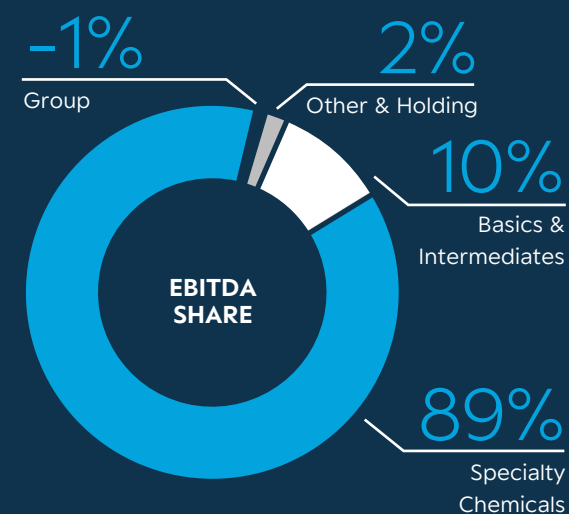
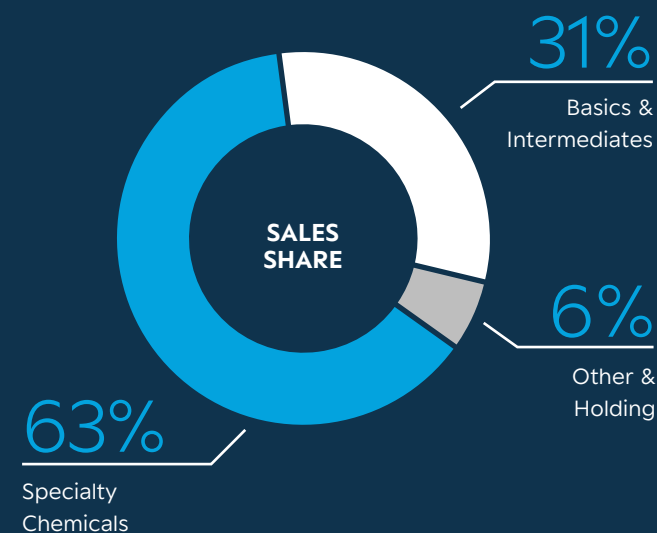
AGRI SOLUTIONS



AUTOMOTIVE & DEFENSE

# Key figures

In EUR thousand	2020	2021	2022	2023	2024	CAGR <sup>a)</sup>
Group sales	379,257	422,293	542,223	540,649	554,231	10%
EBITDA	53,805	62,046	61,441	81,373	105,268	18%
EBITDA margin	14.2%	14.7%	11.3%	15.1%	19.0%	
EBIT	30,708	37,572	35,898	55,473	78,950	27%
Consolidated annual result	19,865	27,764	30,223	34,792	54,246	29%
Earnings per share in EUR (undiluted and diluted) <sup>b)</sup>	1.94	2.72	2.96	3.40	5.31	29%
Equity ratio	19.4%	23.7%	34.5%	38.5%	42.9%	
Inventory intensity	17.8%	20.5%	22.6%	19.9%	18.3%	



a) CAGR = Compound Annual Growth Rate (final value/starting value)<sup>1/number of years</sup>

b) After the transfer of shares to employees in 2023, calculated with the average number of outstanding shares: in the period 01/01-12/31/2023 with 10,169,572 shares. In the entire period of 2024 calculated with 10,174,204 shares.

# Specialty Chemicals segment

## BUSINESS ACTIVITY

Production and distribution of high-quality chemical products (specialty chemicals)

## OVERVIEW

SALES in € mn

348

EBITDA in € mn

94

## KEY FIGURES

In EUR thousand	2020	2021	2022	2023	2024
External sales	207,431	220,499	288,361	319,802	348,089
EBITDA	44,125	50,664	53,014	73,243	94,017
EBITDA margin	21.3%	23.0%	18.4%	22.9%	27.0%
Inventories	38,410	53,971	68,535	55,998	59,074
Inventory intensity	18.5%	24.5%	23.8%	17.5%	17.0%

## KEY BRANDS

**CREAMINO**<sup>®</sup>

Bioselect<sup>®</sup>

**Dormex**<sup>®</sup>

**LIVA  
DUR**<sup>®</sup>

**Creapure**<sup>®</sup>

**Creavitalis**<sup>®</sup>

**DYHARD**<sup>®</sup>

Nitroguanidin

**Silzot**<sup>®</sup>

# Basics & Intermediates segment

## BUSINESS ACTIVITY

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

## OVERVIEW

SALES in € mn

174

EBITDA in € mn

11

## KEY BRANDS

 Perlka®

 CALCIPRO®

 CaD®

 CALZOT®

 NITRALZ®

 Eminex®

## KEY FIGURES

In EUR thousand	2020	2021	2022	2023	2024
External sales	146,434	176,274	227,539	192,183	174,003
EBITDA	8,981	10,985	4,983	9,531	10,825
EBITDA margin	6.1%	6.2%	2.2%	5.0%	6.2%
Inventories	27,639	33,400	49,945	49,139	41,912
Inventory intensity	18.9%	18.9%	22.0%	25.6%	24.1%

# AGILE SCIENCE PURE RESULTS

## WHAT MOVES US

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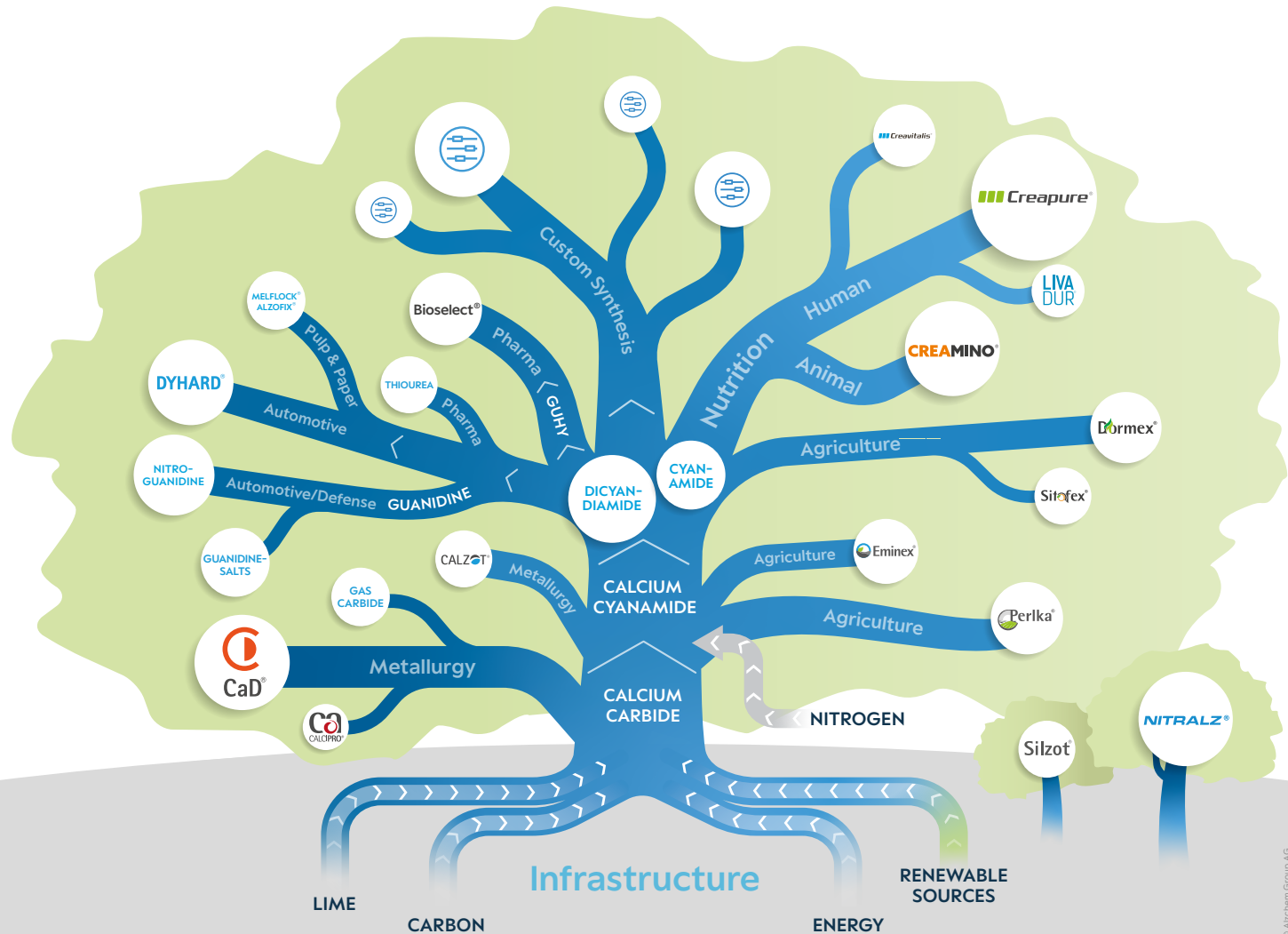


# Our “production Verbund”

The main products of the Alzchem Group are based on the same raw materials, namely lime and coal. Along the calcium carbide/calcium cyanamide (NCN) chain, Alzchem integrates many processing and refining steps to create the respective products in the Basics & Intermediates and Specialty Chemicals segments.

This vertical integration in production is a key strength of the Alzchem Group. It is only made possible by the geographical proximity of the four historically grown sites in the Bavarian Chemical Triangle. The “Verbund production” allows Alzchem to react flexibly to changes in demand, as many products from the Basics & Intermediates segment are also raw materials for products in the Specialty Chemicals segment.

In addition, there are various synergies in the production process and in research and development. The “Verbund production” secures the company a high degree of independence from external suppliers.





# We act: we offer solutions for global challenges



## POPULATION GROWTH

In 1900, there were around 1.7 billion people living worldwide. By the year 2000, this figure had risen to more than 6.1 billion and the United Nations estimates that we will be around 9.7 billion<sup>1</sup> by 2050. As arable land is limited worldwide, we need efficient processes to continue supplying the growing population with food. This is where Alzchem comes in: with our specialty products, we support successful, efficient and sustainable agricultural production in agriculture and animal nutrition worldwide.

<sup>1</sup> Source: UN forecast on the development of the world population (January 1, 2023)



## HEALTHY AGING

People are getting older and older, especially in the western industrialized nations. In 2000, the average global life expectancy was around 67 years, and by 2020 it had risen to around 73 years. Scientists expect it to rise further in the coming years. At the same time, civilization and age-related diseases are on the rise and awareness of health and nutrition is growing. Alzchem also provides answers here with products in the areas of food supplements, pharmaceuticals, cosmetics and health.





## CLIMATE PROTECTION

Energy efficiency and renewable energies are crucial for the future of our planet and are becoming increasingly important worldwide. Examples of this are the Green Deal in the EU and corresponding measures in the latest 5-year plan in China and the global efforts to quickly replace combustion engines and completely free the energy supply from fossil fuels.

Alzchem is ideally positioned to participate in this development. We offer products for hydrogen-powered vehicles, the lightweight construction of vehicles and aircraft and in wind energy. At the same time, as a major consumer, we benefit directly from the change in the electricity mix and develop sustainable products with a negative CO<sub>2</sub> balance.



## SAFETY

Safety is a fundamental human need. It gives us a feeling of protection and security, whether at work or in everyday life – for example when driving. At Alzchem, we produce an important raw material that reliably triggers airbags even after years of use. It also plays a decisive role in defense technology: it is essential for the production of propellants for artillery shells. Safety ensures the protection of human life and the defense of countries. In the current security situation, we have a special significance and responsibility, as we are the only supplier of this raw material in the western hemisphere.

## AGILE SCIENCE, PURE RESULTS

# The essence of Alzchem

Alzchem is an international manufacturer of a wide range of specialty chemical products. What the company needs for its production is primarily lime, coal, nitrogen and energy. From this list of ingredients, Alzchem has developed a wide range of products over the years that are geared towards global social developments. Based on the so-called NCN chain, these are products with a typical nitrogen-carbon-nitrogen bond that are useful in a variety of applications. These primarily include the food supplement industry, agriculture, metallurgy, the pharmaceutical industry, the agro-industry and renewable energies. For many years, the Alzchem Group has focused on the field of specialty chemicals and today benefits from the resulting comprehensive expertise. The slogan “agile science, pure results” expresses the fact that Alzchem thinks and acts in an agile manner and consistently drives forward further innovations.

A highlight of 2024 was the [partnership with FC Bayern Basketball \(FCBB\): Alzchem is now an official Gold Partner](#) and supports the club as part of a pioneering sponsorship commitment. Like Alzchem, FCBB stands for success: it has won six German championships and the German Cup five times. The club is the only German club to play in the EuroLeague, the world’s most prestigious and demanding competition after the US NBA. Basketball requires precision, agility and flexibility – qualities that also characterize Alzchem. This is why the review of the fiscal year 2024 is to be given a “sporting framework” from the world of basketball. After all, sport and business actually have a lot in common!

unique atmosphere and dynamics of basketball: the sound of the squeaking soles of shoes on the hall floor, the sound of the ball bouncing when dribbling, the loud communication between the athletes and the cheers when a shot is successfully made. Basketball is a way of life and at the same time one of the most fascinating sports in the world: thanks to its speed, athleticism and the perfect blend of precise teamwork and individual brilliance.

Below, we present our highlights from the fiscal year 2024. Find out which moves were made, and which challenges were successfully overcome. And how Team Alzchem also left the court victorious in 2024.

## STRONG THROUGH ADAPTATION AND PASSION

Especially when it comes to dynamism and fair play, sport and business are similar in many respects. Both areas require constant adaptability and quick reactions to change. In sport, athletes have to adapt their tactics to be successful on the pitch, while companies constantly develop their business strategy to remain competitive in the market.

Fair play also plays a central role in both worlds: in sport, it means respect for the rules, the referees and the opponent; in business, it stands for ethical behavior and transparency. In both areas, it is about delivering top performance with passion and integrity. These values are also reflected in the



[Alzchem Group new partner of FC Bayern Basketball](#)

## FIRST QUARTER

# Important assist from the EU Commission: non-repayable investment grant of EUR 34.4 million

## SUCCESSFUL WITH CLEVER PASSES AND CLEAR TACTICS: THE ALZCHEM YEAR 2024 AS A BASKETBALL GAME

The year begins with a strong first quarter. Team Alzchem pursues its proven tactic of consistent transformation towards higher-margin specialty chemicals and is thus able to score important points. The result: disproportionately strong earnings growth with constant Group sales at the high level of the previous year. The highlight of the first quarter is an important assist from the EU Commission: following a Europe-wide selection process, it grants the company a non-repayable investment subsidy of EUR 34.4 million in March 2024 as part of the ASAP (“Act in Support of Ammunition Production”) funding instrument.

Over the next two and a half years, the company will make targeted investments in the expansion of production capacities for nitroguanidine and modernize and expand the existing plants for guanidine nitrate. A special feature here is that all raw materials and precursors will be produced directly in Alzchem’s German plants.

The exceptionally high product quality is based on consistent quality control, the careful selection of raw materials and the fully integrated production chain – from dicyandiamide to calcium cyanamide and carbide. This commitment not only guarantees reliability but also underlines the demand for the highest standards along the entire value chain.



[Alzchem Group AG plans to double nitroguanidine production capacity in Germany](#)

## SECOND QUARTER

# Game plan: high priority on climate protection



Team Alzchem continues to consistently implement its comprehensive climate roadmap and is also supported by the Federal Office of Economics and Export Control (BAFA) on its way to climate neutrality by 2033. In June, Alzchem received funding commitments totaling around EUR 850,000 for climate protection measures. The company is delighted with the government's recognition of its efforts to drive forward climate protection and reduce its own CO<sub>2</sub> emissions. Specialty chemicals can make an important contribution to sustainability – the company has long been convinced of this. To this end, Alzchem continues to work on innovative solutions for saving energy, recovering heat and increasing efficiency, which make both economic and ecological sense.

There is also an outstanding product in the product world that has a positive impact on climate protection: Eminex®. This additive for liquid manure and biogas fermentation residues, which is added during storage, can permanently reduce the methane, CO<sub>2</sub> and nitrous oxide emissions – three essential greenhouse gases – by as much as 90% to 100%. This is climate protection made easy – thanks to Eminex®, an absolute novelty on the world market.

In order to reward regional farmers for their commitment to climate protection, Alzchem is launching “climate sponsorships” in the spring, which will remunerate the use of Eminex®. Here, for example, companies or local authorities take on sponsorships for environmental and climate services provided by agricultural businesses. This regional climate alliance strengthens local agriculture in the long term. It should be particularly emphasized that the climate and environmental protection measures in this project are implemented directly on site and are therefore – in contrast to international certificates – easily traceable.

## HALF-TIME BREAK: ANALYSIS AND DISCUSSION OF TACTICS

Team Alzchem is very satisfied with the strong performance and the significant progress made in the first half of 2024. In addition to the operating business, this also applies to the implementation of the [climate roadmap](#), which is progressing well. With savings in Scope 1 of 2.3%, Alzchem has already reached the first important milestones to achieve a CO<sub>2</sub> reduction of around 90,000 tons per year by 2030, which corresponds to more than 75% of today's annual CO<sub>2</sub> emissions in Scope 1.

During the half-time break, the team reflects on the further challenges of the third and fourth quarters. The global political developments and economic uncertainties are clearly noticeable. However, the team spirit remains unbroken. “WE” is and remains the motto of Team Alzchem. The tactics for the second half of the game are discussed together. The Team Alzchem players refocus in order to start the second half stronger – of course, with the in-house creatine “Made in Bavaria” for an extra energy boost!



[Click here for the video: Eminex® – Climate protection made easy](#)



[Climate roadmap of the Alzchem Group](#)

## THIRD QUARTER

# New targets in sight: increase in earnings forecasts

The third quarter gets off to a very good start: in July, Alzchem sets itself new, higher earnings targets for 2024. Group EBITDA is now expected to grow to over EUR 100 million instead of around EUR 90 million, while sales expectations remain unchanged. The increase in the EBITDA forecast leads to a rise in the EBITDA margin forecast from previously around 15.8% to over 17.5%. The reason for the increase in the EBITDA forecast is the stronger growth and thus the shift in the product mix towards Specialty Chemicals.

In the third quarter, Alzchem also shows that it can not only react at lightning speed but also act with foresight. With quick dribbles and precise passes, they extended their lead, including in the Animal Nutrition area.

## NEW JERSEY: REBRANDING AT CREAMINO®

From August, Creamino® sports a new jersey in the form of an updated brand image that focuses primarily on the improved energy metabolism of animals. The new slogan "Power up your feed" clearly emphasizes this aspect and lays the foundation for the updated brand image. In 2024, Creamino® was

a great success for the Alzchem Group. Overall, impressive progress was made in terms of both production capacity and market presence.

With the additive Creamino®, it is demonstrably possible to get more performance out of feed for livestock – making both feed production and animal rearing better, more efficient and more sustainable. The improved feed conversion through Creamino® enables farms to reduce the total amount of feed required, which contributes to greater sustainability in livestock farming. The active ingredient guanidinoacetic acid (GAA) improves energy metabolism and ensures healthy and productive livestock. This enables resource-conserving feeding, healthy growth and optimized feed production.

## OUTSTANDING PERFORMANCE: PLATINUM MEDAL IN THE SUSTAINABILITY RANKING

In Europe, the importance of sustainability in a company determines whether it has a financially viable future – keyword "sustainable finance". For many years now, the Alzchem Group has been integrating important environmental and social issues as well as sustainable corporate governance



into its business activities beyond the legal framework and in August 2024 receives the Platinum Medal from EcoVadis for the first time for its outstanding achievements in the area of corporate social responsibility. With 84 out of 100 achievable points, the company is among the top 1% of companies assessed by EcoVadis worldwide. Alzchem thus underlines its commitment to sustainable, entrepreneurial thinking and action as well as its social responsibility.

The EcoVadis methodology is based on international sustainability standards (Global Reporting Initiative, United Nations Global Compact, ISO 26000) and is monitored by a scientific panel of CSR and supply chain experts to produce reliable CSR ratings. The company's activities in the areas of the environment, labor and human rights, ethics and sustainable procurement are evaluated. The company is among the leaders in all of these areas. The third quarter also clearly goes to Alzchem.

## FOURTH QUARTER

# The next bull's eye: inclusion in the SDAX

Team Alzchem continues to focus on implementing the game plan and achieves a real bull's eye in October: the [inclusion of Alzchem shares in the SDAX selection index](#). The fans are celebrating, as this makes Alzchem one of the 160 largest and most liquid listed companies in Germany. An important milestone and a clear sign of the team's successful tactics. Although the global market remains challenging, Team Alzchem remains on course for growth thanks to its unique "production Verbund" and agility.

## DEFENSE IS ON THE BALL: NITROGUANIDIN WITH INCREASING IMPORTANCE

Regardless of the great course of the game, Alzchem is also resolving comprehensive growth investments and future-oriented projects in Germany in the last quarter. The focus is on doubling the production capacities for the product nitroguanidine as well as the renewal and expansion of the existing plants for the production of guanidine nitrate, the precursor of nitroguanidine. Alzchem is able to conclude contracts with several customers from the defense sector who have agreed to make significant contributions to the financing of the new plant in the common interest. This means that the largest investment in the company's history to date can be carried out largely without additional debt or equity. The new production capacities are scheduled to come on stream in the second half of 2026.

In parallel to the measures in Germany, Team Alzchem is intensifying its search for a site for a plant in the USA, where it can also conclude a preliminary agreement. The US Department of Defense has already pledged funding of USD 150 million for the construction of a production facility by the end of 2029 if Alzchem finds a suitable site



[Alzchem Group AG moves up to the SDAX on October 2, 2024](#)



over the next two years. This shows that Team Alzchem is also on its way to new heights internationally.

The game continues dynamically: with strong teamwork and a clear focus on customer orientation, Alzchem plays its way through every challenge. The heavyweight Human Nutrition shows how to dominate in the zone.

### EXCITING “CRUNCH TIME”: NEW COLLABORATIONS IN BALL SPORTS WITH CREATINE

When the opponent is already running out of steam, Alzchem shows its versatility: new collaborations are entered into, investments and subsidies flow in. The partnership with FC Bayern Basketball and the American football team Munich Ravens, which has been in place since November, is particularly impressive. Alzchem supports both teams with the creatine product Creapure® and scores further points on the playing field of top sports with new target groups and market segments.

The product Creapure® has been valued as a premium creatine in sports nutrition for over 25 years. Both professional and recreational athletes from all over the world rely on its purity and effectiveness. The Alzchem Group is the only producer of creatine monohydrate outside Asia. It manufactures this product under the brand names Creapure®, Creavitalis® and LIVADUR® in its own purpose-built production facilities in Chiemgau, Bavaria.

### FINAL WHISTLE: NEW ASSISTANT COACH AND AN EXTREMELY SUCCESSFUL GAME IN 2024

Almost at the end of the game, the course is set for continuous and sustainably successful development in management. In December 2024, Martina Spitzer is appointed as a new member of the Management Board for three years as of January 1, 2025. In her new position as Chief Sales Officer (CSO), she will be responsible for the areas of Health & Nutrition (Creapure®), Fine Chemicals (Chemicals & Applications) and Sustainability (ESG). Ms. Spitzer has been with Team Alzchem for over 25 years and brings extensive expertise in marketing and sales as well as a clear vision for innovation and sustainability. The team managers will ensure continuity and stability with this reinforcement in order to secure the long-term success of Alzchem Group AG.

The final siren sounds, bringing an exciting and successful fiscal year 2024 for Alzchem to an end. The team leaves the court highly satisfied. It has once again shown that it can achieve great success through teamwork and passion. With the “Verbund production”, the team ensures a high degree of independence from external suppliers and reacts flexibly to changes in demand. The company’s digitalization and specialization are also progressing as planned.

With agility in action, a highly innovative portfolio and a strong commitment to sustainability, the “hidden champion”, market and continental leader in its niches, is increasingly stepping into the limelight.



Official Partner



[Creapure® – The premium brand for creatine worldwide. Made in Germany.](#)



# TO THE SHAREHOLDERS

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BASKETBALL

Creapure®

Official Partner

# Interview with the Management Board



**Klaus Englmaier**  
COO  
With Alzchem since 1988  
**Departmental responsibility:**  
Production and Technology, Environment, Safety, Health, Quality, Engineering, Process Development and Optimization

**Martina Spitzer**  
CSO  
With Alzchem since 1999  
**Departmental responsibility:**  
Marketing, Sales, ESG

**Andreas Niedermaier**  
CEO  
With Alzchem since 1999  
**Departmental responsibility:**  
Supply Chain Management, Corporate Strategy, Legal, Patents & Trademarks, Risk Management

**Dr. Georg Weichselbaumer**  
CSO  
With Alzchem since 2012  
**Departmental responsibility:**  
Marketing, Sales, Innovation Management & Process Development, R&D, Product Safety/Approval

**Andreas Lösler**  
CFO  
With Alzchem since 2022  
**Departmental responsibility:**  
Finance, Controlling, Accounting, Information Technology, Human Resources & Social Affairs, Corporate Communications & Investor Relations

The fiscal year 2024 was a complete success for Alzchem. What were the main topics that kept you busy?

**NIEDERMAIER:** We have seen it all: from our promotion to the SDAX, to the preparation of the largest investment in the company's history to date, accompanied by financial support from the EU and our customers to the increase in our earnings forecast to over EUR 100 million in EBITDA at mid-year. In addition, we have also become a sponsor of FC Bayern Basketball with our Creapure® in order to multiply awareness of the brand once again – because almost all professional athletes take creatine products, and hopefully more and more will also take Creapure® in the future. We have also been rated platinum by EcoVadis for sustainability – only 1% of the companies assessed achieve this. And last but not least, our share price has also developed very positively.

An impressive potpourri, but 2024 was also another year of sluggish economic development, a weak chemical industry, site discussions in Germany and geopolitical tensions. Once again, none of this seemed to affect Alzchem?

**LÖSLER:** This impression is created by the disproportionately strong increase in EBITDA of 29.4% to EUR 105.3 million compared to sales growth. We owe this excellent earning power and the robustness of our strategy to our broadly diversified positioning and our “Verbund production”. However, it is also true that we could be even more dynamic if the environment was better. After all, we also have areas such as Custom Manufacturing and NITRALZ® , which are more closely linked to the economy and the development of the chemical industry.

**DR. WEICHSELBAUMER:** The strong foundation of our success is in fact our broad positioning across many target markets, which we develop with innovations and the highest quality. We are the only Western supplier of food supplements to score highly with our customers. In addition, we are highly flexible in responding to changes in volume, e.g., in the defense sector, and are therefore a reliable supplier for our partners. Consistent market analysis and innovative product development have enabled us to establish a strong and sustainable market position. This combination even makes us the sole supplier outside China in some areas.

**ENGLMAIER:** And the great thing is that we have other arrows in our quiver, such as the methane and CO<sub>2</sub> inhibitor Eminex® and our extremely versatile creatine products Creapure®, Creavitalis® and LIVADUR®. We see potential here that can significantly exceed industry growth. At the same time, it is important to us that no dependencies and therefore no risks arise, such as those that other companies with a special

“  
We owe this excellent earning power and high robustness to our strategy.”

focus on e-mobility or photovoltaics have recently had to painfully experience.

**Doesn't the major investment program in nitroguanidine production, an indispensable component of NATO defense technology, pose just such a risk?**

**LÖSLER:** The opposite is the case: we are tapping into enormous opportunities while minimizing risk. This is because the expansion in Germany and potential further investments in the USA are largely covered by third parties. These are non-repayable subsidies from the EU as well as commitments from major customers and the US Department of Defense. The maximum we have to bear from our own resources is bridge financing during the investment phase. Thanks to this special constellation, we will also be able to play a good role in this growth area.

**DR. WEICHSELBAUMER:** With the escalation of the Russia-Ukraine war and the Western aid for Ukraine, demand for our Nitroguanidine has increased significantly. No question about it. However, we also see that there are now other targets for a strategic safety stock for our product, which strongly secures demand. At the same time, it must – unfortunately – be stated that the global geopolitical development even speaks for a long-term continuation of the defense technology boom.

**NIEDERMAIER:** Despite these enormous opportunities, we also make sure that we optimize the risk profile and do not create any dependencies on special economic cycles. The evaluation of potential sites in the USA and the scope of the investments also require maximum management attention.

My colleague Dr. Weichselbaumer will therefore make 100% use of the freedom resulting from the generational change that has been initiated and the partial reallocation of tasks in the Management Board team for this pioneering topic of the future.

**Where did the decision to look for a site in the USA come from? So far, you have only been active in Germany and Sweden.**

**DR. WEICHSELBAUMER:** The USA as a site option for additional nitroguanidine production is an important prerequisite for the US customer. At the same time, this opens up additional opportunities for us to produce in an attractive local market, to at least partially escape the discussion about additional tariffs and trade barriers by the new US government and to benefit from further site advantages such as lower energy costs; chemical value creation is highly valued in the USA!

**Tariffs are a good topic: how do you see the development in the USA and how do you assess this topic driven by Trump?**

**ENGLMAIER:** Today, we assume that we are well positioned. With our products, we are often the only manufacturer in the West – mostly with competition from Asia. From today's perspective, the USA will introduce even higher tariffs for the Asians than for Germany. This means that the issue should work more in our favor.

## Will Alzchem then leave Germany?

**NIEDERMAIER:** We certainly do not want to talk about site fatigue or a withdrawal from Germany. On the contrary: I would like to thank our entire workforce in particular. It is simply very impressive what this team achieves and how it knows how to assert itself on a global scale every day. I am also firmly convinced that Germany as a site is capable of continuing to generate innovations. Our team is the best proof of this and is ready to make its contribution every day. On behalf of the entire Management Board, I would like to express my sincere thanks and appreciation to all our employees worldwide.

## Ms. Spitzer, you are a new member of the Management Board team and have taken on responsibility for ESG, among other things. What drives you and your colleagues?

**SPITZER:** We are pioneers when it comes to ESG. We feel very comfortable in this role. Our climate roadmap is the best example of this. After all, we were the first company in Germany to put its climate roadmap to a shareholder vote at the Annual General Meeting. Another example is a current project together with SAP, in which we are able to calculate the carbon footprint of our most important products automatically and transparently. Digitalization and ESG issues go hand in hand here – and once set up correctly, the benefits clearly outweigh the costs.

**ENGLMAIER:** You can complain about the excessive bureaucracy and additional costs associated with ESG issues – as well as the difficulty in reading sustainability reporting, which inevitably goes hand in hand with our full compliance with CSRD requirements. And of course, we are annoyed that the entire chemical industry with its important products receives little attention in the EU ESG taxonomy. For us, however, there is no alternative. Above all, we want to minimize the environmental impact for future generations. At the same time, we also see ourselves in a pioneering role – for the chemical industry, for German SMEs and as a company that owes it to its fellow citizens in its regions not only to be good at what it does, but to want to achieve the best possible results.

## Can you give specific examples of your ESG commitment?

**SPITZER:** The current sustainability report – which, by the way, has been audited economically by our auditor on a voluntary basis – contains numerous examples. I would particularly like to highlight the fundamental importance of the fact that we cover 100% of our energy requirements with electricity – and not with fossil fuels – and can therefore already switch completely to renewable energies as soon as these are available in sufficient quantities. Another current highlight is our use of hydrogen instead of natural gas in a production facility since the fourth quarter of 2024, where we use the surplus hydrogen as an emission-free energy source to replace natural gas and significantly reduce CO<sub>2</sub> emissions. This also enables us to reduce energy costs.

**NIEDERMAIER:** I would also like to emphasize that ESG topics are part of our Management Board work – both in the team as a whole and specifically in Ms. Spitzer's area of responsibility. She has been a member of the Management Board since January 1, 2025, having already demonstrated her expertise in the Alzchem Group for 25 years. Ms. Spitzer in particular has been instrumental in driving forward the topic of sustainability, making us as a company a standard setter in Germany.

**SPITZER:** We have been committed to important environmental and social issues beyond the legal framework for many years. We also have this audited by independent third parties. In August 2024, for example, we received the platinum award from EcoVadis for our performance in the area of corporate social responsibility for the first time. With 84 out of 100 achievable points, we are among the top 1% of companies assessed by EcoVadis worldwide. We are very proud of this.



Another current highlight is our use of hydrogen instead of natural gas in a production plant.



The outperformance in 2024 and our inclusion in the SDAX have lifted us to a new level on the capital market.

## With a price increase of around 118%, the Alzchem share is one of the top performers in 2024. What are your targets for 2025?

**NIEDERMAIER:** We are constantly working to achieve an appropriate valuation for our company and our shareholders. The fact that we were able to significantly outperform all relevant indices in 2024 and were ultimately included in the SDAX selection index is a great recognition of our strategy and the successes of recent years. At the same time, I believe that the share price gain has not yet anticipated too much. On the contrary: I also see a catch-up effect in the share price increase in 2024, because we have already done a lot of things right in the years before that, both operationally and strategically, without this being directly reflected in the share price. I therefore remain very optimistic about the future share price performance if we continue to implement our plans so successfully. Incidentally, the equity analysts also share our confidence, as their price targets range between EUR 72.00 and EUR 82.00.

**LÖSLER:** The outperformance in 2024 and our inclusion in the SDAX have lifted us to a new level on the capital market. That is why we are also being covered by additional analysts. Most recently, Kepler Cheuvreux and Montega joined us. There has also been a noticeable increase in interest from international investors. Of course, we are pleased about this. We will use these additional opportunities to establish ourselves permanently in this league with an even stronger presence and investor relations.

## Should the share buyback program launched at the end of 2024 also be seen in this context?

**LÖSLER:** The share buyback serves as an additional instrument for us, for example in the case of possible acquisitions. Alternatively, we will also issue our own shares to employees of the Alzchem Group as part of an employee participation program. In addition, we continue to aim to increase the free float and liquidity of our shares. Together with our anchor shareholders, we succeeded in doing this again to a significant extent in 2024. The free float was increased by around 5 percentage points in 2024. And the great thing is that this pleasing development continued in 2025. At the end of February, the free float was already around 62%.

## Shareholders were not only pleased with the share price performance in 2024, but also with a higher dividend. What happens next?

**NIEDERMAIER:** That is right, we increased the dividend from EUR 1.05 to EUR 1.20 per share in 2024. We will raise our dividend proposal to the Annual General Meeting 2025 again, this time to EUR 1.80. I think this gives us a good balance

between an appropriate dividend payout and strengthening equity for further additional growth.

## Where are sales and profits headed in 2025?

**LÖSLER:** The jump in profits in 2024 was already very strong, but it cannot simply be continued in the same way, as new plant capacities naturally also played a role here. Nevertheless, we are still aiming high. We do not want to stand still, but to grow again in terms of sales. Our goal is to increase sales to around EUR 580 million. We also want to raise the operating result (EBITDA) again, this time to around EUR 113 million.

**NIEDERMAIER:** We remain just as optimistic for 2025 as we were for 2024. The potential in Human Nutrition with our Creapure®, in Animal Nutrition and in Defense, i.e., Nitroguanidine, is unbroken. We also see further opportunities, such as with Eminex®. We will also succeed in 2025 in shifting our product mix further towards higher-margin Specialty Chemicals and further improving the Basics & Intermediates business. This will lay the foundation for additional stable growth in 2025. At the same time, in 2025, we will also focus very strongly on our major investments in Germany and, of course, on the search for sites in the USA in order to be able to generate sustainable profitable growth in the future.

# Report of the Supervisory Board

*Ladies and Gentlemen,*

*Dear shareholders,*

The last, extremely successful fiscal year 2023 already amazed many observers of our company. The fact that development accelerated once again in the reporting year – especially at such a dynamic pace – came as quite a surprise, even to those who really know Alzchem. Not for us, though: the fact that Alzchem not only proved to be particularly robust, but also highly successful, even under difficult circumstances, is above all the result of a long-term strategy that has been consistently pursued for some time and is increasingly focused on specialty chemicals. Overall, the company achieved another record result in the fiscal year 2024 with EBITDA of EUR 105.3 million on a sales base of EUR 554.2 million, which was once again higher than in the previous year.

It is hard to overlook the fact that the German economy and the chemical industry in particular continue to face enormous adversity: contrary to rumors, energy prices are still far too high, substantial investment incentives that spur entrepreneurial activity can hardly be seen under the state subsidy watering can and bureaucracy is forcing companies to make future investments abroad. Even if our company in particular should seemingly have no reason to complain – in fact, Alzchem's successes have also had to be hard-earned under these circumstances.



Dr. Caspar Freiherr  
von Schnurbein

Prof. Dr. Martina  
Heigl-Murauer

Markus Zöllner  
Chairman of the  
Supervisory Board

Steve Röper





However, the bare figures alone do not adequately reflect the extraordinary achievements of the past fiscal year. To name just three particularly impressive examples:

- Keyword “growth”: at our German sites in Schalchen and Waldkraiburg, we began implementing by far the largest future-oriented project in our company’s history in 2024. Over the next two years, we will invest around EUR 140 million in the expansion and modernization of our guanidine nitrate and nitroguanidine capacities with substantial financial support from the EU and long-standing premium customers.
- Keyword “internationalization”: with the support of the US Department of Defense, the company has for the first time taken very concrete steps to operate a production site outside Europe in the medium term. A US-based Alzchem is thus a realistic step closer. The task defined in the preliminary agreement is to identify a suitable chemical site by the end of 2026 at the latest, where Alzchem will construct a nitroguanidine production plant fully funded by the US Department of Defense within the following three years.
- Keyword “capital market”: with the inclusion of the Alzchem Group in the SDAX last fall, our company has also become noticeably more visible on the stock market. This can be seen above all in the strongly increased interest shown by analysts, investors and the public in the development of our activities. The fact that the Alzchem Group also achieved by far the best share price performance of all companies in the DAX index family in its first year of membership is a very special reason to be proud – but above all the well-deserved result of an impressive fiscal year 2024.

The success of the fiscal year 2024, which is so clearly expressed in figures, is all the more astonishing given that the Alzchem Group – how could it be otherwise – also had to contend with the difficulties of an industrial company based in Germany that can be observed everywhere. The procurement of raw materials and, in particular, electricity at adequate prices continues to make itself felt in our basic chemicals business, the general chemical slump has not left our multipurpose business unscathed, and our nitrile business continues to suffer from competitive disadvantages compared to Asian competitors. However, the associated problems have been recognized and are being tackled decisively by management.

“AGILE SCIENCE. PURE RESULTS” – under our ambitious Alzchem slogan, we not only completed a challenging fiscal year very well, but also successfully developed the growth drivers of our product portfolio. Ultimately, it is these “crown jewels” that will ensure the long-term future of our company:

- The superior quality of our Creapure® – now virtually the global standard for creatine in its purest form – is already highly regarded by a wide range of customers. The amazing versatility of this product is fortunately making itself felt in an increasingly recognized, ever-expanding variety of sporting, medical, therapeutic and lifestyle applications. Our latest creation, Creavitalis®, is a good example of this.
- Creamino® has now achieved a breakthrough as a recognized feed additive for poultry, where it is increasingly developing the dynamics inherent in its remarkable properties. Here, too, we see other highly interesting areas of application, for example in the nutrition of other animal species.
- The impressive, scientifically proven properties of Eminex® in reducing CO<sub>2</sub> and methane in liquid manure are well known. With the promotion of market-based marketing and sales approaches, such as an attractive “CO<sub>2</sub> certificate” for agriculture, enormous emission savings could be achieved. Regulatory support, which the Alzchem Group considers desirable, would also open up further attractive prospects for climate protection.

Eminex® is the best example of the fact that the full potential of Alzchem products has by no means been exhausted. However, the company is also in the process of researching and developing completely new products along the NCN chain. On the part of the Supervisory Board, we want to continue to effectively support the company in its efforts to promote global megatrends such as mobility, healthy nutrition and sustainability.

## Focus of the Supervisory Board's work

The work of the Supervisory Board in the reporting year was also characterized by the diverse challenges of an industrial company operating in Germany that is committed to sustainability. The focus was primarily on the following topics:

- The Management Board's plans for a possible expansion of activities abroad, namely in the USA, received a great deal of attention in the reporting year. Despite the strategic importance of the project, the planned construction of a production facility there is not about relocation, but about a sensible expansion of the Alzchem Group's already global activities. The Supervisory Board has supported this project wholeheartedly from the outset.
- The investments approved by the Supervisory Board in the reporting year following a thorough review are closely related to this. These include, first and foremost, the expansion and modernization of the guanidine nitrate and nitroguanidine plants at the Schalchen and Waldkraiburg sites, the major overhaul of the carbide furnace in Hart and, finally, the two-stage expansion of creatine production in Trostberg. In the opinion of the Supervisory Board, the latter measure in particular fits perfectly into the logic of the "Specialty" expansion, which promises considerable sales potential with comparatively low energy costs and higher margins.
- At this point, the management measures to secure the supply of raw materials to the Alzchem Group, which the Supervisory Board again pursued with the utmost attention in the reporting year, should be mentioned. These continue to focus on the supply of electricity. In 2024, however, this also included the extension of the lime supply contract with one of our long-standing partners.
- The Supervisory Board once again followed the Alzchem Group's numerous ESG initiatives and measures with the utmost attention. Under this now fixed item on the agenda, the Supervisory Board was informed in particular about the progress made – as planned – in implementing the climate roadmap.
- Sustainability issues have also reached the Supervisory Board in the form of new regulatory (auditing and monitoring) standards. The board therefore received training from company experts on the content and requirements of CSRD reporting and German and European supply chain legislation in particular. The Supervisory Board has noted with approval the Management Board's proposal to prepare the sustainability report for the reporting year in the form of the CSRD standard, which will only have to be observed in the future.

- A number of substances and products that are important for Alzchem continue to be the focus of regulatory proceedings and measures by German and European authorities. These include the EU Commission's restriction proceedings on calcium cyanamide as a fertilizer, the legal proceedings before the General Court of the European Union concerning the approval of Alzogur® as a biocide and the continued threat of an export ban on chemical substances and formulations not approved in the EU. We received regular reports on this from the Management Board.
- Management Board matters were also on our agenda: in addition to remuneration issues, the appointment of Ms. Martina Spitzer to the Management Board, which was unanimously approved by the Supervisory Board, is particularly noteworthy in this respect. Ms. Spitzer has extensive specialist and management experience at Alzchem. Ms Spitzer's term of office began on January 1, 2025, and – in accordance with the corresponding recommendation of the German Corporate Governance Code (GCGC) – will initially last three years, i.e., until the end of 2027. This was accompanied by a reorganization of the schedule of responsibilities determined by the Supervisory Board in agreement with the Management Board. With the appointment of Ms. Spitzer, Alzchem has achieved the quota target of at least 20% women on the Management Board, which has been set for some time but is particularly ambitious in the chemical industry.
- Finally, the Supervisory Board dealt with a number of issues relevant to the share and capital market. These included updating the qualification matrix for the Supervisory Board, the dividend strategy, the question of responsibility for auditing the sustainability report triggered by the inaction of the legislator and, last but not least, the approval of a share buyback program worth a total of EUR 6 million that began in December 2024.

## Composition of the Management Board and succession planning

On January 1, 2024, the Management Board was expanded to include Mr. Lösler, who took over the role of CFO from Mr. Niedermaier (CEO), thus giving him the freedom to focus more strongly on strategic issues. Since January 1, 2025, the Management Board team has been complemented by Ms Spitzer, who has already taken over some of the CSO responsibilities of Dr. Weichselbaumer, who will leave the Management Board at the end of 2025; in addition, Ms Spitzer will take care of the sustainability issues that are essential for Alzchem.



In accordance with the established annual cycle, the Supervisory Board once again addressed the succession planning for the Management Board developed jointly with the Management Board in the reporting year. The planning, which takes into account the candidates in question and their specific skills as well as the appropriate development horizon for them, was updated.

## Working methods of the Supervisory Board

In the fiscal year 2024, the Supervisory Board performed the duties incumbent upon it in accordance with the law, the Articles of Association and the rules of procedure with all due care. It advised the Management Board in detail on the management of Alzchem Group AG and the Alzchem Group and continuously monitored the management. At no time did the Supervisory Board have any doubts about the legality and regularity of the Management Board's activities.

The Supervisory Board continuously dealt with the current company situation and the future development of the Alzchem Group. In addition to the aforementioned key topics, the Supervisory Board meetings dealt with the development of sales and earnings, the net assets and financial position, investment projects and the budget, personnel planning, the situation (including the risk situation) of the Alzchem Group, the risk and compliance management system (on which the Risk and Compliance Officers reported in detail to the Supervisory Board), the internal control system and – with a particular focus – further corporate development and strategy. The focus was also on the dynamics of the sales and procurement markets as well as securing the long-term competitiveness of the Alzchem Group. "Sustainability" in all its key facets for the company has been a fixed item on the agenda of every Supervisory Board meeting of the Alzchem Group, in line with the recommendations given in the German Corporate Governance Code.

In view of the various turbulences in the global economy, but especially in the German economy, the Supervisory Board has been monitoring the resulting consequences for the Alzchem Group very closely and has received regular reports. This makes the increase in the company's earnings forecast for the fiscal year 2024, which was announced in an ad hoc announcement on July 30, 2024, all the more pleasing. In this regard, but also for all other significant developments at the Alzchem Group, the Management Board has fully complied with its statutory information obligations at all times by informing the Supervisory Board regularly, promptly and comprehensively in written and oral form.

The Supervisory Board discussed the reports and documents received from the Management Board in detail, in particular at the Supervisory Board meetings. Any deviations from the plan were explained in detail by the Management Board and carefully examined by the Supervisory Board. All business requiring approval – such as the modernization and expansion of guanidine nitrate and nitroguanidine capacities – was presented to the Supervisory Board by the Management Board in a proper and timely manner on the basis of informative documents. As a result, the Supervisory Board approved all business submitted to it after thorough information and consultation.

Outside of Supervisory Board meetings, the Chairman of the Supervisory Board maintained a regular and intensive exchange of information with the Management Board and – with the latter's consent – with the members of the management team and other key employees. In this way, the Chairman was kept continuously informed about the current business situation and all significant business transactions and developments. This exchange took place in an open and constructive atmosphere at all times.

The rules of procedure governing the working methods and cooperation of the Management Board and Supervisory Board are available for inspection by anyone [on the company's website](#).

## Meetings and resolutions of the Supervisory Board

The Supervisory Board held a total of six meetings in the fiscal year 2024. Three meetings were held in person and three meetings were held as video conferences. In addition, three resolutions were passed in writing due to the urgency of the matters at short notice.

The Supervisory Board met without the Management Board on purely Supervisory Board-related topics and on agenda items for which an internal discussion within the Board appeared appropriate, such as Management Board matters, questions relating to the annual financial statements and other matters discussed with the auditor.

At the request of the Supervisory Board, the meeting on July 26, 2024, was combined with a tour of the Schalchen plant.



## Audit Committee

In the reporting year, the Audit Committee met a total of five times, each time on the meeting days of the Supervisory Board. Two meetings were held in the form of a video conference, while the remaining meetings were held in person.

At its meeting on February 26, 2025, the Audit Committee examined the annual financial statements of Alzchem Group AG, the consolidated financial statements and the combined management report, each for the fiscal year 2024. In doing so, it dealt in particular with the key audit matters. The audit also included the non-financial information for Alzchem Group AG and the Group.

The Chairwoman of the Audit Committee had previously reported to the committee several times on the status of preparations and the progress of the audit 2024 and the discussions and consultations she had held with the auditor RSM Ebner Stolz in this regard. This also included a joint discussion with the auditor on audit risk, audit strategy and audit planning.

## Nomination Committee

The company has not currently set up a nomination committee. In accordance with recommendation D.2 of the GCGC, the Supervisory Board does not consider this to be expedient due to “the [small] number of its members”, even in light of the Supervisory Board elections due to take place in 2025. The tasks of the Nomination Committee are instead performed by the full Supervisory Board.

The next regular election to the Supervisory Board will take place in 2025. The Annual General Meeting is responsible for electing the four shareholder representatives.

## Individualized disclosure of participation in meetings and resolutions

The meetings of the Supervisory Board and the Audit Committee held in the reporting year were attended by all members of the respective bodies without exception. The participation rate in both bodies was therefore 100%. The members of the Supervisory Board also took part in all written resolutions and resolutions passed at the meetings. A detailed breakdown by meetings, resolutions and participants is therefore not provided.

## Related Party Transactions (RPT)

There were no RPT-related business transactions to be presented to the Supervisory Board in the reporting year.

## Conflicts of interest

During the reporting period, no conflicts of interest arose among the individual members of the Supervisory Board that would have had to be disclosed to the Supervisory Board (for related party transactions, see above).

## Training and further education of Supervisory Board members

Alzchem Group AG supports the members of the Supervisory Board within the framework of the statutory provisions in the training and further education measures necessary for their activities. In the reporting year, this included training offered by the company on Supervisory Board-specific aspects of capital market law and sustainability reporting. The tour of the Alzchem plant in Schalchen, which took place during a Supervisory Board meeting, was also part of this context; on this occasion, the Supervisory Board was able to discuss the challenges associated with the upcoming investment measures with the plant management.

Finally, the members of the Supervisory Board attended various external training courses on their own initiative in the reporting year. The respective events and their content – which in 2024 included reporting and auditing in accordance with the CSRD – are documented by the Supervisory Board office on an ongoing basis. It also supports the members of the Supervisory Board with information and materials that are helpful for their work (for example on developments in Supervisory Board-related best practices as well as new laws and court decisions).

## Corporate Governance

With regard to its corporate governance, the Supervisory Board – in close coordination with the like-minded Management Board – is primarily guided by the standards of good corporate governance formulated in the current version of the GCGC. Accordingly, in December 2024, the Management Board and Supervisory Board were able to adopt the declaration of conformity in accordance with Section 161 AktG with only one deviation from the applicable Code – relating to the Management Board remuneration system.

The current declaration of conformity (including disclosed and justified deviations) is available on the [website](#), as are the older declarations. In accordance with Principle 23 of the GCGC, the Management Board also explains the company's corporate governance practices – both for itself and for the Supervisory Board – in the declaration on corporate governance contained in the combined management report.

## Efficiency audit

The Supervisory Board regularly reviews the efficiency of its activities. In line with the usual two-year cycle, another such review took place in 2024. To carry out this review, the members of the Supervisory Board each answered a comprehensive written questionnaire, the (anonymous) results of which were evaluated by the Chairman with the assistance of the Supervisory Board's office and then presented to the members of the Supervisory Board. It emerged that the Supervisory Board members are generally very satisfied with the organization, procedure and efficiency of the Supervisory Board's work. The suggestions made by Supervisory Board members (including the provision of information to Supervisory Board members via SharePoint, the (virtual or face-to-face) form of Supervisory Board meetings and the frequency of efficiency reviews) were taken up by the Chairman of the Supervisory Board and implemented in the course of the reporting year.

## Audit of annual and consolidated financial statements

The annual financial statements 2024 of Alzchem Group AG were prepared in accordance with the provisions of the German Commercial Code (HGB), while the consolidated financial statements were prepared in accordance with the principles of the International Financial Reporting Standards (IFRS). As in the previous year, the company has prepared a combined management report for Alzchem Group AG and the Group for the fiscal year 2024. In accordance with the resolution of the Annual General Meeting on May 7, 2024, the Supervisory Board commissioned RSM Ebner Stolz GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart ("RSM Ebner Stolz"), to audit the financial statements of Alzchem Group AG and the Group for the fiscal year 2024 and in this context also agreed the auditor's remuneration to be paid for this. Furthermore, together with RSM Ebner Stolz, the Supervisory Board determined the focal points of the audit to be carried out. RSM Ebner Stolz appointed Mr. Straub as the auditor responsible for the audit of the financial statements; he is responsible for this position for the first time following the internal rotation that took place at RSM Ebner Stolz.

 [alzchem.com/de/investor-relations/corporate-governance/](https://alzchem.com/de/investor-relations/corporate-governance/)

The auditor audited the annual financial statements and the consolidated financial statements prepared by the Management Board, including the combined management report, and reported in writing on the results of its audit, which did not give rise to any objections. The annual and consolidated financial statements for 2024 received an unqualified audit opinion from the auditor. In addition, the auditor determined in the course of his assessment of the risk management system that the Management Board has taken the measures required under Section 91 (2) of the German Stock Corporation Act (AktG) to identify risks that could jeopardize the continued existence of the company at an early stage.

Subsequently, the Audit Committee and then the Supervisory Board reviewed the annual financial statements and the consolidated financial statements for the fiscal year 2024 as well as the combined management report – taking into account the auditor's report – for completeness and accuracy. All documents and the auditor's reports were submitted to the Audit Committee and the Supervisory Board in good time and were discussed and examined in detail at the balance sheet meetings of the Audit Committee and the Supervisory Board on February 26, 2025, in the presence of all committee and Supervisory Board members. The auditor reported there on the key findings of its audit and was available to the Audit Committee and the Supervisory Board to answer questions and provide additional information. In particular, the Audit Committee and the Supervisory Board examined whether the assessments made by the Management Board in the combined management report were consistent with the assessments made in the reports to the Supervisory Board during the year and whether the statements in the combined management report were consistent with the Audit Committee's and the Supervisory Board's own assessment.

After its own thorough review of the documents submitted to it, the Supervisory Board – following the recommendation of the Audit Committee – raised no objections to these documents, agreed to the audit reports and approved the annual financial statements, the consolidated financial statements and the combined management report. The annual financial statements of Alzchem Group AG prepared by the Management Board were thus adopted.

The Supervisory Board discussed in detail the Management Board's proposal for the appropriation of profits to distribute a dividend of EUR 1.80 per share and carry forward the remaining balance sheet profit to new account against the background of the company's liquidity and its financial and investment planning for the fiscal year 2025. Following a detailed examination, the Supervisory Board approved the Management Board's proposal for the appropriation of profits, which envisages a payout ratio of around 34%, also in line with the recommendation of the Audit Committee.



In addition, the Audit Committee and the Supervisory Board reviewed and approved the non-financial (Group) statement in accordance with Sections 315b and 315c in conjunction with Sections 289c to 289e HGB, which already largely complies with the future CSRD standard. On behalf of the Supervisory Board, this declaration was itself previously subjected to a business audit – also by RSM Ebner Stolz – to obtain limited assurance.

## Composition of the Management Board, Supervisory Board and committees; female quota

In the fiscal year 2024, the Management Board consisted of Mr. Andreas Niedermaier (CEO), Mr. Andreas Lösler (CFO), who was appointed on January 1, 2024, as well as Mr. Klaus Dieter Englmaier (COO) and Dr. Georg Weichselbaumer (CSO). The mandates of Mr. Niedermaier and Mr. Lösler run until the end of 2026, while those of Mr. Englmaier and Dr. Weichselbaumer run until the end of 2025. Ms. Martina Spitzer (CSO) was also appointed to the Management Board as of January 1, 2025, until the end of 2027. Thus, the female quota of 20% set as target by the Supervisory Board for the first time in April 2024 and valid until 2026 has been reached at the same time on the Management Board.

There were no personnel changes on the Supervisory Board in the reporting period. The Board continues to consist of Mr. Markus Zöllner (Chairman), Dr. Caspar Freiherr von Schnurbein (Deputy Chairman), Prof. Dr. Martina Heigl-Murauer and Mr. Steve Röper – each as representatives elected by the shareholders. Thus, in the reporting year, the Supervisory Board also achieved the female quota of 25% that it had last set itself as a target in February 2025.

The Audit Committee has the same members as the Supervisory Board. The Chairwoman of the committee is Prof. Dr. Heigl-Murauer.

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In the fiscal year 2024, the Alzchem Group was able to celebrate some extraordinary successes that were widely respected and, not least, honored by the capital market. As a result, our company is not only stronger than ever before but has also created highly attractive prospects for the future. This should fill all of our company's stakeholders with pride. Looking back, however, it is first and foremost the Alzchem employees to whom the Supervisory Board would like to express its thanks. Equipped with the proverbial "Alzchem spirit", it is they who have once again added a great chapter of success to the history of the Alzchem Group.

Trostberg, February 25, 2025

Markus Zöllner  
Chairman of the Supervisory Board  
Alzchem Group AG

# Alzchem share

## DEVELOPMENT OF THE ALZCHEM SHARE

The fiscal year 2024 began for the Alzchem share with a Xetra closing price of EUR 26.20. The high for the year was EUR 63.00 on December 3, 2024, and the low for the year was EUR 22.70 on February 16, 2024. The Xetra closing price on December 30, 2024, was EUR 57.00, which corresponds to a market capitalization of EUR 580.1 million. From the company's perspective, the capital market is thus rewarding the sustained positive business development. Equity analysts emphasize the broad diversification of the products and the high innovative strength, which have led to a steadily growing importance of the specialty chemicals business and a unique position in numerous high-growth and high-yield products. In times of crisis, Alzchem has also proven to be a resilient company that acts with agility and can successfully adapt to the individual needs of its customers as well as to social and global developments.

In addition to the significant increase in the value of the share, it is positive that the analysts at Kepler Cheuvreux in April 2024 and Montega in February 2025 added the Alzchem share to their coverage. The latest price target issued for Alzchem by Kepler Cheuvreux is EUR 73.00, by Montega EUR 82.00, by Berenberg Bank EUR 73.00, by Baader Bank EUR 72.00, by Warburg Research EUR 80.00 and by Sphene Capital EUR 74.20.

## IMPORTANT EVENTS IN THE FISCAL YEAR 2024

A particular highlight in the fiscal year 2024 was the inclusion of the Alzchem share in the SDAX selection index on October 2. This makes Alzchem one of the 160 largest and most liquid listed companies in Germany in terms of free float market capitalization. The company sees this milestone in particular as the result of the positive and consistent business development in recent years. At the same time, this confirms that the growth strategy is the right one, with which Alzchem is seamlessly continuing its success story and aims to further expand both the interest in the share and its capital market presence.

On May 7, 2024, the Annual General Meeting approved, among other things, an increased dividend of EUR 1.20 (previous year: EUR 1.05) per share, equivalent to a payout to shareholders of EUR 12.2 million (previous year: EUR 10.7 million).

In the fiscal year 2024, the free float was increased to 50.4% in order to boost the liquidity of the Alzchem share. The main reasons for this were an OTC sale and a reallocation by two anchor shareholders. The company welcomes these measures as well as the continued commitment of the anchor shareholders to their investment in Alzchem shares. In 2025, the free float increased further to 62.0% at the end of February.

Alzchem has been conducting a share buyback program since December 2, 2024. The company will acquire up to 100,000 shares with a volume of up to EUR 6 million over a maximum period of twelve months. The maximum purchase price per share will not be more than 10% above or more than 20% below the share price determined by the opening auction in Xetra trading on the trading day.

The share buyback program was suspended on December 19, 2024, in order to be able to prepare the annual and consolidated financial statements for 2024 on the basis of stable figures. The program was resumed on January 2, 2025. Regular updates are provided on the progress of the share buyback, including on the company's website.

## Master data

ISIN/WKN	DE000A2YNT30/A2YNT3
Stock exchange symbol	ACT
Type and number of shares	10,176,335 ordinary bearer shares with no par value (no-par value shares)
Trading segment	Regulated Market (Prime Standard)
Index membership	SDAX (since October 2, 2024)
Designated Sponsor	Baader Bank AG, ODDO BHF SE

## Key figures

Xetra closing price basis	01/01 - 12/31/2024
Price on 01/02	EUR 26.20
Highest price (12/18)	EUR 63.00
Lowest price (01/04)	EUR 22.70
Price on 12/29	EUR 57.00
Total performance	+117.6%
Earnings per share	EUR 5.31
Market capitalization on 12/29	EUR 580.1 million

## Shareholder structure

Shareholder	%
LIVIA Corporate Development SE	22.99
four two na GmbH	15.05
Free Float*	61.96
↳ thereof Janus Henderson Group Plc	6.45
↳ thereof Lazard Frères Gestion SAS	5.11

\* As of January 2025. The information on the shareholders is based on the information provided to us by the shareholders themselves, the information on the free float is based on Section 2.3 of the "Guide to the DAX Equity Indices".

Please note that the free float is reduced by the shares acquired as part of the current share buyback program and will be adjusted accordingly once the share buyback program has been completed.

### INVESTOR RELATIONS

All relevant information on Alzchem's investor relations activities can be found on our [website](https://www.alzchem.com/en/investor-relations/). A quick overview of important dates is provided in the financial calendar. You will also find facts and figures about Alzchem, in particular the key financial and segment figures. In addition, our website provides comprehensive details on the Alzchem share, current presentations, analyst estimates and reports on business development.



[alzchem.com/en/investor-relations/](https://www.alzchem.com/en/investor-relations/)

# COMBINED MANAGEMENT REPORT OF ALZCHEM GROUP AG

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# Combined Management Report

FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2024

## 1. PRELIMINARY REMARK

Alzchem Group AG is also combining the Group management report and the management report of Alzchem Group AG for the fiscal year 2024 because most of the statements apply equally to both the Alzchem Group and Alzchem Group AG.

The consolidated financial statements of Alzchem Group AG were prepared in accordance with the IFRS Accounting Standards (IFRS) as applicable in the EU while the annual financial statements of Alzchem Group AG were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The combined management report was prepared in accordance with the provisions of the HGB and the German Accounting Standards (DRS). Statements in this combined management report that relate exclusively to Alzchem Group AG are marked accordingly.

The disclosures required in accordance with Section 289a HGB and Section 315a (1) HGB are listed in Section 8 of this combined management report audited by the group auditor.

The non-financial (Group) statement (NFS) contained in Section 11 of this combined management report in accordance with Sections 315b and 315c in conjunction with Sections 289c to 289e HGB, including the information contained in this NFS on compliance with the requirements of Article 8 of

Regulation (EU) 2020/852 for the fiscal year from January 1 to December 31, 2024, which was prepared in partial application of the European Sustainability Reporting Standards (ESRS), has been subjected to a limited assurance engagement by the auditor.

The combined (Group) declaration on corporate governance pursuant to Sections 289f and 315d of the German Commercial Code (HGB) contained in Section 9 is also part of this combined management report. However, this has not been audited by the Group auditor.

The remuneration report to be prepared in accordance with Section 162 AktG is not part of the combined management report. Instead, it is prepared as a separate report, formally audited by the Group auditor and published in accordance with statutory requirements.

## 2. FUNDAMENTALS OF THE GROUP

### 2.1 BUSINESS MODEL

The companies of the Alzchem Group develop, produce and market a wide range of chemical specialties and offer various services, including as a chemical park operator. Alzchem's networked production structure ("Verbund system") creates an efficient value chain that ranges from basic products, such as

- metallurgical additives to improve the quality of steel (CAD<sup>®</sup> and CalciPro<sup>®</sup>),
  - methane reduction additives for liquid manure and biogas fermentation residues (Eminex<sup>®</sup>),
  - fertilizers (Perlka<sup>®</sup>),
  - synthesis building blocks for active pharmaceutical ingredients, including for the production of metformin, a drug for type 2 diabetes (dicyandiamide (DCD)),
  - raw materials for pharmaceuticals, high-performance pigments, agrochemicals and biocides (NITRALZ<sup>®</sup>),
- to specialty products for a wide variety of markets, such as
- feed additives (Creamino<sup>®</sup>),
  - dietary supplement based on high-purity creatine (Creapure<sup>®</sup>, LIVADUR<sup>®</sup>, Creavitalis<sup>®</sup>),
  - applications in agriculture, as a propellant for gas generators (automotive industry) and in defense (guanidine salts/nitroguanidine),
  - growth regulator for agricultural applications (Dormex<sup>®</sup>),
  - for the pharmaceutical and diagnostics market (Bioselect<sup>®</sup>),
  - custom synthesis as contract manufacturing in multi-purpose plants,





- high-performance ceramics in electronic circuit carriers and in electric vehicles in the automotive industry (Silzot®), up to
- hardeners and accelerators in powder, paste and liquid form (DYHARD®).

With its product portfolio, the Alzchem Group offers solutions for a wide range of industries:

- **HUMAN NUTRITION:** The Nutrition division focuses primarily on marketing high-quality Creapure® brand products as dietary supplements for the sports nutrition industry. However, creatine monohydrate can also be added to foods such as dairy products or vegetarian meat substitutes for healthy nutrition or used as a pharmaceutical application – for these purposes the product is marketed under the Creavitalis® brand. The brand LIVADUR® was developed for the daily use of creatine monohydrate at home to support healthy muscles at any age.
- **ANIMAL NUTRITION:** The animal nutrition supplement Creamino® makes a valuable contribution to livestock farming by providing animals with additional energy for healthy growth and saving the breeder feed.
- **PHARMACEUTICALS AND FINE CHEMICALS:** Based on carbon, lime and nitrogen, the Alzchem Group has a widely ramified product family tree ("Verbund system"). This means that Alzchem produces the most important raw materials for many specialty chemicals products in its own plants to the highest quality and is therefore less dependent on external supply chains. At the top of the "Verbund

system", for example, are high-purity guanidine salts, which lead to a product such as Bioselect®, which is increasingly used in the pharmaceutical industry (production of "large molecules"). Alzchem precursors are used in antibody and COVID-19 tests as well as in DNA diagnostics in general. Guanidine salts also lead to the product nitroguanidine, which is used in the field of defense, but also as a gas generator, for example for airbags and seatbelt tensioners. Another application is modern crop protection agents. The basic products are refined, and a wide variety of fine chemicals are produced in the multi-purpose plants (custom manufacturing).

- **AGRICULTURE:** In addition to special fertilizers, such as Perlka®, and growth regulators, such as Dormex®, for wine and fruit cultivation, the Alzchem Group's product range also includes plant strengthening agents, such as Sitofex® and the latest product Eminex® for reducing methane and CO<sub>2</sub> emissions during slurry storage.
- **RENEWABLE ENERGIES:** With the DYHARD® product range, the Alzchem Group is active in lightweight construction (aircraft, automotive) with epoxy resin hot curing agents. The company also offers a system for curing hydrogen cyclinders.
- **METALLURGY:** Alzchem serves two important areas in the steel industry: hot metal desulphurization and secondary metallurgy.
- **SERVICE:** As the site operator of two chemical parks, the Alzchem Group is responsible for the production and distribution of various infrastructure services.

The Alzchem Group operates production facilities at four locations in the south-east Bavarian chemical triangle and in Sundsvall, Sweden. Alzchem is also represented by its own sales companies in the strategically important markets of the USA, China and the UK.

The operating business of the Alzchem Group can be divided along the entire value chain and according to the internal reporting structure into the three business segments Specialty Chemicals, Basics & Intermediates and Other & Holding.

The Specialty Chemicals segment focuses on the production and sale of high-quality specialty chemical products such as Creamino®, Creapure®, Bioselect®, DYHARD®, Dormex® and Nitroguanidine.

The Basics & Intermediates segment comprises the production of basic and intermediate products that are either required as raw materials for the manufacture of specialty chemicals or are marketed as stand-alone products. The latter serve a wide range of applications, for example in agriculture, steel production, pharmaceuticals and the automotive industry.

The Other & Holding segment comprises all other activities that cannot be allocated to the other segments. These are essentially services relating to the Trostberg and Hart chemical parks, which Alzchem operates mainly for itself, but also for third parties. Administrative services are also allocated to this segment.



## 2.2 GROUP STRUCTURE

Alzchem Group AG acts as the parent company of the Alzchem Group and assumes holding functions for the companies in the Group. The scope of consolidation of the Alzchem Group included the following companies as of December 31, 2024:

Company	Seat	Consolidation
Alzchem Group AG	Trostberg, Germany	Parent company
Alzchem Trostberg GmbH	Trostberg, Germany	Fully consolidated
Alzchem International GmbH	Trostberg, Germany	Fully consolidated
Alzchem Stahltechnik GmbH	Trostberg, Germany	Fully consolidated
Suppliva GmbH	Trostberg, Germany	Fully consolidated
Alzchem Shanghai Co. Ltd.	Shanghai, China	Fully consolidated
Alzchem LLC	Atlanta, USA	Fully consolidated
Nordic Carbide AB	Sundsvall, Sweden	Fully consolidated
Alzchem Netz GmbH	Trostberg, Germany	Fully consolidated
Edelife Distributing LLC	Atlanta, USA	Fully consolidated
Alzchem UK Ltd.	Coventry, United Kingdom	Fully consolidated
Actegon Energy GmbH	Trostberg, Germany	Fully consolidated

The complete list of shareholdings in accordance with Section 313 (2) HGB can be found in the notes to the consolidated financial statements.

Since October 5, 2017, the shares of Alzchem Group AG (WKN: A2YNT3) have been traded on the Frankfurt Stock Exchange in the Prime Standard segment of the Regulated Market. On October 2, 2024, the company was included in the SDAX selection index of Deutsche Börse in Frankfurt. This makes Alzchem one of the 160 largest and most liquid listed companies in Germany in terms of free-float market capitalization, reflecting in particular the positive business development of recent years.

## 2.3 CONTROL SYSTEM

The Group is managed through regular meetings and reports by the respective committees, bodies and specialist departments. This regularly includes, among other things

- Board meetings are generally held every two weeks,
- Meetings of the management team,
- Coordination of production and technology,
- Coordination of sales and marketing including innovation management, supply chain management and production,
- Meetings on the management and resource allocation of the Innovation Management department,
- Liquidity management and financing management (daily, monthly, quarterly).

The management process is accompanied by financial corporate management based on a consistent, value-oriented system of key figures. The reports, some of which are daily, weekly and monthly, include a detailed analysis of the results of all business transactions with corresponding catalogs of measures in coordination with the respective process managers. The key performance indicator catalog for financial corporate management is as follows:

Key figure	Calculation
Equity ratio of the Group	Equity/total assets
Inventory intensity	Inventories/sales
Sales	Absolute value



The calculation is based on monthly, quarterly and annual reports. This ensures that plan/actual deviations are recognized at an early stage and countermeasures can be taken in good time. In addition, the following key profitability indicators are used at the level of the Management Board of the Alzchem Group:

Key figure	Calculation
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	EBITDA/sales revenue

Internal management and reporting in the Alzchem Group are fundamentally based on the principles of accounting in accordance with IFRS as described in the IFRS consolidated financial statements. With the exception of the Group-related equity ratio, the other key performance indicators are also used to assess economic success and to measure target achievement on the basis of the reporting units and segments. The key performance indicator is EBITDA, which is also broken down to the operating units and segments to measure target achievement.

EBITDA and the corresponding relative indicator, the EBITDA margin, show the operating profitability independently of the capital structure and investment intensity and enable internal and external comparison of the business with regard to the cost structure. As depreciation and amortization (scheduled and unscheduled) are not taken into account, it is also a cash flow-related figure that can therefore also be used as a sales-related cash flow return.

EBITDA is made up of gross profit (sales less direct production costs), selling, general and administrative expenses, research and non-capitalized development costs and other operating income and expenses plus depreciation and amortization.

Insofar as service relationships exist between the segments, these are calculated using the Group calculation rules and in compliance with transfer price specifications and are not presented as sales in the respective segment but are consolidated. In addition, the key figure for inventories is reported and monitored at segment level both in absolute terms and in relation to sales (inventory intensity).

## 2.4 INNOVATION MANAGEMENT, RESEARCH & DEVELOPMENT

Alzchem sees innovation management as a key growth driver and therefore invests heavily in research and development. The main areas of research & development are product, application and process development. In product and application development, new products are researched, and existing products are further developed. Chemical solutions are also developed for special customer requirements.

In the area of process development, Alzchem concentrates on transferring new findings to production with the aim of constantly increasing the efficiency of production processes. Significant research and development activities relate to the Specialty Chemicals segment at the Trostberg and Waldkraiburg sites but also support the Basics & Intermediates segment at the Trostberg, Schalchen, Hart and Sundsvall (Sweden) sites.

There are no significant research and development activities in the Other & Holding segment.

The total costs incurred for research and development activities for product, application and process development are as follows:

in EUR thousand	2020	2021	2022	2023	2024
Research and development costs	9,363	9,688	10,788	11,413	10,831
% of Group sales	2.5%	2.3%	2.0%	2.1%	2.0%

For the Specialty Chemicals segment, expenses in relation to sales for the fiscal year amounted to 2.2% (previous year: 2.6%).

The Basics & Intermediates segment's expenditure on research and development amounted to 1.2% of sales in the reporting period (previous year: 1.0%).

In the fiscal year 2024, the Alzchem Group employed a total of 100 people (previous year: 100) in the area of research & development/innovation management.



### 3. BUSINESS REPORT

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

#### 3.1 MACROECONOMIC AND INDUSTRY-RELATED FRAMEWORK CONDITIONS

##### 3.1.1 MACROECONOMIC FRAMEWORK CONDITIONS

For 2024, the Kiel Institute expects global production to increase by 3.2%, as it did in its September forecast. In the third quarter, global economic output increased only slightly more strongly, having even lost momentum in the spring. Overall, the pace of expansion remained very moderate – still mainly driven by services. After a noticeable upturn in the first half of the year, global industrial production recently lost momentum again. It is therefore on a flat upward trajectory, as is global trade in goods, which picked up noticeably in the spring but only showed a weak upward trend in the summer months.

The advanced economies showed a slight slowdown in momentum overall. Gross domestic product grew at a slightly slower pace in the third quarter. Developments in the emerging markets were mixed. While the increase in production initially slowed noticeably, primarily due to the weakness in China, this was followed by expansion at an almost unchanged rate in the third quarter.

IfW Kiel expects the following growth rates for gross domestic product in 2024 in the regions that are important for Alzchem:

Region	Development of gross domestic product in 2024
World	3.2%
Eurozone	0.8%
United States	2.8%
Japan	-0.2%
China	4.9%
Latin America	1.8%

Source: Kiel Economic Reports, World Economy in Winter 2024, December 12, 2024, No. 119 (2024/Q4).

According to the Kiel Institute, the German economy is likely to record a 0.2% decline in gross domestic product in 2024. With a continued lack of noticeable upward momentum, only the service sectors are showing a positive trend. In contrast, the manufacturing sector has been in decline for over a year and was recently well below the pre-pandemic level. The fact that capacity utilization in industry fell to 76.5%, more than 5 percentage points below the lows in normal recession phases, is not only due to economic factors but also to a considerable extent to structural factors. One indication of this is, above all, the reduction in the number of jobs with a moderate increase in short-time working to date. In addition to increasing competition, particularly from China, there are also location-specific competitive disadvantages in this country. Considerable uncertainty about the direction of future economic policy is also having a negative impact, which is curbing the willingness to invest and affecting the consumer climate.

Source: Kiel Economic Reports, German Economy in Winter 2024, December 11, 2024, No. 120 (2024/Q4).



### 3.1.2 INDUSTRY-RELATED FRAMEWORK CONDITIONS

#### DEVELOPMENT OF THE CHEMICAL AND PHARMACEUTICAL INDUSTRY

2024 was another difficult year for the chemical-pharmaceutical industry in Germany. With an increase of 2%, its production fell short of the more positive hopes that had their origins in the positive start to the year. Chemical production alone increased by 4% in 2024. Even if this means that the rapid downturn of the past two years has at least not continued, the situation remains difficult. The average capacity utilization of production facilities fell from 77% to 75% compared to the previous year and has thus remained well below the basic value of around 82% generally required for profitable operations for four years. As a result, the first plants have been permanently closed in recent months – and further closures are likely to follow.

Chemicals and pharmaceuticals achieved total sales of EUR 221 bn in 2024, which equates to a decline of 2%. Foreign business decreased by 1% to EUR 139 billion, while Germany recorded a decline of 4% to EUR 82 billion. A 2.5% decline in chemical prices also contributed to this.

In Europe, the weak phase of chemical production that began in early 2022 continued unchanged with growth of just 2%. In China, chemical production grew by 8% in 2024, while US chemical production stagnated.

Source: German Chemical Industry Association (VCI), press release dated December 13, 2024; Henrik Meincke, “Slump in demand in the global chemicals business continues”, CHEManager 12/2024

#### DEVELOPMENT OF THE STEEL INDUSTRY

Despite year-on-year growth of 5% in the first ten months of 2024 and 15% in October compared to September, crude steel production in Germany remained well below the long-term average. Accordingly, the volume of crude steel produced remained at a very low level.

Source: German Steel Federation; press release from November 21, 2024

### 3.2 BUSINESS DEVELOPMENT

#### 3.2.1 GENERAL DEVELOPMENT IN THE FISCAL YEAR 2024

The fiscal year 2024 developed very successfully for Alzchem Group AG. In July, the Management Board raised its earnings forecasts for the year as a whole due to the stronger growth in the first half of the year and the shift in the product mix towards specialty chemicals. All forecasts were met. With sales growth of 2.5% to EUR 554.2 million, Alzchem once again succeeded in outperforming the chemical industry. As in the previous year, the consistent focus on higher-margin specialty chemicals products proved to be a key success factor. Thanks to a significant increase in sales (+8.8%), the Specialty Chemicals growth segment was able to successfully overcompensate for the expected volume and price-related decline in sales of -9.5% in the Basics & Intermediates segment. Here, Alzchem continued to consciously avoid low-margin business and the price war with Asian or Russian competitors.

Within the individual application areas, Human Nutrition (Creapure®), Animal Nutrition (Creamino®) and Defense (Nitroguanidine) performed particularly well. The order situation for products in the areas of pharmaceuticals (Bioselect® due to the general trend towards customized, individually

tailored DNA analyses) and automotive (DYHARD® due to increasing use in lightweight construction) was also pleasing. The agricultural sector also developed positively with the fertilizer Perlka® as a result of a significant recovery in demand. By contrast, the Custom Manufacturing division (multi-purpose systems), which is significantly influenced by the general European chemical economy, and the NITRALZ® business remained challenging due to the persistently strong price-driven competition from China. Regulatory restrictions also had a particularly strong impact in this area.

Thanks in particular to the higher-margin specialty chemicals, Alzchem was able to significantly increase key earnings figures in the reporting year. Group EBITDA increased at a disproportionately high rate compared to sales by 29.4% to EUR 105.3 million, as a result of which the EBITDA margin climbed from 15.1% to 19.0%. Specialty Chemicals accounted for EUR 20.8 million of the EBITDA growth. The Basics & Intermediates segment also made a contribution to this positive earnings performance with EUR 1.3 million, achieving EBITDA growth of 13.6% despite a decline in sales and thanks to the slightly lower cost level. Consolidated net income for the year rose by 55.9% to EUR 54.2 million compared to the previous year.

As a result of the significant increase in profitability and the continued strict working capital management, the Alzchem Group's financial position also continued to develop positively in the fiscal year 2024. Operating cash flow increased by EUR 32.5 million or 44.7% compared to the previous year. Free cash flow climbed significantly by EUR 22.0 million or 42.3% to EUR 74.2 million, although the cash outflow from investing activities increased from EUR 20.5 million to EUR 31.0 million. Cash and cash equivalents increased significantly compared to the previous year's reporting date from EUR 11.9 million to EUR 61.5 million.



### 3.2.2 COMPREHENSIVE INVESTMENT DECISIONS FOR ADDITIONAL GROWTH

In the fiscal year 2024, Alzchem decided to make several significant investments in order to achieve additional profitable growth and further strengthen its own market position. These include, in particular, two projects in the nitroguanidine area, which reflect the significantly increasing importance of Alzchem's defense products for industry and government agencies. Thanks to non-repayable grants that have already been secured, the largest investment in the company's history, totaling around EUR 140 million, can be carried out largely without additional debt or equity.

Firstly, the existing plants in Germany for the production of guanidine nitrate, the precursor of nitroguanidine, are to be modernized and expanded at a cost of around EUR 76 million. Of this, Alzchem will receive EUR 34.4 million from the EU Commission's ASAP ("Act in Support of Ammunition Production") funding instrument. The first partial payment of these non-repayable funds was already made in 2024. On the other hand, nitroguanidine production capacities in Germany are to be doubled with an additional investment volume of around EUR 64 million. Significant and also non-repayable subsidies for this overall investment are being paid in the joint interest of several customers from the defense sector.

Alzchem plans to put the new production capacities in Germany into operation in the second half of 2026 and to achieve a gradual increase in sales in the upper double-digit million range from 2027 with correspondingly significant positive earnings contributions. After the first payments for the project were already made in the fiscal year 2024, the

main cash outflows are expected in the fiscal years 2025 and 2026.

In parallel to the extensive capacity expansions in Germany, Alzchem is looking for a suitable nitroguanidine production site in the USA on the basis of a preliminary agreement with the US Department of Defense. If successful within the next two years, the US Department of Defense will provide a non-refundable investment grant of USD 150 million to enable Alzchem to build a new nitroguanidine production facility in the US by the end of 2029. This facility is to be operated by Alzchem in addition to the facilities in Germany.

In the Human Nutrition segment, another decision was made to incrementally expand creatine production capacity in order to meet the continued strong market demand with the products Creapure®, LIVADUR® and Creavitalis®. This will be implemented in the first half of 2025 and, in addition to expanding capacity, will also contribute to a higher degree of automation.

### 3.2.3 SALES AND REVENUE

The fiscal year 2024 closed with sales of EUR 554,231 thousand, an increase of EUR 13,582 thousand on the previous year. Alzchem was thus able to achieve new record sales despite deliberately accepting a decline in volumes, particularly in the Basics & Intermediates segment. Due to the significant shift in sales shares towards the Specialty Chemicals segment, Alzchem was able to successfully continue its consistent transformation towards higher-margin specialty chemicals. While sales in the Specialty Chemicals segment increased by EUR 28,287 thousand to EUR 348,089 thousand, they fell in the Basics & Intermediates segment to EUR 174,003 thousand (EUR -18,180 thousand). The Other &

Holding segment was up on the previous year at EUR 32,140 thousand (EUR 3,476 thousand).

Looking at the Group as a whole, the growth in sales compared to the previous year is primarily due to volume effects:

#### CHANGE IN SALES COMPARED TO PREVIOUS YEAR

in %			Fiscal year 2024
<b>Sales 2023</b>	<b>EUR thousand</b>	<b>540,649</b>	
Volume	%		+3.03
Price	%		-0.45
Currency	%		-0.07
<b>Sales 2024</b>	<b>EUR thousand</b>	<b>554,231</b>	

The situation in the individual segments must be viewed in a differentiated manner. While the Specialty Chemicals segment recorded positive volume and price effects, the decline in sales in the Basics & Intermediates segment resulted, as expected, from a combination of negative volume and price effects. Here, Alzchem deliberately accepted the decline in volumes if the market did not allow profitable pricing and at the same time there was no negative impact on "Verbund production". Price declines resulted in particular from the reduced cost level for energy and other key raw materials, which meant that cost reductions could be passed on to customers in some product areas - without negatively impacting Alzchem's profitability. This is discussed in more detail in the discussion of sales development in the individual segments in section 3.2.5.1.



### 3.2.4 PURCHASING AND PRODUCTION

The situation for Alzchem's purchasing department stabilized further in the past fiscal year. Global supply bottlenecks have decreased significantly since 2021 compared to developments in previous years. The weakness of national and global industrial activity led to a decline in global demand and increased competition among suppliers. As a result of the low capacity utilization, delivery times have decreased overall and contributed to a stabilization of the supply situation. The prices of the most important raw materials for Alzchem moved in both directions. There were no extreme price fluctuations for any raw material in the past fiscal year. Overall, it can be stated that the price level fell slightly compared to the previous year. Here too, the weakening global industrial activity and increasing competition among suppliers played a key role. However, the prices of key raw materials were still above the level seen before the start of the war in Ukraine in 2022.

The availability of logistics has improved overall compared to previous years. As a result, inventories could be delivered more quickly and on time. Nevertheless, the increasing geopolitical tensions pose a growing challenge. In the past fiscal year, the conflicts in the Red Sea region in particular led to disruptions and detour of trade routes. As a result, transportation costs to and from Asia rose considerably. In addition, transit and security stocks increased as a result of the longer transportation times.

With regard to electricity procurement, Alzchem has adhered to the strategy defined for the German sites since the end of 2022 that electricity will no longer be purchased forward one to two years in advance, as Alzchem believes that the currently traded forward prices are subject to too much fluctuation and turbulence. The experience of past fiscal years has shown that spot purchases currently offer more favorable prices than the previously traded forward prices for the same period. However, this is at the expense of the

predictability of results and does not limit the risk of sharp fluctuations in electricity prices. In the past fiscal year, the increase in renewable energies in particular led to significant fluctuations, both seasonally and on an hourly basis within individual days. Renewable energies such as wind and solar energy are dependent on the weather and are therefore not always constantly available. This volatility has led to fluctuations in electricity generation, which in turn has affected electricity prices. In addition, the expansion of renewable energies requires considerable investment in new plants and the modernization of the electricity grid, which has led to a further increase in grid fees compared to previous years.

Overall, Alzchem has found a good mix in order not to buy electricity too far in advance, but still to ensure a certain amount of short-term risk hedging. Currently, electricity is purchased two to a maximum of three months in advance if the traded prices appear reasonable. Purchases are only made after consultation with the sales and production departments. This allows us to forecast exactly which orders have already been fixed and included in production planning.

In addition to this pricing strategy, Alzchem in Germany uses the concept of electricity price-optimized furnace operation to reduce electricity costs. Alzchem's largest electricity consumers are the two carbide furnaces at the Hart site. The concept of electricity price-optimized furnace operation involves downgrading or switching off the carbide furnaces when electricity is most expensive and producing at high pressure when electricity is cheapest. In the mornings and evenings, the power supply to the carbide furnaces is adjusted as much as possible without affecting the quality of the production process. Furthermore, production is carried out in both carbide furnaces during the warmer months of the year, while one of the two carbide furnaces is taken out of production during the colder months when electricity prices are usually higher. In addition, a process

was established in the past fiscal year to reduce electricity consumption at short notice on days when electricity prices are significantly higher. With a lead time of two to three days, cyclical and weather-dependent changes are forecast in advance, allowing strong price swings to be recognized reliably and early on an hourly basis. In coordination with production, any necessary maintenance measures are scheduled to the hour for periods of particularly high electricity prices and the amount of electricity purchased on the spot market is reduced at an early stage. This allows Alzchem to optimize electricity consumption, store the cheap electricity in the carbide stock and continue to supply the production network with carbide in times of higher electricity prices.

However, in order to meet energy relief requirements, the 7,000 h rule regarding continuous power consumption must be observed despite all flexibility.

With the flexibility of the furnace operation, Alzchem also contributes to stabilizing the electricity grids. On May 22, 2024, the new market-based instrument "real-time system service product from interruptible loads" (SEAL) was launched. SEAL comprises services aimed at ensuring the stability and reliability of the electricity grid by quickly switching off loads (electrical consumers) when required. These measures are particularly important to balance fluctuations in electricity supply and demand and to keep the grid frequency within permissible limits. Alzchem has qualified both carbide furnaces for participation in this program, making a significant contribution to grid stability.

Alzchem's production had to be managed very flexibly in the past fiscal year. On the one hand, the special focus on optimizing furnace operation in line with the grid and electricity price requires a high degree of flexibility throughout the entire Alzchem production chain. On the other hand, the deliberate avoidance of volume sales with negative margins resulted in some very short-term volume reductions. At the



same time, the production of nitroguanidine, Creamino® and Creapure® was increased, and the production facilities were largely operated at full capacity. Employees had to help out in other plants at short notice, in order to meet demand there. This flexibility characterizes Alzchem and its employees in particular. We would like to thank the employees in production, technology and the service departments for their outstanding flexibility.

Other production facilities also faced challenges, particularly with regard to production schedules. After volumes were postponed or not called off at short notice, Alzchem brought forward any planned maintenance shutdowns as far as possible. At other plants, which were producing at full capacity, the technically necessary maintenance shutdowns were carried out in record time in a multi-shift system in order to be ready for production again quickly. In addition, the employees in engineering and production always endeavored to increase the capacities of the plants beyond the previously planned level by permanently increasing efficiency and thus being able to meet the increased demand. This flexibility and constant striving for efficiency improvements are also a core element and strength of Alzchem.

The production team was also able to successfully master all imponderables in the fiscal year 2024. Over the course of the year and across Alzchem as a whole, the plants were predominantly operated at a satisfactory level of capacity utilization.

## 3.2.5 NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

### 3.2.5.1 RESULTS OF OPERATIONS

in EUR thousand	2022	2023	2024
Sales revenue	542,223	540,649	554,231
Change in finished and unfinished goods	22,193	-3,804	-5,317
Other operating income	24,177	13,857	17,301
Cost of materials	-288,877	-225,145	-195,663
Personnel expenses	-137,139	-145,637	-160,499
Other operating expenses	-101,136	-98,547	-104,785
<b>EBITDA</b>	<b>61,441</b>	<b>81,373</b>	<b>105,268</b>
Depreciation and amortization	-25,543	-25,900	-26,318
<b>EBIT</b>	<b>35,898</b>	<b>55,473</b>	<b>78,950</b>
Other interest and similar income	8,421	382	2,230
Interest and similar expenses	-3,037	-7,666	-5,837
- thereof non-cash	-1,393	-4,457	-3,512
Financial result	5,384	-7,284	-3,607
<b>Result from ordinary business activities</b>	<b>41,282</b>	<b>48,189</b>	<b>75,343</b>
Taxes on income and profit	-11,059	-13,397	-21,097
<b>Consolidated annual result</b>	<b>30,223</b>	<b>34,792</b>	<b>54,246</b>
thereof non-controlling interests	171	171	171
thereof interests of shareholders of Alzchem Group AG	30,052	34,621	54,075
Earnings per share in EUR (undiluted and diluted) *	2.96	3.40	5.31

\* After the transfer of shares to employees in 2023, calculated with the average number of outstanding shares: in the period 01/01-12/31/2023 with 10,169,572 shares. In the entire period of 2024 calculated with 10,174,204 shares.





In the fiscal year 2024, the Group generated revenue of EUR 554,231 thousand, which represents an increase of EUR 13,582 thousand or 2.5% compared to the previous year (EUR 540,649 thousand). Revenue development compared to the previous year can be presented as follows, taking into account the factors of volume, price and currency

in EUR thousand	2022	2023	2024
Sales of the previous year	422,293	542,223	540,649
Volume effect in %	-2.59	-9.16	3.03
Price effect in %	27.57	9.38	-0.45
Currency effect in %	3.42	-0.52	-0.07
Sales of the fiscal year	542,223	540,649	554,231

The sales performance in the fiscal year 2024 shows a differentiated picture in the various segments. In the Basics & Intermediates segment, there was a decline in sales of EUR 18,180 thousand, which is attributable to volume and price formula-related factors. In contrast, the Specialty Chemicals segment once again recorded significant growth of EUR 28,287 thousand, which in total exceeded the decline in sales in the Basics & Intermediates segment. The Other & Holding segment recorded an increase in sales of EUR 3,476 thousand compared to the previous year. A detailed analysis of the main factors influencing the sales trend is provided in the segment reporting.

The breakdown of sales by global regions and economic areas is as follows:

in EUR thousand	2022	2023	2024
Germany	145,826	152,130	157,206
European Union (excluding Germany)	173,886	173,404	177,978
Rest of Europe	25,573	28,309	27,170
NAFTA	83,914	94,661	90,305
Asia	62,487	39,789	43,375
Rest of the world	50,537	52,355	58,197
Total	542,223	540,649	554,231

Compared to the previous year, sales increased in almost all of the regions mentioned above. Only in the "Rest of Europe" and "NAFTA" regions was no sales growth recorded.

In Germany, sales growth was mainly achieved in the defense technology segment with nitroguanidine.

Sales development in the European Union showed a varied picture for the various product areas. Strong increases were achieved in the defense sector with nitroguanidine, in agriculture with the product Perlka® and in the human nutrition sector with the product Creapure®. By contrast, sales in the Metallurgy segment fell due to lower volumes and prices.

The Rest of Europe region remained almost stable at the previous year's level. While Creapure® and Creamino® were able to grow here, sales of some products in the multi-purpose systems were down on the previous year.

Sales in the NAFTA region were down on the previous year. In this region, Creapure® sales increased, while sales revenue for DCD was down on the previous year.

The increase in sales in Asia was primarily due to higher sales with Creamino®.

In the "Rest of the World" region, sales development was largely characterized by products from the Specialty Chemicals segment. The biggest sales drivers here were the Human and Animal Nutrition divisions with Creapure® and Creamino®.



In the fiscal year 2024, Alzchem generated other operating income of EUR 17,301 thousand, which was EUR 3,444 thousand higher than in the previous year. The largest change compared to the previous fiscal year resulted from the increase in own work capitalized in connection with the increased investment activity.

The cost of materials amounting to EUR 195,663 thousand comprises the cost of raw materials and supplies consumed in the production process. The changes in inventories of finished goods and work in progress led to a reduction in inventories of EUR 5,317 thousand. The "extended cost of materials ratio" ((cost of materials - increase in inventories + reduction in inventories) / sales) fell from 42% to 36% compared to the previous year. The reduction is primarily due to the increase in sales in the Specialty Chemicals division, where production is less energy and raw material intensive and therefore involves a lower proportion of materials. In addition, the slight decrease in electricity and raw material costs had a positive effect on the cost of materials ratio.

Personnel expenses for the fiscal year 2024 amounted to EUR 160,499 thousand, an increase of 10% compared to the previous year. The reasons for this are collectively agreed increases (1st increase of 3.25% effective January 1, 2024, and 2nd increase of 2.00% effective September 1, 2024), an increase in personnel of 33 full-time equivalents on average during the fiscal year and higher expenses for earnings-related wage and salary components due to the significantly improved earnings situation and the positive share price performance of Alzchem. Due to the disproportionately strong increase in personnel expenses compared to sales, the personnel expenses ratio rose slightly from 27% in the same period of the previous year to 29% in the reporting period.

The number of employees at Alzchem developed as follows:

Employees <sup>1</sup>	2017	2018 <sup>2</sup>	2019	2020	2021	2022	2023	2024
Commercial workers	766	802	821	818	818	850	857	870
Employees	610	635	677	679	683	698	700	725
Trainees	115	125	125	134	135	129	133	130
<b>Total employees</b>	<b>1,491</b>	<b>1,562</b>	<b>1,623</b>	<b>1,631</b>	<b>1,636</b>	<b>1,677</b>	<b>1,689</b>	<b>1,725</b>
Change	1.5%	2.4%	4.0%	0.5%	0.3%	2.5%	0.7%	2.1%

<sup>1</sup> Employees = average calculation of employees at the end of the last four quarters prior to the respective reporting date, including those abroad

<sup>2</sup> Figures for 2018 as a whole are unaudited and are the sum of the two audited short fiscal years 2018/I and 2018/II.

Other operating expenses amounted to EUR 104,785 thousand in the fiscal year 2024, up EUR 6,238 thousand on the previous year. This corresponds to an increase of 6%, which is mainly due to business growth. In addition to the increase in disposal costs due to higher production volumes in the specialty chemicals segment, the costs for purchased external services and maintenance also increased.

EBITDA increased significantly by EUR 23,895 thousand to EUR 105,268 thousand. The main reason for this increase was the growth in sales in the Specialty Chemicals segment, which is characterized by a higher EBITDA margin. A slightly lower cost level in the Basics & Intermediates segment also contributed to the positive development. The EBITDA margin was 19% in the reporting period and therefore significantly higher than the in the same period of the previous year.



Depreciation and amortization are as follows:

in EUR thousand	2022	2023	2024
Amortization of intangible assets	731	738	964
Depreciation of property, plant and equipment	22,735	23,208	23,432
<b>Depreciation of own assets</b>	<b>23,465</b>	<b>23,946</b>	<b>24,396</b>
Amortization of lease usage rights	2,078	1,954	1,922
<b>Total depreciation and amortization</b>	<b>25,543</b>	<b>25,900</b>	<b>26,318</b>

In total, depreciation and amortization amounting to EUR 26,318 thousand was recorded in the Group. This was slightly above the previous year's level.

The financial result improved significantly compared to the same period of the previous year to EUR -3,607 thousand (previous year: EUR -7,284 thousand). Thanks to the positive liquidity situation, interest income was generated from short-term time deposits of excess liquidity. On the other hand, interest expenses were reduced due to the lower use of factoring. In addition, the financial result improved due to a better result from interest on long-term provisions in the personnel area and for landfill provisions.

Tax expenses amounted to EUR 21,097 thousand after EUR 13,397 thousand in the previous year. The effective Group tax rate therefore amounted to 28.0% (previous year: 27.8%). This includes current tax expenses of EUR 20,120 thousand (previous year: EUR 15,108 thousand) and deferred tax expenses of EUR 977 thousand (previous year: deferred tax income of EUR 1,710 thousand). The actual tax expense increased in particular due to the significant rise in earnings before taxes.

Consolidated annual result for the fiscal year 2024 amounted to EUR 54,246 thousand (previous year: EUR 34,792 thousand), an increase of EUR 19,454 thousand.

The increase in consolidated result for the period also improved earnings per share, which amounted to EUR 5.31 in the reporting period. This represents an increase EUR 1.91 or 56% compared to the previous year. Earnings per share were calculated using a weighted average number of shares in circulation of 10,174,204 in the fiscal year 2024 and 10,169,572 in the fiscal year 2023. Although the weighted average number of shares in circulation has increased compared to the previous year, earnings per share are higher than in the previous year.

## 3.2.5.1.1 DEVELOPMENT IN THE SEGMENTS

### 3.2.5.1.1.1 SPECIALTY CHEMICALS SEGMENT

#### KEY FIGURES FOR THE SEGMENT

in EUR thousand	2022	2023	2024	Change
External sales	288,361	319,802	348,089	+8.8%
EBITDA	53,014	73,243	94,017	+28.4%
EBITDA margin	18.4%	22.9%	27.0%	+4.1 percentage points
Inventories	68,535	55,998	59,074	+5.5%
Inventory intensity	23.8%	17.5%	17.0%	-0.5 percentage points

The Specialty Chemicals segment remains Alzchem's growth driver and was able to significantly increase sales as well as EBITDA and the EBITDA margin compared to the previous year. This further increased the importance of the segment for Alzchem. The segment's share of sales amounted to 63% (previous year: 59%) and the segment contributed 89% (previous year: 90%) to EBITDA.

Segment sales amounted to EUR 348,089 thousand, up EUR 28,287 thousand (9%) on the previous year. The Specialty Chemicals segment thus continued to grow unabated. The increase in sales resulted from a combination of positive volume and price effects. Most product areas contributed to this sales growth, albeit to varying degrees.

The guanidine salts product area, in particular nitroguanidine, accounted for a significant share of revenue growth in the fiscal year 2024. The increase in sales is attributable to both volume and price effects. The shift in sales from applications in the agrochemical and automotive industries to the defense sector continued seamlessly. In October 2024, Alzchem approved an extensive investment program to double capacity in order to meet the further increase in demand, as described at the beginning (for more details, see section 3.2.2.).

The Human Nutrition product area also performed well. Demand for creatine "Made in Germany" has increased further compared to the previous year. Alzchem has created a differentiating feature here and has established a strong market position with Creapure® through a clear branding strategy. In addition to Creapure®, a second brand, Creavitalis®, has been established in the food & health sector in order to reach additional target groups in addition



to the sports sector. The current development in the global creatine market offers Alzchem additional growth potential in new areas of application. Against this backdrop, the company is working on a further expansion of production capacities with increasing automation. To further strengthen the Creapure® brand, sponsorship in the professional sports sector was driven forward. To this end, Alzchem entered into partnerships with FC Bayern Basketball and the Munich Ravens football team. This is intended to emphasize the importance of sports-oriented supplementation and performance enhancement and further increase the visibility of the Creapure® brand.

The Animal Nutrition product area also showed a stable growth trend. Here, the Creamino® brand achieved volume and therefore sales growth despite the intensely competitive price situation. The further expansion of sales activities in all key global markets is paying off and will continue to be systematically pursued.

There was also a positive sales trend in the automotive (DYHARD®) and pharmaceutical (Bioselect®) sectors. With products under the DYHARD® brand, Alzchem offers a versatile product range that plays an important role in lightweight construction in particular and is increasingly being used in automotive manufacturing. The aim of reducing the weight of vehicles is to significantly reduce fuel consumption, CO<sub>2</sub> emissions and the proportion of steel. Due to the increased demand from the automotive sector, DYHARD® was able to achieve a significant increase in volume. In the pharmaceuticals sector, Alzchem is benefiting from the general trend

towards the increasing importance of customized, individually tailored DNA analyses. Among other things, Alzchem has established itself with Bioselect® products for the detection and investigation of cancer and has helped to significantly improve both the accuracy and efficiency of cancer diagnostics. Strong sales growth was achieved here compared to the previous year.

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

Sales in the agricultural product area (Dormex®) did not quite reach the previous year's level. There is considerable price competition with Asian competitors in this area, which is why a decline in sales was recorded. However, customers particularly appreciate the quality and delivery capability of Alzchem, which ensures the supply of fresh fruit in Europe and not least in the USA. As a result, Alzchem is still largely able to defend its good position in the market.

The segment's EBITDA also increased disproportionately strongly compared to revenue, rising to EUR 94,017 thousand in the fiscal year 2024, up EUR 20,774 thousand (28%) on the previous year. As a result, the EBITDA margin increased significantly year-on-year from 22.9% to 27.0%. The increase in profitability shows that Alzchem has established a strong position in the market for the products in the Specialty Chemicals segment. For the individual product areas, it should be noted that the comments on sales development also apply to the development of EBITDA. The consistent, increasing focus on specialty chemicals products is making a significant contribution to earnings growth. In addition, the development of the Specialty Chemicals segment also demonstrates the advantages of the "Verbund system", which ensures a reliable supply of high-quality raw materials. This distinguishes Alzchem from competitors who are much more dependent on external sources for the supply of raw materials.

The segment's inventories amounted to EUR 59,074 thousand, up EUR 3,076 thousand on the previous year. The increase is mainly due to the increased business activity in the segment. Thanks to active working capital management, it was possible to prevent inventories from increasing at the same rate as sales. The overall improvement in logistics availability also made it possible to reduce safety buffers in purchasing and sales and to deliver inventories more quickly and on time.



### 3.2.5.1.1.2 SEGMENT BASICS & INTERMEDIATES

#### KEY FIGURES FOR THE SEGMENT

in EUR thousand	2022	2023	2024	Change
External sales	227,539	192,183	174,003	-9.5%
EBITDA	4,983	9,531	10,825	+13.6%
EBITDA margin	2.2%	5.0%	6.2%	+1.2 percentage points
Inventories	49,945	49,139	41,912	-14.7%
Inventory intensity	22.0%	25.6%	24.1%	-1.5 percentage points

The Basics & Intermediates segment recorded a year-on-year decline in sales of EUR 18,180 thousand to EUR 174,003 thousand (-9.5%). Nevertheless, the segment's profitability increased – EBITDA rose by EUR 1,294 thousand to EUR 10,825 thousand, reflecting the effects of the earnings-optimized pricing strategy. Alzchem has decided to consciously accept lower sales volumes in favor of economically viable sales prices if the market does not permit profitable pricing and this does not have a negative impact on "Verbund production". In addition to external sales, some of the segment's production facilities also pass on their products as raw materials to downstream product areas. For this reason, consideration was always given to the entire production chain of the production network in order to maintain the production and supply capability of the downstream product areas.

The decline in sales is due to a combination of price and volume effects. Overall, the fall in costs for energy and other key raw materials in particular meant that sales prices could be reduced through price escalation clauses and cost reductions passed on to customers. The decline in sales was exacerbated by targeted volume reductions, although the volume trend must be considered separately for each product area. In general, competition in this segment is more intense than in the Specialty Chemicals segment. Some products in the Basics & Intermediates segment are exposed to strong Asian competition, which has significantly lower energy and CO<sub>2</sub> costs to process and operates under different (e.g. ESG) framework conditions than Alzchem. Alzchem cannot and does not want to keep up with the prices of these competitors, as the company is convinced that they do not allow economically sustainable operations under the existing framework conditions in Germany and Europe. These companies benefit nationally from significantly lower energy costs and at the same time do

not have to process the CO<sub>2</sub> costs included in every energy purchase in Europe. The framework conditions and cost structure are therefore hardly comparable with those of Alzchem. As a result, some customers are switching to the Asian competition and placing lower volume orders with Alzchem. It remains to be seen how sustainably the Asian competition can maintain this price level.

These effects can be seen when looking at the individual product areas. The NITRALZ® product area with applications in the pharmaceutical, agrochemical and basic chemicals industries faced particularly strong price competition from Asian competitors. Sales fell here compared to the same period of the previous year as a result of a combination of volume and price reductions. Sales here are primarily realized with customers who place regional supply chains, delivery reliability, quality and reliable compliance with ESG criteria above short-term cost effects. In the NITRALZ® area, Alzchem also intends to increasingly move away from standard applications towards special applications in growth markets in order to gain a significant competitive advantage over the dumping competition from Asia. Ongoing discussions with customers in this regard make Alzchem quite positive that this strategy can lead to a trend reversal.

In the pharmaceutical sector (building block dicyandiamide), in which Alzchem is the only producer outside Asia, sales were below the previous year's level due to a combination of volume and price effects. Although European pricing is significantly higher than that of Asian competitors, Alzchem's reliable quality, delivery reliability and speed of delivery represent a competitive advantage that customers continue to trust – albeit at a reduced level.

In the metallurgy business, sales were significantly below the previous year's level. In this area, almost all customer contracts have now been converted to price escalation clauses, through which the lower energy and raw material costs compared to the previous year are also taken into account in pricing. Alzchem continues to be dependent on the economic situation in the European steel industry, which has led to reduced customer call-offs.

The development in the agricultural sector with the fertilizer Perlka® should be highlighted on a positive note. Thanks to a significant recovery in demand, sales increased considerably. Due to the product's greater specialization in crops with high added value, customers are prepared to pay a certain premium over cheaper alternatives. Natural gas-based products from Russia in particular are still available at much lower prices, as imports of (natural gas-based) fertilizers are still not subject to an EU embargo. The global increase in sales of Eminex® is also positive. Alzchem sees great potential for this product in the future if regulatory CO<sub>2</sub> pricing reaches agriculture or if more and more producers focus on sustainability aspects in agriculture in addition to animal welfare.



Segment EBITDA was decoupled from the decline in sales and increased by EUR 1,294 thousand to EUR 10,825 thousand. The EBITDA margin was 6.2% and therefore higher than the previous year's figure of 5.0%. It is clear that volume is not the only decisive factor if it does not have a negative impact on the optimal production structure. For the individual product areas, it should be noted that the comments on the development of sales also apply to the development of EBITDA

Inventories in the Basics & Intermediates segment amounted to EUR 41,912 thousand, down EUR 7,227 thousand on the previous year. In addition to the business activities in the segment, the significant decline was mainly due to active working capital management. Thanks to the overall improvement in logistics availability, safety buffers in purchasing and sales were reduced, and inventories were delivered more quickly and on time. In addition, the slightly lower overall price level for key raw materials led to a reduction in inventories.

### 3.2.5.1.1.3 OTHER & HOLDING SEGMENT

#### KEY FIGURES FOR THE SEGMENT

in EUR thousand	2022	2023	2024	Change
External sales	26,323	28,664	32,140	+12.1%
EBITDA	1,959	463	1,788	+286.4%
EBITDA margin	7.4%	1.6%	5.6%	+4.0 percentage points
Inventories	4,164	4,377	4,487	+2.5%
Inventory intensity	15.8%	15.3%	14.0%	-1.3 percentage points

Sales in the Other & Holding segment were up on the previous year (EUR +3,476 thousand), which is mainly to the passing on of increased grid fees from upstream grid operators. The services used were primarily of a variable nature (energy supply, technical services and grid operation) and included the usual price increases. At EUR 1,788 thousand, the segment's EBITDA was also EUR 1,325 thousand higher than in the previous year.

Segment inventories remained largely stable at EUR 4,487 thousand compared to EUR 4,377 thousand in the previous year.

## 3.2.5.2 FINANCIAL POSITION

### 3.2.5.2.1 CAPITAL STRUCTURE

When selecting financial instruments, the focus is on financing with matching maturities, which is achieved by managing maturities. The fiscal year 2024 was characterized by a strong cash flow from operating activities. In the previous year, a refinancing was carried out in cooperation with Alzchem's financing partners, in which short-term financing lines were converted into long-term loans in the amount of EUR 30 million. At the end of 2024, the existing financing lines committed by banks amounted to EUR 77.5 million, which continues to ensure a secure and solid financing structure. To cover working capital peaks, Alzchem had an additional EUR 40 million available from a factoring program at the end of 2024, which had not been utilized as of December 31, 2024.

As of December 31, 2024, the financing of the Alzchem Group is as follows

in EUR thousand	2023	2024
Long-term loans (including their current portion)	57,498	48,665
Utilization of short-term financing lines	0	0
Freely available short-term financing lines	87,500	77,500

In connection with a reorganization in the area of the banks supporting Alzchem, the freely available financing line was reduced by EUR 10 million. With this financing structure, Alzchem considers itself well positioned for further growth.



### 3.2.5.2.2 INVESTMENTS

While investment activity was more restrained in the fiscal year 2023 due to the uncertain business environment, investments increased in the fiscal year 2024. In the first half of 2024, investments were made primarily in the completion of the photovoltaic park at the Trostberg site, the expansion of creatine capacities and in infrastructure measures. In the second half of the year, work began on expanding capacities for nitroguanidine and renewing or expanding the existing facilities for the production of guanidine nitrate. Cash outflows from investing activities totaled EUR 30,994 thousand and were therefore EUR 10,447 thousand higher than in the previous year. This cash outflow was reduced by a non-repayable investment grant of EUR 12.0 million from the EU Commission.

Due to the strong operating cash flow, free cash flow also improved significantly compared to the previous year. After deducting cash flow from investing activities, free cash flow amounted to EUR 74,153 thousand, which corresponds to an increase of EUR 22,030 thousand compared to the previous year.

Due to the network structure and the resulting interlinking of the infrastructure and investment structure, segment-related information on investments is not provided, as this is not meaningful and is not part of internal reporting.

### 3.2.5.2.3 LIQUIDITY

Within the Alzchem Group, Alzchem Trostberg GmbH assumes the Group's internal financing function and ensures the short-term liquidity of the subsidiaries through a cash pooling system.

The non-current loan liabilities currently reported result from loans taken out to finance investments in the fiscal years 2017 and 2020. EUR 30 million in non-current loans were added in the fiscal year 2023 as a result of the successful refinancing. This long-term, partly project-related financing for measures already implemented with a term of more than one year amounted to EUR 41,082 thousand as of the reporting date (previous year: EUR 48,665 thousand). The current portion of non-current loan liabilities as of December 31, 2024, amounted to EUR 7,583 thousand (previous year: EUR 8,833 thousand) and is reported in the balance sheet item current loan liabilities to banks. In total, these loans amounted to EUR 48,665 thousand as of the reporting date of December 31, 2024 (previous year: EUR 57,498 thousand). These obligations were serviced as scheduled in the reporting year and the previous year.

In addition, short-term financing lines (money market loans, overdraft facilities and guarantee facilities) totaling EUR 77,500 thousand (previous year: EUR 87,500 thousand) were agreed with several banks. As in the previous year, no financing lines were utilized as of the reporting date. In the fiscal year 2023, short-term financing lines utilized in excess

of the refinancing were repaid in the amount of EUR 56,353 thousand.

The company also uses factoring as a means of financing. Around (previous year: ) of the available financing framework of EUR 40,000 thousand (previous year: EUR 40,000 thousand) was utilized on average in the fiscal year 2024. The loan and credit agreements contain the usual covenants on the capital market. There is no discernible impairment of these covenants in the medium-term planning. Liquidity was guaranteed at all times thanks to the expanded existing financing instruments.

Cash and cash equivalents amounted to EUR 61,544 thousand as of the reporting date of December 31, 2024 (December 31, 2023: EUR 11,883 thousand). The collateral provided to the government of Upper Bavaria for the operation of its own landfills in the amount of EUR 5,902 thousand (December 31, 2023: EUR 5,902 thousand) is reported as other current assets due to the fixed-term investment of more than three months. These are funds that are fully restricted but may be invested for a maximum period of one year in accordance with the rules on restrictions on disposal.

Taking into account cash and cash equivalents and existing loan liabilities, net debt was completely reduced compared to the previous year (December 31, 2023: EUR 45,615 thousand). As of the balance sheet date, Alzchem had net financial assets of EUR 12,873 thousand.



The change in cash and cash equivalents is as follows:

in EUR thousand	2022	2023	2024
Cash and cash equivalents on January 1	8,285	9,243	11,883
Cash outflow (-) / inflow (+) from operating activities	-4,240	72,671	105,147
Cash outflow from investing activities	-28,511	-20,548	-30,994
Cash outflow (-) / inflow (+) from financing activities	33,647	-49,166	-24,656
Change in cash and cash equivalents	896	2,957	49,497
Exchange rate-related changes in the cash and cash equivalents	62	-317	164
Cash and cash equivalents as of December 31	9,243	11,883	61,544

The cash flow statement is prepared using the indirect method.

Cash and cash equivalents as of December 31, 2024, amounted to EUR 61,544 thousand (December 31, 2023: EUR 11,883 thousand) and comprised immediately available bank balances, cheques and cash in hand

A clearly positive cash inflow from operating activities was generated in the fiscal year 2024. This amounted to EUR 105,147 thousand and was therefore significantly higher (EUR +32,476 thousand) than in the previous year. The increase was mainly due to the positive business performance. Net working capital had a slightly negative impact on operating cash flow in 2024. The strong cash flow reduced the sale of receivables. On the one hand, this had a

positive effect on cash flow, as less interest had to be paid, and on the other hand it had a negative effect on net working capital, as the nominal amount of receivables reported increased compared to the previous year's reporting date. Inventories in the fiscal year 2024 were below the previous year's level.

The cash outflow from investing activities in the fiscal year 2024 consisted of investments of EUR 43,101 thousand (previous year: EUR 20,557 thousand), proceeds in connection with the disposal of non-current assets of EUR 61 thousand (previous year: EUR 9 thousand) and proceeds in connection with the EU grant of EUR 12,046 thousand (previous year: EUR 0 thousand). The most significant investments are described in section 3.2.5.2.2 Investments.

Alzchem's financing activities led to a cash outflow of EUR 24,656 thousand in the fiscal year 2024 (previous year: EUR 49,166 thousand). In the previous year, a refinancing was carried out, which resulted in the outflow of short-term financing lines and, conversely, an inflow of long-term financing in the amount of EUR 30 million. In addition to the refinancing, further short-term financing lines were repaid in the previous year, resulting in a total cash outflow of EUR 56,353 thousand for the repayment of short-term financing lines. In the current reporting period, it was not necessary to make use of short-term financing lines or factoring due to the strong cash flow. Loan and lease liabilities were repaid as scheduled in the amount of EUR 10,761 thousand (previous year: EUR 11,957 thousand). In May 2024, a dividend of EUR 12,212 thousand (previous year: EUR 10,685 thousand) was paid out to shareholders. As in the previous year, profit entitlements of EUR 171 thousand were paid to non-controlling interests. In addition, EUR 1,512 thousand was paid out for the share buyback program in the fiscal year 2024.





### 3.2.5.3 NET ASSETS

	12/31/2022		12/31/2023		12/31/2024	
	EUR thousand	Share	EUR thousand	Share	EUR thousand	Share
<b>Assets</b>						
Intangible assets	2,954	1%	3,664	1%	3,671	1%
Property, plant and equipment	181,526	43%	177,281	42%	192,976	40%
Lease usage rights	6,250	1%	4,855	1%	4,023	1%
Financial assets	6	< 1%	6	< 1%	6	< 1%
Other receivables and other assets	1,531	< 1%	1,369	< 1%	1,234	< 1%
Deferred tax assets	15,956	4%	20,921	5%	20,121	4%
<b>Non-current assets</b>	<b>208,223</b>	<b>49%</b>	<b>208,096</b>	<b>49%</b>	<b>222,031</b>	<b>46%</b>
Inventories	122,404	29%	107,478	25%	101,166	21%
Trade receivables	55,712	13%	75,212	18%	78,935	16%
Financial assets	5,228	1%	0	0%	0	0%
Other receivables and other assets	19,743	5%	19,239	5%	20,080	4%
Income tax assets	2,307	1%	2,769	1%	70	< 1%
Cash and cash equivalents	9,243	2%	11,883	3%	61,544	13%
<b>Total current assets</b>	<b>214,637</b>	<b>51%</b>	<b>216,581</b>	<b>51%</b>	<b>261,795</b>	<b>54%</b>
<b>Total assets</b>	<b>422,860</b>	<b>100%</b>	<b>424,677</b>	<b>100%</b>	<b>483,826</b>	<b>100%</b>
<b>Capital</b>						
Equity	145,946	35%	163,559	39%	207,471	43%
Non-current liabilities	144,808	34%	178,487	42%	170,956	35%
Current liabilities	132,106	31%	82,631	19%	105,399	22%
<b>Balance sheet total</b>	<b>422,860</b>	<b>100%</b>	<b>424,677</b>	<b>100%</b>	<b>483,826</b>	<b>100%</b>



As of December 31, 2024, Alzchem's total assets amounted to EUR 483,826 thousand, an increase of EUR 59,149 thousand compared to December 31, 2023. Both current and non-current assets have increased. Non-current assets amounted to EUR 222,031 thousand, which corresponds to an increase of EUR 13,935 thousand. The reason for the change compared to the previous year is the increase in investment activity in the past fiscal year

Current assets also increased as of December 31, 2024, and, at EUR 261,795 thousand, were EUR 45,214 thousand higher than in the previous year. While inventories were down EUR 6,312 thousand on the previous year, trade receivables increased by EUR 3,723 thousand since the last reporting date. Due to the strong operating cash flow, fewer receivables were sold than on the previous year's balance sheet date. Furthermore, there were no significant extensions of payment terms or bad debts on the part of customers. The average payment terms for customers at Group level fell slightly to 53 days (previous year: 55 days).

Inventory intensity as a ratio of inventories to sales was 18.3% as of December 31, 2024 (December 31, 2023: 19.9%). In addition to strict working capital management, which aims to reduce inventories and lower safety buffers in purchasing and sales, the improved availability of logistics also plays a role.

The Group equity ratio improved significantly to 42.9% as of December 31, 2024 (December 31, 2023: 38.5%). Equity increased by EUR 54,246 thousand (previous year: EUR 34,792 thousand) due to the positive consolidated annual result. The changes in actuarial assumptions, particularly with regard to the risk-free interest rate for the measurement of pension obligations, resulted in an increase in equity of EUR 4,689 thousand as of December 31, 2024. By contrast, the deferred taxes to be recognized in the opposite direction equity by EUR 1,313 thousand, resulting in a total increase in equity of EUR 3,376 thousand due to interest rate changes alone. The development of pension obligations is significantly influenced by actuarial parameters. Although their change does not affect the consolidated result, it is recognized directly in equity under other comprehensive income. The risk-free market interest rate plays a key role in the actuarial parameters. If this market interest rate falls, this leads to an increase in pension obligations, while an increase leads to a decrease in pension obligations.

The risk-free market interest rate and the other actuarial parameters have developed historically as follows:

in %	2017	2018	2019	2020	2021	2022	2023	2024
Discount rate	1.75	1.90	0.90	0.50	1.00	3.70	3.20	3.40
Wage and salary trend	2.75	2.75	2.75	2.50	3.00	3.00	3.00	3.00
Pension trend	1.75	2.00	1.75	1.50	2.00	2.25	2.25	2.25
Trend contribution limit social security	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Pension provision as of 12/31 in EUR million	107.2	110.0	134.6	141.8	140.0	90.1	100.3	96.9

The dividend paid in May 2024 reduced equity by EUR 12,212 thousand (previous year: EUR 10,685 thousand).

The Management Board of Alzchem Group AG has decided, with the approval of the Supervisory Board, to buy back up to 100,000 shares of the company over a period of up to 12 months from December 2024 at a total purchase price of up to EUR 6 million (excluding incidental acquisition costs) via the stock exchange. The purpose of the buyback is (i) to use the acquired shares as acquisition currency, (ii) to issue them to employees of the Alzchem Group or (iii) to cancel the shares. Other legally permissible purposes are not excluded. The buyback is carried out in accordance with the provisions of the authorization of the Annual General Meeting 2024 and the Delegated Regulation (EU) 2016/1052. As of December 31, 2024, the company held a total of 25,578 (December 31, 2023: 0) treasury shares.

Alzchem's non-current liabilities fell by EUR 7,531 thousand in the course of the fiscal year 2024 and thus amounted to EUR 170,956 thousand as of December 31, 2024. By contrast, the scheduled repayments of loan and lease liabilities reduced non-current liabilities by EUR 7,583 thousand as a result of the reclassification to current liabilities. Pension obligations fell in the fiscal year 2024, mainly due to interest rates. The increase in the discount rate from 3.20% to 3.40% led to a decrease in pension obligations of EUR 4,689 thousand. However, the pension payments that Alzchem makes to former employees also have a decreasing influence on the development of pension obligations.



These pension payments have historically developed as follows:

in EUR thousand	2017	2018	2019	2020	2021	2022	2023	2024
Pensions paid	-674	-725	-1,005	-1,181	-1,516	-1,685	-1,930	-2,265

No new employees have been included in the pension plan since 2007, as these are old programs from Alzchem's history. Due to the age structure, pension payments were low in the past but are now slowly increasing as more employees eligible for the plan retire. The plan is structured so that future pension payments extend over a very long projected period of several decades and thus do not materially affect Alzchem's financial performance.

Current liabilities increased by EUR 22,768 thousand to EUR 105,399 thousand compared to the previous year's balance sheet date. In addition to trade payables, income tax liabilities also increased. In addition to business growth, the trade payables item also saw an increase in liabilities for planned investments in the area of defense technology. However, the main reason for the increase in current liabilities is the grant awarded by the EU, which reduces the acquisition costs in non-current assets after construction progresses and the remaining amount remains in liabilities.

### 3.2.5.4 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

#### 3.2.5.4.1 FINANCIAL PERFORMANCE INDICATORS

Key figure	Unit	2022	2023	2024	Change
Equity ratio of the Group	%	34.5	38.5	42.9	+4.4 percentage points
EBITDA	EUR thousand	61,441	81,373	105,268	+29.4%
EBITDA margin	%	11.3	15.1	19.0	+3.9 percentage points
Inventories	EUR thousand	122,404	107,478	101,166	-5.9%
Inventory intensity	%	22.6	19.9	18.3	-1.6 percentage points
Sales	EUR thousand	542,223	540,649	554,231	+2.5%

#### 3.2.5.4.2 NON-FINANCIAL PERFORMANCE INDICATORS

The non-financial targets of the Alzchem Group are geared towards both the short and long term and support operational business management as auxiliary indicators. Accordingly, they are not quantified - also in view of their materiality for the addressees of the annual and consolidated financial statements.

##### SUSTAINABLE CUSTOMER LOYALTY

Alzchem's business is characterized by a high repurchase rate from regular customers. Alzchem endeavors to maintain the customer retention rate at a high level and to further expand it in individual business areas.

##### EDUCATION

Personnel development at Alzchem begins with in-company training, among other things. A considerable proportion of employee requirements is covered by the company's own in-house training program. This is reflected in the Alzchem Group's high training rate of around 9% at its German sites compared to the rest of the industry. Every year, up to 50 apprentices start their training at Alzchem in commercial, metal and electrical engineering as well as chemical and logistics areas.



## MANAGEMENT SYSTEMS

The course of business is sustainably geared towards fulfilling the requirements of the management systems and certificates listed below. The management systems and certificates are not non-financial performance indicators in the narrower sense.

The Group received ISO 27001 and DIN 27019 certification for the following reason: The German Federal Network Agency required public distribution network operators to implement the requirements under Section 11 (1a) of the German Energy Industry Act (EnWG) with regard to IT security by January 31, 2018. For Alzchem Netz GmbH as a network operator, the introduction of ISO 27001 was therefore mandatory.

## ENVIRONMENT AND ENERGY

Alzchem publishes an annual statement on the environmental impact of the German production sites, including relevant key figures on environmental performance, for example resource consumption and emission values. The transparency this creates demonstrates the high value placed on responsible environmental management within the Alzchem Group.

## 3.2.6 OVERALL STATEMENT ON THE ECONOMIC SITUATION

The Management Board of Alzchem Group AG is very satisfied with the course of business in 2024 and the economic situation overall. The economic environment was challenging, but much more stable for Alzchem than in previous years.

Alzchem achieved record sales in the fiscal year 2024. By significantly shifting sales shares to the Specialty Chemicals segment, the company successfully continued its consistent transformation towards higher-margin specialty chemicals - despite the difficult business environment in the chemical industry in Europe. Alzchem consciously accepted the decline in volumes and associated sales in the Basics & Intermediates segment when the market did not allow for profitable pricing. The lower cost level for energy and other key raw materials also had a sales-reducing effect, which meant that cost reductions could be passed on to customers, particularly in the energy- and raw material-intensive Basics & Intermediates segment, without negatively impacting profitability.

The situation on the energy, raw materials and logistics markets has calmed down compared to previous years. The availability of raw materials and logistics has improved. The price level for energy and key raw materials fell slightly compared to the previous year but was still above the level prior to the start of the war in Ukraine at the beginning of 2022. Flexibility was required in production in the fiscal year 2024. Particular attention was paid to grid- and electricity price-optimized furnace operation with short-term capacity fluctuations. In addition, the deliberate avoidance of business with negative margins resulted in relatively short-term volume reductions. At the same time, some production plants were largely operated at the limits of their capacity, which meant that employees had to temporarily help out in other plants. All imponderables were successfully overcome. Alzchem employees once again showed great commitment.

In addition to Group sales, Alzchem was also able to increase EBITDA and achieve a record result in the past fiscal year. EBITDA rose by 29% to EUR 105,268 thousand and the EBITDA margin increased to 19.0% (+3.9 percentage points). This pleasing development illustrates the success of the strategic measures to achieve steady profitable growth.

Consolidated annual result for the fiscal year 2024 amounted to EUR 54,246 thousand (previous year: EUR 34,792 thousand), an increase of EUR 19,454 thousand. This growth also improved earnings per share, which amounted to EUR 5.31 in the reporting period. This represents an increase of EUR 1.91 or 56% compared to the previous year.

As a result of this pleasing earnings development, Alzchem's financial position has also improved further. Thanks to the strong operating cash flow, a significant increase in free cash flow was achieved despite increased investment activity. In addition, loan liabilities were repaid as planned in the past fiscal year, factoring was reduced and cash and cash equivalents increased at the same time. As a result, Alzchem considers itself well equipped for future investments in growth areas in order to further strengthen its market position and achieve additional profitable growth (for further details on the planned growth investments, see section 3.2.2.).

For the fiscal year 2024, the Management Board and Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 1.80 (previous year: EUR 1.20) per dividend-bearing share be distributed from the distributable profit.



### 3.2.7 COMPARISON OF EXPECTED AND ACTUAL DEVELOPMENT

The forecast issued in the previous year's annual report at Group level for the fiscal year 2024 was increased with regard to EBITDA and the EBITDA margin in the ad hoc announcement dated July 30, 2024. The forecasts are therefore as follows

	Unit	2023	Original forecast 2024	Adjusted forecast 2024
Group sales	EUR million	540.6	Growing to around EUR 570 million	Growing to around EUR 570 million
Adjusted EBITDA*	EUR million	81.4	Growing to around EUR 90 million	Growing to over EUR 100 million
Adjusted EBITDA margin*	%	15.1	Growing to 15.8%	Growing to over 17.5%
Inventories	EUR million	107.5	Stable	Stable
Inventory intensity	%	19.9	Stable	Stable
Equity ratio	%	38.5	Growing strongly	Growing strongly

\* No adjustments were made. The value corresponds to the key figures from the IFRS consolidated financial statements.

A review of the adjusted forecast based on the actual key figures for the fiscal year 2024 shows the following development

	2024	Actual development in 2024
Group sales	EUR 554.2 million	Grown to EUR 554.2 million
Adjusted EBITDA*	EUR 105.3 million	Grown to EUR 105.3 million
Adjusted EBITDA margin*	19.0%	Grown to 19.0%
Inventories	EUR 101.2 million	Significantly decreased
Inventory intensity	18.3%	Significantly decreased
Equity ratio	42.9%	Particularly strongly increased

\* No adjustments were made. The value corresponds to the key figures from the IFRS consolidated financial statements.

A comparison of the relevant key financial figures shows that the adjusted forecast for the fiscal year 2024 was met or exceeded for the key figures adjusted EBITDA, adjusted EBITDA margin, inventories, inventory intensity and equity ratio.

As forecast, consolidated sales grew compared to the previous year. However, at EUR 554.2 million, sales were, as announced, lower than forecast. This was primarily due to deliberately accepted volume reductions in the Basics & Intermediates segment when the price level required for overall profitability could not be achieved in individual transactions. In addition, the decline in the price level for energy and key raw materials was passed on to customers in various business areas, particularly in the more energy- and raw material-intensive Basics & Intermediates segment. Here, the forecast was still based on a higher cost and price level. In absolute terms, this resulted in an increase in sales at the lower end of the forecast in the fiscal year 2024, while at the same time significantly improving the key earnings figures and increasing the Group's overall profitability.



## 4. POSITION OF ALZCHEM GROUP AG (INDIVIDUAL FINANCIAL STATEMENTS HGB)

Alzchem Group AG is the parent company of the Alzchem Group and is therefore significantly influenced by the economic situation and development of the entire Group. As the parent company of the Group, Alzchem Group AG assumes management and supervisory functions for the subsidiaries as well as Group-wide commercial tasks in addition to its holding function.

The results of operations of Alzchem Group AG are mainly determined by the income received from the profit transfer agreement with Alzchem Trostberg GmbH and by the charging of holding activities to the Group companies. In addition to monitoring the cost structure, the following key figures from the HGB annual financial statements are used to manage Alzchem Group AG:

Key figure	Calculation
Sales	Absolute value
EBIT	Earnings before interest, income from investments and income taxes
Annual net profit	Absolute value

## 4.1 BUSINESS PERFORMANCE

The annual financial statements of Alzchem Group AG were prepared in accordance with the accounting regulations of the German Commercial Code and the German Stock Corporation Act.

### 4.1.1 RESULTS OF OPERATIONS

The annual result of Alzchem Group AG is calculated as follows:

in EUR thousand	2022	2023	2024	Change
Sales revenue	3,551	6,368	9,231	45.0%
Other operating income	4,307	4,334	4,935	13.9%
Personnel expenses	-2,486	-4,982	-7,925	59.1%
Other operating expenses	-5,213	-5,596	-6,037	7.9%
<b>EBIT</b>	<b>159</b>	<b>125</b>	<b>204</b>	<b>65.1%</b>
Income from investments	13,424	53,908	71,543	32.7%
Interest and similar income	323	1,174	2,680	128.2%
Interest and similar expenses	-48	-15	-6	-59.1%
Taxes on income and earnings	-4,355	-14,626	-18,351	25.5%
<b>Earnings after taxes</b>	<b>9,503</b>	<b>40,567</b>	<b>56,070</b>	<b>38.2%</b>
Other taxes	0	-200	0	-100%
<b>Annual net profit</b>	<b>9,503</b>	<b>40,367</b>	<b>56,070</b>	<b>38.9%</b>



The increase in sales compared to the previous year is the result of higher personnel costs to be allocated. Personnel costs increased compared to the previous year, primarily due to the variable remuneration components linked to the IFRS consolidated result and the long-term share price performance. This consequently led to a higher allocation to the operating companies of the Alzchem Group.

Other operating income increased compared to the previous year, mainly due to higher premiums from Group insurance policies passed on to affiliated companies.

The increase in personnel expenses compared to the previous year is mainly due to the higher short-term and long-term variable remuneration of the members of the Management Board.

The composition of other operating expenses is as follows:

in EUR thousand	2022	2023	2024
Insurances	3,744	4,118	4,581
Expert opinion and audit expenses	146	266	330
Consulting expenses	535	535	291
Other miscellaneous expenses	788	677	835
<b>Σ Other operating expenses</b>	<b>5,213</b>	<b>5,596</b>	<b>6,037</b>

Other operating expenses mainly comprised insurance premiums, legal and consulting expenses, expenses for the preparation of expert opinions and the audit of the annual financial statements. The consulting expenses arose primarily from market studies, capital market consulting and commercial law. The increase in insurance expenses compared to the previous year was due to higher insurance premiums.

Income from investments resulted exclusively from the profit transfer (including tax allocations) from Alzchem Trostberg GmbH. The sharp rise in earnings at Alzchem Trostberg GmbH led to a growth in income from investments.

Interest and similar income mainly consisted of interest income from cash pooling with affiliated companies. Interest and similar expenses predominantly comprised non-cash interest expenses from the compounding of long-term provisions for pensions and other personnel provisions.

Income taxes consist of the current income tax expense of EUR 19,063 thousand (previous year: EUR 14,844 thousand) on the company's taxable income. This includes the results of the subsidiaries included in the consolidated income tax group. In addition, deferred tax income of EUR 836 thousand (previous year: EUR 281 thousand) was recognized. The aperiodic tax expense amounted to EUR 124 thousand (previous year: EUR 62 thousand). The change in income tax expenses is due to the increase in earnings before taxes.

## 4.1.2 FINANCIAL POSITION

The company is integrated into the cash pooling of Alzchem Trostberg GmbH. Within the Alzchem Group, Alzchem Trostberg GmbH assumes the Group-internal financing function and thus guarantees the short-term liquidity of the subsidiaries and the Group parent company.

The liquidity of Alzchem Group AG therefore depends directly on the liquidity of the cash pool carrier Alzchem Trostberg GmbH. In view of the expected positive business development of the Alzchem Group, the liquidity of Alzchem Group AG is secured at all times by the financing agreement with Alzchem Trostberg GmbH and its currently available financing instruments.

Due to cash pooling, Alzchem Group AG had no cash and cash equivalents at either reporting date.



### 4.1.3 NET ASSETS

	12/31/2022		12/31/2023		12/31/2024	
	EUR	Share	EUR	Share	EUR	Share
	thousand		thousand		thousand	
<b>Assets</b>						
Financial assets	231,412	82%	231,412	72%	231,412	62%
<b>Non-current assets</b>	<b>231,412</b>	<b>82%</b>	<b>231,412</b>	<b>72%</b>	<b>231,412</b>	<b>62%</b>
Receivables and other assets	51,309	18%	88,570	28%	139,914	37%
Cash and cash equivalents	0	0%	0	0%	0	0%
<b>Current assets</b>	<b>51,309</b>	<b>18%</b>	<b>88,570</b>	<b>28%</b>	<b>139,914</b>	<b>37%</b>
Prepaid expenses and deferred charges	236	< 1%	212	< 1%	198	< 1%
Deferred tax assets	411	< 1%	888	< 1%	1,724	< 1%
<b>Σ Assets</b>	<b>283,368</b>	<b>100%</b>	<b>321,081</b>	<b>100%</b>	<b>373,248</b>	<b>100%</b>

Financial assets did not change compared to the previous year and continued to include the shares in Alzchem Trostberg GmbH.

Receivables and other assets mainly include receivables from affiliated companies and tax receivables (input tax surplus) from the tax office. The change compared to December 31, 2023, is mainly due to increased financial receivables from Alzchem Trostberg GmbH due to accumulated profit and loss transfer claims and higher tax receivables.

The allocation of deferred tax assets based on the tax allocation agreements in accordance with Section 304 AktG, Section 16 KStG and DRS 18 resulted in the company mainly recognizing differences from the different valuations of pension provisions in deferred tax assets.

	12/31/2022		12/31/2023		12/31/2024	
	EUR	Share	EUR	Share	EUR	Share
	thousand		thousand		thousand	
<b>Capital</b>						
Equity	273,760	97%	304,120	95%	346,472	93%
Provisions	4,121	1%	13,479	4%	21,026	6%
Liabilities	4,266	2%	2,091	1%	4,386	1%
Deferred income	418	< 1%	392	< 1%	365	< 1%
Deferred tax liabilities	803	< 1%	999	< 1%	999	< 1%
<b>Σ Capital</b>	<b>283,368</b>	<b>100%</b>	<b>321,081</b>	<b>100%</b>	<b>373,248</b>	<b>100%</b>

The increase in provisions is mainly due to higher tax provisions as a result of the increased taxable result and higher performance-related personnel provisions, particularly in the long-term area.

The liabilities were mainly to affiliated companies and mainly resulted from VAT liabilities of Alzchem Group AG as the parent company to the consolidated subsidiaries.

### 4.1.4 FINANCIAL PERFORMANCE INDICATORS

Key figure	Calculation	Unit	2022	2023	2024	Change
Sales	Absolute value	EUR thousand	3,551	6,368	9,231	+45.0%
EBIT	Earnings before interest and taxes	EUR thousand	159	125	204	+65.1%
Annual net profit	Absolute value	EUR thousand	9,503	40,367	56,070	+38.9%

The business model of Alzchem Group AG does not require any non-financial performance indicators.





## 4.2 COMPARISON OF EXPECTED AND ACTUAL DEVELOPMENT

The forecast at the level of Alzchem Group AG for the fiscal year 2024 was as follows at the time the annual financial statements for the fiscal year 2023 were prepared:

	2023	Forecast for 2024
Sales	EUR 6.4 million	Clearly decreasing
EBIT	EUR 125 thousand	Stable
Annual net profit	EUR 40.4 million	Growing strongly

The review of the forecast as of December 31, 2024, shows the following developments in the fiscal year 2024

	2024	Actual development 2024
Sales	EUR 9.2 million	Particularly strong growth
EBIT	EUR 204 thousand	Particularly strong growth
Annual net profit	EUR 56.1 million	Particularly strong growth

Contrary to the sales forecast, particularly strong growth to EUR 9.2 million was achieved, which resulted from the increase in share-based remuneration due to the sharp rise in the share price. In line with the sales trend, EBIT also increased particularly strongly to EUR 204 thousand. The annual result also developed slightly more positively than expected, growing particularly strongly from EUR 17.6 million to EUR 56.1 million as a result of the significant increase in the profit transfer from Alzchem Trostberg GmbH. The EBITDA forecast for the entire Alzchem Group was raised in July 2024 and ultimately achieved. As the main operating company, Alzchem Trostberg GmbH made a significant contribution to this increase in EBIT-DA and consequently also to the increase in net income.

## 4.3 FORECAST REPORT OF ALZCHEM GROUP AG (INDIVIDUAL COMPANY)

Derived from the Group forecast and its material influence on Alzchem Group AG (annual financial statements under commercial law), the company provides the following forecast for Alzchem Group AG for the fiscal year 2025:

	2024	Forecast for 2025
Sales	EUR 9.2 million	Significantly decreasing
EBIT	EUR 204 thousand	Stable
Annual net profit	EUR 56.1 million	Strongly growing

The operating revenue of Alzchem Group AG is expected to decrease significantly in the fiscal year 2025 due to lower personnel cost allocations.

The EBIT key figure will be influenced primarily by the cost-plus allocation of management, assistance, financing, personnel and consulting services and will remain stable. In terms of annual net profit, a strong increase in the result from the profit transfer is expected in line with the explanations and the Group forecast.

## 5. RISK AND OPPORTUNITY REPORT

In order to ensure the legally required monitoring of material business risks by the Management Board and the Supervisory Board, there are

- an internal control system, among other things to ensure proper and effective accounting (Sections 289 para. 4 and 315 para. 4 HGB),
- a compliance management system based on the IDW PS 980 auditing standard
- and a risk management system that includes an early risk detection system in accordance with Section 91 para. 2 AktG.

Overall responsibility for the internal control system (ICS) and the risk management system lies with the Management Board of Alzchem Group AG.

Due to the profit and loss transfer agreement with Alzchem Trostberg GmbH, the risks and opportunities situation of Alzchem Group AG basically corresponds to that of the Alzchem



Group. Consequently, the following risk and opportunity report refers to both the Alzchem Group and Alzchem Group AG.

## 5.1 RISK REPORT

### STRUCTURE AND ORGANIZATION OF RISK MANAGEMENT

The Management Board of Alzchem Group AG has appointed a risk manager who is available as a central contact person for the Alzchem Group and continuously develops risk management. He reports to the Management Board at least once a year on the summarized risk and is in constant communication with the Management Board. Should risks arise that could jeopardize the continued existence of the company, reports are also submitted during the year. Risk management is carried out through regular meetings and reports from the respective committees, bodies and specialist departments.

Risk management at the Alzchem Group encompasses all measures for the systematic and transparent handling of risks and is an integral part of corporate management thanks to its integration with the controlling processes. Every year, a standardized risk inventory is carried out according to the enterprise risk management approach. A catalog with corresponding risk categories is used to identify all relevant risks as completely as possible. In addition, standardized assessment and reporting tools are available for recording and evaluating risks. Identification is supported by IT-based queries and interviews between the risk manager and the respective risk owners. The scaled risk volume is determined taking into account the probability of occurrence and the extent of damage. The aim of this measure is the early identification, assessment and management of risks that could have a significant impact on the achievement of the company's strategic, operational, financial and regulatory objectives.

To assess the risks, the expected effects of the risk dimensions in their specific characteristics (very low, low, medium and high) are weighted with their individual probability of occurrence (very low, low, medium and high) and then converted into a point value on a three-level scale. The level of the point value then determines the classification of the risk significance as low, medium and high for the net assets, financial position and results of operations. Measures already taken to limit risks reduce the classification of risk significance.

The valuation is based on the following assumptions:

	very low	low	medium	high
Probability of occurrence	< 10%	10% - < 30%	30% - < 50%	from 50%

A period of three years is used as the observation period. If risks lie in the more distant future, these were also recorded, whereby the time horizon was taken into account when estimating the damage.

The risk measures are based on the following assumptions, which serve as an indicator of the impact on the net assets, financial position and results of operations:

	very low	low	medium	High
Impact in EUR million	< 1.8	1.8 - < 9	9 -22.5	> 22.5

The scope of risk consolidation corresponds to the scope of consolidation used for accounting purposes. The risks do not differ significantly between the segments and are not concentrated in just one segment due to the structure of the Group. Instead, the risks described below apply across the Group and across segments.

As part of this risk management process, the following issues were identified that could have a material or significantly adverse impact on the future development of the company.

The risk management system described focuses primarily on business risks but also addresses opportunities. The opportunity management process is also integrated into the internal controlling processes and is carried out in the operating segments on the basis of the corporate strategy.

The Management Board assesses the appropriateness and effectiveness of the ICS and the risk management system once a year. At the corresponding Management Board meeting, the company-wide risk and opportunity situation is evaluated, the results of the internal control process are explained and an overall statement on the appropriateness and effectiveness of the ICS and the risk management system is made.

### 5.1.1 SUMMARY OF RISKS

The risks of the Alzchem Group identified as part of the risk inventory have no impact on the Alzchem Group as a going concern, either individually or in interaction with each other, taking into account the measures already taken or planned.

The categorization of risks and the structure of the risk report correspond to those of previous years and allow for comparability thanks to this continuity.

The risk areas are structured as follows:

Risk area
Sales markets
Production
Raw material markets
Logistics
Research and development
Human resources
Financial markets
Other

Each individual risk identified was assigned to a risk area as part of the risk inventory.

In summary, the individual risk areas were assigned the following estimates regarding the extent of damage and probability of occurrence in accordance with the assessment assumptions described above.

With regard to the maximum damage amount identified for an individual risk in a risk area, in accordance with the above-mentioned valuation assumptions, the following probabilities of occurrence are assigned to these individual risks:

	Assessment maximum damage amount				Assessment probability of occurrence				
	very low	low	medium	high	very low	low	medium	high	
Financial markets		■					■		Financial markets
Sales markets			■		■				Sales markets
Production				■		■			Production
Raw material markets				■			■		Raw material markets
Logistics	■							■	Logistics
Research and development	■							■	Research and development
Human resources		■					■		Human resources
Other			■			■			Other

With regard to the highest possible probability of occurrence of an individual risk identified in a risk area, according to the classification mentioned above, the following associated damage amounts arise for these individual risks:

	Assessment damage				Assessment probability of occurrence				
	very low	low	medium	high	very low	low	medium	high	
Financial markets			■			■			Financial markets
Sales markets				■		■			Sales markets
Production				■		■			Production
Raw material markets			■				■		Raw material markets
Logistics				■	■				Logistics
Research and development				■	■				Research and development
Human resources			■			■			Human resources
Other			■		■				Other



Significant individual risks arise as a result of persistently high energy prices, strong competitive pressure from China, approval restrictions and risks associated with the major investment in the expansion of nitroguanidine capacities. The risk areas of logistics and research & development listed in the overview are not discussed in detail due to their minor significance in terms of risk exposure.

When carrying out the risk inventory, the expected values of the individual risks are compared with the risk-bearing capacity. This involves estimating the expected risks and their impact on the liquidity and equity of the Alzchem Group. According to the analyses and estimated effects, there is no knowledge that the risk-bearing capacity is not given.

## 5.1.2 SALES MARKETS

### 5.1.2.1 COMPETITION RISK

Alzchem faces competition of varying intensity with its various products. In some areas, the company is the regional market leader, while in other areas competition is intense. In some key markets, the main competitors come from regions outside Europe, particularly China, where they benefit from cost advantages in the areas of personnel, energy, waste disposal and the environment. In other markets, Alzchem competes with well-established and strong competitors from leading industrialized nations, which often operate worldwide, have global distribution networks and can produce locally in line with the local cost structure. In the fiscal year 2024, the intensity of competition for some of Alzchem's products will remain very high due to the persis-

tently high energy costs and constantly increasing regulatory requirements in Europe.

A loss of competitiveness could significantly influence the demand for Alzchem's products and therefore have a noticeable negative impact on Alzchem's sales and revenue.

Various factors can influence the price at which a competitor is prepared to supply its products. These include access to cheap raw materials and state subsidies, which Alzchem may not have. In addition, state-owned or state-supported competitors could resort to measures such as capacity increases and/or price reductions to dumping levels. In the fiscal year 2024 and probably also in the future, increased competitive pressure from China in particular is to be expected due to declining domestic demand and the resulting increase in export pressure.

Alzchem is responding to declining competitiveness due to increased manufacturing costs by improving production efficiency and adjusting its product price and volume strategy. In addition, Alzchem is trying to concentrate on products with higher margins and to improve existing products and applications through innovations. In addition, the economic opportunities of certain low-margin products are continuously reviewed.

In addition to companies from India or China, there are also local, globally active competitors who use their economies of scale of higher production capacity, greater purchasing power and more financial flexibility to offer products more cheaply than Alzchem can. This can also lead to crowding-out effects with decreasing sales and declining sales.

### 5.1.2.2 MARKET DEVELOPMENT

Market developments are defined as changes in customer demand behavior due to external influences. Alzchem offers a large number of different chemical products based on the NCN chain in diversified markets, some of which are cyclical, highly volatile and sensitive to consumer spending and preferences, consumer confidence and income, unemployment rates, interest rates and energy prices, among other factors. As a result, demand for Alzchem's products may be adversely affected by negative developments in some sectors and industries.

In the agricultural sector, demand for Alzchem products depends on production levels, which is why the company is exposed to seasonal fluctuations as well as meteorological and climatic conditions. In addition, the demand for food produced without chemical fertilizers could increase and lead to a decline in demand for chemical fertilizers.

In the animal feed and agrochemicals industry, a change in consumer habits and preferences (increasing trend towards organic meat) could lead to a decline in demand for Alzchem's products. A change in consumer behavior towards "less meat" could also have a negative impact on demand for Alzchem products. Animal epidemics also lead to a short-term to medium-term change in demand for products in the animal feed sector.

In the nutrition sector, Alzchem is exposed to the cyclical fluctuations of the consumer markets for its nutritional supplements. In addition, demand depends on the general acceptance of nutritional supplements.



In general, there is always the risk that changes in economic conditions will influence the demand behavior of customers. If the global economy enters an economic downturn, this can also affect Alzchem's customers, who then buy fewer Alzchem products. High inflation can also have a negative impact on customer demand behavior. In addition, the respective monetary and fiscal policy decisions of the individual governments of the world have an influence on regional market development with potentially negative consequences for Alzchem.

Alzchem is exposed to all of these fluctuations and can only counteract them through broad product and market diversification. Despite the high product diversification of the Group portfolio, there is a certain concentration on the customer side. Alzchem supplies a large number of global players in the worldwide chemical industry and is therefore exposed to a risk inherent in the industry. This is countered with a broad product range, contract-based cooperation and strong customer loyalty.

### 5.1.2.3 SUBSTITUTION RISKS

In the area of chemical products, there is a latent risk that individual compounds will be replaced by other chemical substances or compounds or that completely new materials or alternative technologies and production processes will be established on the market that are improved, more cost-effective or more sustainable than Alzchem's products. Such developments could have a negative impact on sales and revenue and thus on the earnings situation of Alzchem.

Alzchem counters these risks by developing customer-specific products, providing intensive technical support and advice to customers and jointly developing (new) products that are specifically tailored to customer needs. As Alzchem operates in many markets, it is essential that all these markets are closely monitored and that developments at customers are constantly monitored by the sales team.

### 5.1.2.4 LEGAL CHANGES / POLICY

Alzchem's business activities are subject to extensive regulations, which can change and become stricter as a result of political decisions or changes. In particular, the regulatory framework for environmental, health and safety matters in Europe in general and for the manufacture and marketing of products is subject to frequent changes, which in most cases lead to the imposition of stricter requirements.

Specifically, the EU Commission's restriction procedure for the use of calcium cyanamide, which has been ongoing since 2019, is still pending. The European Commission has not yet decided on the proposal submitted by the European Chemicals Agency (ECHA) to ban the use of calcium cyanamide as a fertilizer following a three-year transitional period, even in 2024. However, numerous statements from stakeholders in the EU Member States are against such a restriction and the SEAC Committee of the EU Commission also strongly doubts the benefits and proportionality of a ban. Even if a ban cannot be ruled out, Alzchem continues to assume that the ECHA proposal will not be adopted in this form. However, if a ban were to be imposed, Alzchem would have to be pre-

pared for a lower demand for Perlka® and possibly also for other products to which the ECHA argumentation could be applied. It is not certain whether the three-year transitional period envisaged for a ban on use would be sufficient to fully compensate for the impending loss of sales in particular, for example through growth in other markets.

The substance cyanamide, which is produced and used by Alzchem, is also the subject of regulatory efforts. As already reported in the last 2023 Annual Report, its use as a biocide was banned by the EU Commission and other applications could also be restricted in the medium term. Due to significant technical, legal and procedural deficiencies, Alzchem has filed a lawsuit against the ban on use as a biocide with the European Court of Justice and will also take appropriate action in the event of further unfounded restrictions on use.

Furthermore, both the German legislator and the EU Commission could in future prohibit the export of chemicals and in particular pesticides that are banned in the EU itself. This could have an impact on Alzchem products. However, in view of the already existing comprehensive regulation in this area and the outstanding benefits for users in the target countries with different climatic and ecological conditions than in Europe (for example with regard to pest infestation and plant diseases), Alzchem continues to assume that such a ban will not be implemented.

The European Commission has set itself the target of achieving climate neutrality by 2050 and thus meeting its commitments under the Paris Agreement. This target is to be achieved through political initiatives as part of the European Green Deal. The EU Commission sees the "Green Deal"



as a growth strategy. Its implementation represents a major challenge for the chemical and pharmaceutical industry, as various measures could also have an impact on the sector. Negative effects on Alzchem could arise if unrealistic targets are defined for the chemical industry or if ideological ideas are given priority over scientific findings in product approvals. In general, the “Green Deal” could lead to the re-location of certain production processes to regions outside the EU and thus to the migration of Alzchem’s customers.

At the present time and based on the current legal situation, Alzchem does not see any further risks from a changing legal environment beyond those reported. All existing production facilities can continue to produce under the current regulatory conditions and there are no approval restrictions that have an impact on the current sales of Alzchem products.

### 5.1.3 PRODUCTION

As a manufacturing company, Alzchem is exposed to the risk of business interruptions, for example as a result of electricity or natural gas shortages, quality problems or unexpected technical problems (e.g. due to technical failure, sabotage or disasters). These risks can lead to production interruptions or production downtime, personal injury and reputational damage, a drop in sales or margins or the need to rebuild destroyed infrastructure. These risks are minimized through regular maintenance and renewal of existing facilities, appropriate safety precautions that have already been increased in the past year, insurance, etc. A project group set up specifically for this purpose at Alzchem is dedicated to the topic of physical security with the aim of identifying and promptly eliminating existing gaps. In addition, the main focus is on securing the major construction site for the expansion of nitroguanidine capacities.

The risk of not receiving the plant components required for maintenance or investments – particularly when expanding nitroguanidine capacities – or not receiving them on time is minimized by close monitoring and a precautionary purchasing process.

### 5.1.4 RAW MATERIAL MARKETS

#### 5.1.4.1 ENERGY MARKETS

Alzchem is an energy-intensive company and electricity is one of the three basic raw materials used at the beginning of Alzchem’s NCN “Verbund production”. The term “energy-intensive” therefore essentially refers to the consumption of electricity. As a raw material, electricity is an essential component of the manufacturing costs for Alzchem’s products. However, the share of electricity in the manufacturing costs decreases the further the individual products progress in the NCN “Verbund production” or if they are only at the end of the NCN “Verbund production” or even outside of it. Products from the Basics & Intermediates segment are very electricity-intensive, whereas the products in the Specialty Chemicals segment are less electricity-intensive.

The fiscal year 2024 has once again shown the impact that high energy costs can have on Alzchem’s net assets, financial position and results of operations. Although the volatility of electricity prices has normalized somewhat compared to previous years, energy costs remain high and at times extremely high. Electricity prices could rise again compared to the 2024 level, remain stable or fall. Precise forecasts are not possible. Alzchem is therefore exposed to the risk of rising or fluctuating electricity prices.

As electricity prices are an integral part of the product calculation, Alzchem can only counter this risk in the first step by increasing prices but may have to reduce them again if electricity prices fall. Alzchem therefore only sets prices for a very short-term period in close consultation with customers. Increasingly, price escalation clauses are being agreed



with customers that take into account spot electricity prices, among other things. Alternatively, longer-term price commitments are offered on the basis of back-to-back transactions. Alzchem also continuously reviews developments on the electricity markets to determine whether a hedging strategy makes economic sense.

In addition to the price increases, Alzchem also adjusts production if necessary. The main electricity consumption results from the operation of the two carbide furnaces in Germany. Depending on developments on the electricity markets, the carbide furnaces can be operated flexibly and can also be switched off or partially shut down at short notice in times of absolute electricity price peaks.

The third measure is to increasingly focus on products whose production is less electricity-intensive. These products can further drive Alzchem's growth "away from electricity".

The risk arising from the development of electricity prices is that Alzchem's customers will no longer accept the price increases and Alzchem will therefore have to accept losses in sales and revenue. The risk also includes the fact that the price increases can only be passed on to customers with a certain delay. If, in addition, the payment terms for the electricity suppliers and the customers are far apart, this can have negative effects on Alzchem's liquidity situation.

If the development of electricity prices generally leads to a decline in industrial production in Germany and Europe, this can have a negative impact on sales and revenue and thus on the net assets, financial position and results of operations of Alzchem.

#### 5.1.4.2 PROCUREMENT

The most important raw materials for Alzchem's product portfolio, which is based on carbide/calcium cyanamide, are lime, coke and electrical energy. In addition, a number of chemical raw materials are required for the production process. The market prices for lime, coke and energy as well as other chemical raw materials are subject to considerable fluctuations.

In addition to these important basic raw materials, the Group also procures chemical raw materials from Asia. Supply chain disruptions, unexpected production interruptions and a lack of reliability on the part of suppliers are latent risks that management must always take into account. Despite the strict pursuit of a "multiple sourcing strategy", certain supplier dependencies cannot be completely ruled out, which further increases the complexity of the supply chain process.

#### 5.1.5 PERSONNEL

Qualified and committed employees are crucial to Alzchem's future success. Due to the demographic development and the increasing competition for good employees, retaining existing and recruiting new suitable employees may become increasingly challenging in the future. However, as an attractive company rooted in the region, Alzchem considers itself well equipped to defy the risks of emigration or insufficient recruitment of new specialists. Through appropriate training and further education, the permanent establishment of an employer branding and the consideration of employee needs, Alzchem will also succeed in attracting qualified and committed employees in the future.

### 5.1.6 FINANCIAL MARKETS

#### 5.1.6.1 LIQUIDITY RISK

Alzchem Trostberg GmbH assumes the financing function within the Alzchem Group and ensures global financing via cash pooling. Alzchem is financed via the operating cash flow, long-term and short-term financing lines from banks and factoring. Overall, Alzchem assumes that it can ensure sufficient liquidity for the business activities of the Alzchem Group at all times with the currently available financing funds.

#### 5.1.6.2 EXCHANGE RATE RISK

Alzchem generates sales in foreign currencies and purchases goods in foreign currencies. The most important currencies for Alzchem from these operating activities are the US dollar (USD), Chinese renminbi (CNY), Japanese yen (JPY) and Swedish krona (SEK). As a result, the company is exposed to exchange rate risks. Currency hedging transactions were carried out for selected transactions in the fiscal year 2024. In addition, Alzchem is constantly reviewing whether further favorable hedging opportunities may arise. The risk exposure for the main currencies is determined on a weekly basis. There is also natural hedging for the most important currency USD, as Alzchem has both sales and goods purchases in USD and the risk position is therefore reduced. The remaining open monetary amounts of receivables and liabilities in foreign currencies may result in opportunities and risks for Alzchem due to changes in actual exchange rates and any income from currency translation may be lower than in previous periods.



In addition, there are exchange rate-related risks from the translation of foreign subsidiaries into the reporting currency of Alzchem (euro). In addition, the exchange rates can have an influence on Alzchem's global competitiveness. In addition to the risks described, the company is also subject to possible negative influences from currency losses from so-called hyperinflationary countries due to its global business activities. As a rule, Alzchem counters these risks by invoicing in EUR or USD.

### 5.1.6.3 INTEREST RATE RISK

Alzchem has concluded the short-term financing lines at variable interest conditions, which generally fluctuate depending on the EURIBOR. Potential changes in these capital market interest rates can lead to opportunities and risks for the interest payments due. Changes in market interest rates can also result in a change in the fair value of the fixed-interest non-current loan liabilities. As a rule, Alzchem prefers a fixed interest rate for long-term financing in order to avoid or reduce the risk position but also enters into variable interest rates. In addition, the use of interest rate derivatives is also regularly reviewed.

### 5.1.6.4 INTEREST RATE DEVELOPMENT OF PENSION OBLIGATIONS

The Alzchem Group has obligations to current and former employees arising from pension and other similar benefit commitments. Changes in relevant measurement parameters, such as the discount rate, mortality rates, wage and salary increase rates and pension increase rates, can result in an increase or decrease in the present value of the pension obligations. This results in opportunities and risks, as a change can have a direct impact on equity and subsequently lead to changes in pension expenses. The Management Board has scenario analyses carried out at regular intervals with regard to compliance with the financial covenants, thus ensuring that changes are identified at an early stage and countermeasures can be initiated on this basis.

## 5.1.7 OTHER

### 5.1.7.1 ELECTRICITY LEGISLATION

As an energy-intensive company, Alzchem is dependent on stable and affordable electricity procurement. In this respect, Alzchem in Germany currently benefits from cost and tax reductions as well as exemption regulations for electricity costs within the framework of the Combined Heat and Power Act (KWKG), the offshore grid levy, the Electricity Grid Fee Ordinance (StromNEV), electricity price compensation and certain exemption regulations with regard to electricity tax. All of these regulations enable energy-intensive industries to operate at a lower electricity cost level in order to maintain their overall competitiveness.

Taken together, these regulations lead to significant reductions in Alzchem's energy costs, without which the company would hardly be able to operate competitively. In this respect, negative changes to the relevant legislation could have a negative impact on the Group's development. Alzchem is therefore closely monitoring the relevant legislation and case law and will continue to duly submit all necessary applications for the assertion of cost and tax reductions as well as for exemption regulations.

### 5.1.7.2 LEGAL, LITIGATION AND COMPLIANCE RISKS

The Alzchem Group is exposed to risks from legal disputes or proceedings. These include, in particular, risks from the areas of product liability, antitrust law, competition law, patent law, tax law and environmental protection. As in the past years, the Group is not currently involved in any major court or arbitration proceedings that could have a significant impact on the Group's economic situation.

Alzchem's business activities, in particular its sites, facilities, products and operations, must comply with and are affected by a variety of different regulatory requirements in the countries in which it operates. The regulatory framework for Alzchem's business activities is subject to ongoing legislative changes and developments, which may necessitate costly compliance measures.

There can be no assurance that Alzchem will be able to renew or continue to utilize on a permanent basis all permits, approvals, certificates and authorizations required for its business activities.

However, the Group has established a compliance management system based on IDW PS 980 with the aim of ensuring





that employees act lawfully, responsibly and sustainably. Potential infringements are to be identified in advance and systematically prevented. The compliance management system therefore makes a significant contribution to integrating compliance into the operating business units and their processes. Regular training courses for employees in Germany, Sweden, the USA, China and the UK strengthen understanding and awareness of the issues involved.

### 5.1.7.3 IT RISKS

The global increase in threats to information security and greater professionalism in computer crime lead to risks with regard to the security of products, systems and networks as well as the confidentiality, availability and reliability of data.

Cyber-attacks are becoming more and more professional. At the same time, Alzchem's IT dependency is growing. A threat to critical IT systems and applications can have a direct impact on Alzchem's production or supply chain operations. If data is unavailable or manipulated, this can, for example, affect plant safety and the accuracy of financial reporting. Unauthorized access to sensitive data, such as information relevant to competition law or research results, can jeopardize Alzchem's competitive position.

In order to minimize such risks, information security is an integral part of Alzchem's business processes. As early as July 2017, Alzchem established an information security management system that is fully certified in accordance with the international ISO 27001 and ISO 27019 standards. The certificates are currently valid until December 27, 2027.

Alzchem has stable and redundant IT systems, back-up procedures, virus and access protection, encryption systems

and integrated, Group-wide standardized IT infrastructures and applications. The information security systems in are constantly checked, continuously updated and expanded as required. In addition, employees receive regular training on information security and data protection. The asset-based information security risk management follows the holistic "bottom-up" approach and includes intangible assets. The Alzchem Group's security policy is set out in internal manuals and made clear to employees throughout the company.

### 5.1.7.4 CLIMATE-RELATED RISKS

Climate-related risks are generally understood to be the physical and transitory risks that may arise as a result of climate change. Physical climate risks are, for example, damage to infrastructure caused by the consequences of climate change, such as drought, flooding or continuous rainfall. Transitory climate risks result from the transition from an economy driven by fossil fuels to one with low greenhouse gas emissions.

Alzchem currently considers physical climate-related risks to be of minor importance.

For Alzchem as an energy-intensive and manufacturing company, climate-related risks arise in particular from regulatory changes, such as in the area of product approvals and energy legislation. This is reported on separately in sections 5.1.2.4. and 5.1.7.1.

Alzchem has drawn up its own climate roadmap and presented it to the Annual General Meeting in May 2023. The aim is for Alzchem to become climate-neutral - especially with regard to Scope 1 emissions - significantly faster than the EU envisages. The main focus here is on avoiding CO<sub>2</sub>

emissions and withdrawing from the use of fossil fuels. Theoretically, the climate roadmap could result in a change in the estimated useful lives of property, plant and equipment. This was reviewed and no additional risks arise from this. The measures in the climate roadmap are mainly expansions or new investments that do not require existing facilities to be dismantled before the end of their estimated useful life or at all.

A company's carbon footprint can lead to a negative perception and limited attractiveness for external stakeholders, such as customers and investors. Alzchem counters these risks through various measures, such as the development and publication of a climate roadmap, the annual publication of an environmental statement, the voluntary preparation and business audit of a sustainability report ("CSRD report"), taking into account the new European Sustainability Reporting Standards (ESRS), which have not yet been implemented in Germany, as well as ongoing information on progress from the climate roadmap and other energy measures. This information is explained transparently in publicly accessible sources, for example quarterly and annual reports or on the Alzchem website and is also addressed in direct exchanges with external interest groups.

## 5.2 OPPORTUNITY REPORT

As part of its risk management, Alzchem also regularly identifies and evaluates opportunities that arise in the business areas. However, these represent only a small, but for the company the most significant, section of the opportunities available. In addition, the assessment of opportunities is subject to continuous change. The most significant opportunities listed here are actively pursued by Alzchem



with equal weighting and transferred to the internal performance indicators. Reference is made to the performance indicators mentioned above.

The scope of consolidation of opportunities corresponds to the scope of consolidation used for accounting purposes. The opportunities do not differ significantly between the segments or are not concentrated in just one segment. Rather, the opportunities described below exist throughout the Group and across all segments.

### 5.2.1 DIVERSIFICATION AND GLOBAL PRESENCE

The Alzchem Group operates a stable NCN family tree with the key products calcium carbide, fertilizer Perlka®, cyanamide, dicyandiamide, nitroguanidine and other high-quality derivatives, such as DYHARD®, Creapure® and Creamino®. The company strives to consistently exploit opportunities for growth through a combination of diversification, market penetration and market development.

Changes in market conditions and regulatory changes are continuously monitored and, where possible and sensible, exploited immediately. In addition to traditional products, the company also continuously invests in new products and new applications for existing products.

Alzchem supplies different end markets with a wide range of products. This high level of diversification permanently supports very balanced sales and earnings growth with foot-holds in many different market segments and industries. To date, the Group has always succeeded in offsetting or even overcompensating for economic or regional sales fluctuations in one sector through growth in another segment or country.

As part of its global presence in more than 70 countries, comprehensive market potential is identified and systemat-

ically processed and implemented in the short, medium and long term using project tools developed in-house.

Finally, not least due to the agreement concluded with the US Department of Defense (see section 3.2.2. of the combined management report), Alzchem has the opportunity to position itself even better with its own production site in the USA and to supply its customers comprehensively from outside Europe in the future. If the search for a location is successful, Alzchem will make the best possible use of this opportunity.

### 5.2.2 NCN CHAIN AND BACKWARD INTEGRATION

Through a backward-integrated production chain, Alzchem secures a high degree of independence, which minimizes the risk of turbulence in supply chains and delivery difficulties. Increasing customer awareness of this and the willingness to pay a premium for a secure supplier in Europe are among the major opportunities for Alzchem.

### 5.2.3 GROWTH POTENTIAL IN LINE WITH GLOBAL DEVELOPMENTS

Alzchem sells its products in diversified markets that follow global developments, have the potential for stable growth and should therefore benefit Alzchem's business development. In fiscal year 2024, more than 80% of the Specialty Chemicals segment's sales were attributable to the global developments of population growth, healthy ageing, climate protection through energy efficiency and defense.

#### POPULATION GROWTH

The world's population is growing steadily and needs to be fed. At the same time, the amount of arable land available worldwide is limited. Against this background, efficient

processes are necessary in order to continue to supply the growing population with food in the best possible way. The products of the Alzchem Group meet these requirements and can be used in agricultural production that is increasingly oriented towards optimized yields. Alzchem believes it is well positioned to benefit from this global development. Creamino®, for example, a patented feed additive from Alzchem's Specialty Chemicals segment, is primarily used worldwide in poultry nutrition and leads to an improved supply of the important biomolecule creatine. In addition to its use in poultry, Creamino® could be increasingly used in the nutrition of other animal species in Europe and around the world.

#### HEALTHY AGEING

According to Alzchem, the nutrition industry is influenced by the increasing health awareness of consumers and innovations in health technologies. The products Creapure®, Creavitalis® and LIVADUR® as dietary supplements, as well as Bioselect®, which consists of high-purity guanidine hydrochloride and is used in biotechnology, diagnostics and the pharmaceutical industry, are benefiting from these megatrends.

#### CLIMATE PROTECTION

Alzchem supports the global efforts to reduce greenhouse gases and to save or avoid CO<sub>2</sub> with various solutions.

The Specialty Chemicals segment, for example, includes the DYHARD® product group, which reduces the weight of cars and aircraft in wind turbines and in the automotive and aerospace industries, for example, thereby improving their energy efficiency.

The product Eminex® launched by Alzchem also deserves special mention. It reduces the release of methane during the storage of farm manure and can greatly reduce the impact of greenhouse gases from agriculture on the atmosphere. Should farmers be subject to similar requirements to



avoid greenhouse gases as the industry already has today, this could represent a significant opportunity for Alzchem with its Eminex® product. In addition, privately organized certificate systems could increase the chances of using the product.

Finally, Alzchem has drawn up its own climate roadmap, which was approved by the Annual General Meeting in May 2023. The aim is for the company to become climate-neutral much faster than the EU envisages - while at the same time improving profitability. The main focus is on avoiding CO<sub>2</sub> emissions and phasing out the use of fossil fuels. The measures envisaged in the climate roadmap will also result in process improvements and a reduction in the use of raw materials. In addition, ongoing communication about the measures and their implementation can also lead to a positive image among (potential) customers. Initial inquiries from new and existing customers regarding the climate-neutral manufacture of certain products have already been received. Alzchem therefore sees the work on the climate roadmap and informing the public about it as an opportunity for cost savings and sales growth.

## DEFENSE

Increasing geopolitical tensions have brought the defense sector back into the focus of national governments. In the democratically governed countries of the world, Russia's invasion of Ukraine has led to a significant increase in national defense budgets and a growing acceptance among the population. Alzchem supplies the product nitroguanidine as a propellant to the defense sector and is facing a significant increase in demand, which is why an extensive investment program has been launched with the aim of doubling production capacity for nitroguanidine from the second half of the fiscal year 2026.

## 5.2.4 STRONG BRANDS

Thanks to its reliability, many years of quality work and continuous image building, Alzchem has strong brands that offer enormous opportunities for further growth. Creapure® as the leading brand for creatine monohydrate is an example of this. Alzchem has a total of 955 registered brands and 57 trademark applications worldwide. This broad, established range of brands offers the company special market opportunities.

## 5.2.5 MARKET ENTRY BARRIERS

Alzchem benefits from entry barriers to markets in which it operates. It can be time-consuming and costly for potential new competitors to establish an integrated production network similar to Alzchem's, to obtain certifications, registrations and approvals for plants and products in a highly regulated market environment and to achieve Alzchem's level of know-how and industrial property rights.

## INTEGRATED PRODUCTION NETWORK

Alzchem is a vertically integrated manufacturer of specialty chemicals in the NCN network. Competitors focus on different sectors of the NCN "Verbund", while Alzchem's integrated production network enables it to cover the entire NCN chain. The integrated production network gives the company particular flexibility to better deal with changes in demand for individual products. Furthermore, Alzchem is not as dependent on the raw material markets for the preliminary products that are manufactured within the NCN network itself. Despite the high degree of specialization of the Specialty Chemicals segment's products, Alzchem can use its production facilities for a large number of products, which it believes gives the company a competitive advan-

tage in terms of resource efficiency as a result of vertical integration.

## ELECTRICITY AS A SOURCE OF RAW MATERIALS

Another advantage of the production network lies in the raw material source of electricity. The entire chemical industry will have to switch from fossil fuels to electricity-based processes. This means high transfer investments, which Alzchem will not have, however, as its business model is already based on electricity and can be operated flexibly along renewable energies within certain limits. Alzchem therefore neither has to bear transfer investments towards an electricity business model nor does Alzchem suffer efficiency losses that competitors will have if they have to switch their business model away from fossil energy to electricity and hydrogen.

## REGULATORY ENTRY BARRIERS IN THE MARKETS

Some of the sectors in which Alzchem operates are highly regulated. This applies in particular to the market for chemical products in general, the market for biocidal products and crop protection products, the market for food supplements and animal feed additives as well as the pharmaceutical and cosmetics sector. Alzchem has the necessary approvals, registrations and certificates to produce and distribute its products in these highly regulated markets. The company also holds certain certificates, registrations and approvals that may be difficult, costly or time-consuming for potential competitors to obtain.

Alzchem could even benefit from increasing regulation here, including with regard to a possible ban on SVHC substances. For example, melamine was classified as an SVHC substance by the European Chemicals Agency ECHA at the beginning of 2023. Studies are currently underway to replace melamine with dicyandiamide (DCD) in selected applications. Alzchem is the only producer of DCD in Europe.



## KNOW-HOW, TRADEMARKS AND INDUSTRIAL PROPERTY RIGHTS

High product quality, delivery reliability, process know-how and industrial property rights are the result of Alzchem's research and development activities, making it difficult for competitors to enter the markets in which Alzchem brands predominate. In the Specialty Chemicals segment in particular, innovations, know-how and their adequate protection are of fundamental importance.

Accordingly, several Alzchem products are protected by patents or trademarks that prevent competitors from imitating Alzchem products. As of the current reporting date, the company holds 382 granted patents and a further 108 patent applications. In addition, Alzchem has 955 registered trademarks and 57 trademark applications.

### 5.2.6 LOCAL DISTRIBUTION

Alzchem continued to successively expand its direct marketing channels for various products in the past fiscal year 2024. This will continue in the coming years, enabling Alzchem to offer a more attractive range of prices and services based on greater customer proximity. The gradual expansion of own brands and the intensification of own sales will bring with it a multitude of opportunities and possibilities. For Alzchem, there is the possibility of further expanding the integration that is already deeply rooted in the company's DNA in integrated production. Through even greater customer proximity, Alzchem can respond even more specifically to the requirements and wishes of users and thus constantly adapt its solutions to customer and market needs.

## 6. FORECAST REPORT

The Alzchem Group's forecasts for the fiscal year 2025 are based on the following assumptions:

- No occurrence of a global recession; general global economic situation developing at the currently forecast level
- Extrapolation of costs for raw materials and logistics stable at 2024 level
- Electricity price remains at the increased level of the fourth quarter of 2024
- Existing authorizations are retained, requested authorizations are granted
- Raw materials and logistics are generally available
- Ukraine war delivers no further disruptions
- No additional market barriers or restrictions on global trade (e.g. through US tariffs)

The following table provides an overview of the forecast values for the Group's financial performance indicators for the fiscal year 2025:

	2024	Forecast 2025
Group sales	EUR 554.2 million	Growing to around EUR 580 million
Adjusted EBITDA*	EUR 105.3 million	Growing to around EUR 113 million
Adjusted EBITDA margin*	19.0%	Growing to around 19.5%
Inventories	EUR 101.2 million	Particularly strong growth
Inventory intensity	18.3%	Slightly growing
Equity ratio	42.9%	Slightly decreasing

\* No adjustments were made.

The planned sales growth should continue to be achieved organically; acquisitions are not included in the forecast. The fundamental growth drivers are mainly volume effects. Price effects will also play a role, in line with developments on the raw materials and energy markets. We expect the segments' sales performance to vary. Sales growth in the Specialty Chemicals



segment will more than compensate for the decline in sales in the Basics & Intermediates segment.

Further growth in the Specialty Chemicals segment is to be achieved primarily through volume increases in the products Creapure®, Creamino® and Nitroguanidine. These areas were already characterized by steady growth in the fiscal year 2024 and have now reached a high sales level. Further significant volume growth will require an increase in production capacity. The planned expansion in the Creapure® product area and optimization of the existing facilities are part of the forecast. The investment project to expand capacity for guanidine nitrate and nitroguanidine (for further details on the investment project, see 3.2.2.) will not yet have a significant impact on sales in 2025. Commissioning of the new plants is scheduled for the second half of 2026. In addition to the products mentioned above, we also expect an increase in volumes and sales in the Custom Manufacturing segment (multi-purpose systems) compared to the previous year. After sales in this area have been declining since 2023 due to the negative development of the general chemical economy in Germany, we expect demand to recover in the fiscal year 2025.

Sales in the Basics & Intermediates segment are expected to be slightly below the previous year's level. The requirement that volume reductions are deliberately accepted if the market does not allow for profitable pricing could lead to a further decline in volumes and sales in individual business areas. A positive development could be achieved in the NITRALZ® product area. Initial successes and positive

trends from the strategy project launched in 2024 can be seen here. In this area too, Alzchem wants to increasingly move away from standard applications towards niche applications in growth markets in order to gain a significant competitive advantage over the dumping competition from Asia. Ongoing discussions with customers in this regard are very positive that this strategy can lead to a trend reversal.

In the Other & Holding segment, we anticipate a slight increase in sales from network operation services at the chemical parks in Trostberg and Hart.

We expect prices for the most important raw materials and logistics to remain stable at the 2024 level and energy prices to remain at the higher level of the fourth quarter of 2024.

The Alzchem Group anticipates an increase in personnel costs in line with the collective wage agreements in the chemical industry from June 2024. In addition, the number of employees is expected to rise in preparation for the plant expansion for nitroguanidine

The EBITDA margin in the Specialty Chemicals segment is traditionally higher than in the Basics & Intermediates segment. We expect this to continue in 2025. The sales growth in the Specialty Chemicals segment will lead to a further increase in this segment's share of Alzchem's total sales. Consequently, the EBITDA share of this segment and the EBITDA margin of Alzchem will also increase.

The forecast EBITDA development does not include any effects from the investment project to expand capacities for guanidine nitrate and nitroguanidine (for details on the in-

vestment project, see 3.2.2.). In the fiscal year 2025, neither increases in sales nor investment grants recognized in profit or loss are expected as a result.

A sharp increase in inventories is forecast. The expected increase in inventories is due to the scheduled extended maintenance of a carbide furnace at the Hart site in the first half of 2026. In order to ensure the supply of carbide to production operations during this time, a temporary increase in inventories is required in 2025. Assuming at least stable raw material costs, no significant appreciation or depreciation effects are expected. Inventory intensity also develops as a calculated value at a higher level compared to 2024.

Following the development of EBITDA, equity is expected to increase. Although equity will be reduced by the planned dividend payment, the positive effect on earnings should outweigh this. A slight decline in the equity ratio is expected. This is due to accounting effects from the investment project to expand capacities for guanidine nitrate and nitroguanidine (for details on the investment project, see 3.2.2.). Due to the increased investment activity in 2025 and the initial recognition of the incoming customer subsidies as liabilities, a significant balance sheet extension is expected. This could slightly reduce the equity ratio, despite the absolute increase in equity. An actuarial interest rate of 3.4%, which is at the current level, is expected for the planning of pension provisions. A reduction in the actuarial interest rate below this amount would have a one-to-one negative impact and an increase in the actuarial interest rate would have a positive impact on the forecast equity ratio



For the non-financial performance indicators (see 3.2.5.4.2.)

- sustainable customer loyalty,
- Education,
- Management systems and
- Environment and energy

Alzchem is also optimistic that it will continue to improve.

The company is striving to maintain customer loyalty at the level of previous years and, in selected business areas, to expand it even further where possible. Proximity to customers has proven to be a key success factor of the Alzchem business model, particularly in view of the distortions caused by the crises of recent years and the resulting volatile markets. This gives us the opportunity to respond quickly to customer inquiries and problems.

In the area of training, the number of trainees will be maintained. However, the planned increase in the total workforce may result in a slight decrease in the percentage figure.

All management systems and certificates will continue to be maintained. Alzchem strives to achieve optimization, which generally means a reduction, in the key environmental and energy figures for five main reasons:

- Reducing the impact on the environment,
- Reduction in expenses for disposal,
- Conservation of resources,
- Orientation of production facilities towards future-proof and sustainable processes,
- Compliance with national and international regulations.

In this context, a large number of individual measures are being implemented, so that Alzchem continues to assume that the targets set will be achieved.

Furthermore, it is assumed that availability on the logistics and commodities markets, which has now stabilized again, will continue. The possible effects of an increase in current global political tensions are also not included in this forecast.

In summary, it can be stated that the Alzchem Group, with its broad positioning and solid financial basis, is well equipped for challenging phases. Alzchem will continue to attach great importance to this in the future.

The actual development of the Alzchem Group and its segments may deviate both positively and negatively from the forecasts made due to the opportunities and risks described or in the event that the expectations and assumptions made do not materialize.

The forecasts are based on unchanged regulatory assumptions, such as Section 19 (2) StromNEV, electricity price compensation, the provisions of the Energy Financing Act (EnFG) or product approvals. It also contains forward-looking statements that are 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, such as future market and economic conditions, the behavior of other market participants, the successful integration of potential acquisitions and the achievement of anticipated synergies and the actions of government regulators. Should any of these uncertainties or other imponderables materialize or should the assumptions on which these statements

are based prove incorrect, actual results may differ materially from those expressed or implied by such statements.

This forecast contains forward-looking statements about the business activities of Alzchem. Terms such as "may", "will", "assume", "expect", "anticipate", "see", "assume", "take into account", "plan" are used. These terms and variations of these terms or similar expressions identify these forward-looking statements. Such forward-looking statements represent the current estimates, judgments, expectations and assumptions of Alzchem's Board of Management, some of which are beyond Alzchem's control and are based on the best information available at the time this forecast was prepared. They are subject to existing risks and uncertainties. Should these estimates, assessments, expectations and assumptions of the Management Board of Alzchem not materialize in the future or deviate from the original assessment, the actual key figures of Alzchem may deviate from the given forecast.

## 7. INTERNAL CONTROL SYSTEM RELATED TO THE ACCOUNTING PROCESS

The management of Alzchem Group AG and its consolidated subsidiaries is responsible for the establishment, application and further development of an appropriate internal control system (ICS) with regard to the accounting process. This system is the responsibility of the Chief Executive Officer and is intended to ensure that the consolidated financial statements are prepared in accordance with the IFRS Accounting Standards and the annual financial statements of Alzchem Group AG are prepared in accordance with the



German Commercial Code and the German Stock Corporation Act. This ensures reliable external financial reporting.

In addition, the combined management report must give a true and fair view of the position of the company and the Group, comply with German legal requirements and correctly present the opportunities and risks of future development. Measures must be taken to enable the preparation of the combined management report in accordance with the applicable German regulations and to provide sufficient evidence for the statements in the report.

The aim of the accounting-related ICS is to ensure uniform and legally compliant accounting that complies with generally accepted accounting principles and internal guidelines. The accounting process comprises the operational processes that provide the value flows for financial reporting, as well as the preparation of the annual and consolidated financial statements and the sources of information from which the key disclosures in the consolidated financial statements are derived.

To ensure proper and uniform accounting, the basic principles of segregation of duties, dual control and IT access restrictions to prevent unauthorized data access apply. Reporting to the central finance department is carried out using a standardized reporting tool implemented throughout the Group. Further control measures that cover risks in the key processes and ensure reliable accounting and reporting are decentralized in the specialist departments.

The accounting systems of all production companies included in the consolidated financial statements are located in a uniform SAP environment and are subject to uniform charts of accounts, account assignment specifications, processes and process controls. The sales companies use ERP solutions that are adapted to the size of the companies.

The (Group) accounting process is managed within the Controlling/Accounting department of Alzchem Trostberg GmbH. A key element of the ICS in relation to the (Group) accounting process is a Group-wide accounting procedure, which is continuously checked for plausibility by employees in the Financial Controlling and General Ledger department as part of monthly reporting. Group reporting is based on a monthly Excel consolidation tool with extensive checking and validation routines. External experts are consulted for special areas of accounting, such as pension reports (IAS 19), measurement of financial instruments (IFRS 9, IFRS 7, IFRS 13, IFRS 15, IFRS 16) and share-based payment (IFRS 2).

In the German companies, there are binding procedural instructions that have a concrete impact on accounting, such as procedures in purchasing, the disposal of non-current assets and the processing of advance payments. The dual control principle is ensured by a standardized SAP workflow (XFlow) and a system-anchored signature guideline. Accounting and controlling data are only accessible to a restricted group of people.

Accounting-related information is continuously exchanged with the Head of Controlling, Accounting and the Head of Compliance and communicated to the Chairman of the Management Board in regular meetings. In addition to the annual and consolidated financial statements, the Chairman of the Supervisory Board regularly discusses the Group's key financial figures with the members of the Management Board. Monthly reports are submitted to the responsible management for the foreign companies and Board meetings are held.

## 8. ADDITIONAL DISCLOSURES FOR LISTED STOCK CORPORATIONS

Unless otherwise stated, the following information applies to the entire fiscal year 2024 and in particular to the balance sheet date.

### 8.1 COMPOSITION OF THE SUBSCRIBED CAPITAL

The subscribed capital represents the nominal capital of the parent company. The capital reserve includes all amounts of equity added to the company from outside, which are not subscribed capital. Minority interests in the company's equity are reported as non-controlling interests. The subscribed capital of Alzchem Group AG in the amount of EUR 101,763,350 is composed of 10,176,335 no-par value bearer shares as of the balance sheet date. The notional interest in the share capital per share is EUR 10.00. There are no different classes of shares. The company has not issued any shares with special rights. Instead, all shares carry the same rights and obligations.

As of the balance sheet date, Alzchem held 25,578 (December 31, 2023: 0) treasury shares of the above total number of shares issued.



Company	Subscribed capital 12/31/2024
Alzchem Group AG, Trostberg, Germany	EUR 101,763 thousand
Alzchem Trostberg GmbH, Trostberg, Germany	EUR 11,000 thousand
Alzchem International GmbH, Trostberg, Germany	EUR 1,000 thousand
Alzchem Stahltechnik GmbH, Trostberg, Germany	EUR 25 thousand
Suppliva GmbH (formerly Alzchem Nutrition GmbH), Trostberg, Germany	EUR 25 thousand
Alzchem Netz GmbH, Trostberg, Germany	EUR 300 thousand
Actegon Energy GmbH, Trostberg, Germany	EUR 25 thousand
Alzchem LLC, Atlanta, USA	USD 0 thousand
Alzchem Shanghai Co. Ltd, Shanghai, China	CNY 3,670 thousand
Nordic Carbide AB, Sundsvall, Sweden	SEK 50 thousand
Edelife Distributing LLC, Atlanta, USA	USD 4,112 thousand
Alzchem UK Ltd, Coventry, United Kingdom	GBP 1 thousand

## 8.2 RESTRICTIONS ON VOTING RIGHTS OR ON THE TRANSFER OF SHARES

Each Alzchem share grants one vote at the Annual General Meeting.

Restrictions on the voting rights of shares in individual cases may arise in particular from the provisions of the German Stock Corporation Act (AktG). Shareholders are subject to a voting ban under certain circumstances, for example in accordance with Section 136 AktG. Violations of the notification obligations pursuant to Sections 33 and 44 of the German Securities Trading Act (WpHG) can also result in rights arising from shares - including voting rights - not existing, at least temporarily.

There are no statutory transfer restrictions relevant to the Alzchem shares.

The articles of association of Alzchem Group AG do not contain any restrictions with regard to voting rights or the transfer of shares.

Contractual restrictions relating to the voting rights from the Alzchem shares or their transfer would generally have to be agreed between the shareholders and are not known to the Management Board. Exceptions to this are the Alzchem shares ("treasury shares") to be compulsorily acquired by the members of the Management Board in accordance with the agreements in their service contracts. The members of the Management Board may not dispose of these shares without sanctions until the end of their respective terms of office.

## 8.3 DIRECT OR INDIRECT SHAREHOLDINGS EXCEEDING 10% OF THE VOTING RIGHTS

The following direct and indirect shareholdings in the capital of Alzchem Group AG, which exceed 10% of the voting rights, have been notified to the company by the shareholders in accordance with §§ 33 and 34 WpHG:

Prof. Dr. Dr. Peter Löw, Starnberg, informed the company on August 20, 2024, that the share of voting rights of LIVIA Corporate Development SE ("LIVIA") in Alzchem Group AG fell below the threshold of 25% of the voting rights on August 16, 2024, and now, held directly or indirectly, amounted to 2,339,757 voting rights (= 22.99% of the total voting rights of the company).

Dr. Martin Vorderwülbecke, Munich, notified the company on November 23 and 28, 2022 that the share of voting rights of HDI Vier CE GmbH ("HDI") in Alzchem Group AG fell below the threshold of 15% of the voting rights on November 21, 2022, and now, held directly or indirectly, amounted to 1,296,414 voting rights (= 12.74% of the total voting rights of the company). However, the company was informed by means of a voluntary notification from Dr. Vorderwülbecke on June 27, 2024, that HDI Vier CE GmbH only held 1,181,453 voting rights (= 11.0% of the company's total voting rights) at that time.

Alzchem Group AG was also informed by LIVIA and HDI on December 11, 2024, that a private placement of 250,000 shares (corresponding to approximately 2.5% of the share capital) had been successfully completed by way of an accelerated bookbuilding process with institutional investors. However, the company is not aware which of the two shareholders sold how many shares as part of this transaction.

Mr. Markus Zöllner, Munich, informed the company on October 4, 2017, that the share of voting rights of Edelweiß Holding GmbH in Alzchem Group AG exceeded the threshold of 15% of the voting rights on October 2, 2017, and now, held directly or indirectly, amounted to





20,139,007 voting rights (= 19.79% of the total voting rights of the company). However, based on a voluntary notification by Mr. Zöllner and various managers' transactions notifications from the fiscal years 2020 and 2021, the company is aware that four two na GmbH (as universal successor to Edelweiß Holding GmbH) most recently only held 1,531,538 voting rights (= 15.05% of the company's total voting rights).

## 8.4 HOLDERS OF SHARES WITH SPECIAL RIGHTS

There are no shares in the company that grant their holders special rights, in particular powers of control over the company, compared to the other shareholders.

## 8.5 TYPE OF CONTROL OF VOTING RIGHTS IN THE CASE OF EMPLOYEE SHAREHOLDINGS

With the exception of the treasury shares issued to employees as part of the share-based remuneration in March 2023, the Management Board is not aware of any employee shareholdings in the company's capital. It should also be noted that these shares issued to employees - which account for just under 0.4% of the share capital of Alzchem Group AG - were not subject to any restrictions on disposal and could be sold by employees at any time.

Employees who have acquired shares in the company without the instigation or knowledge of the company exercise their control rights directly like all other shareholders in accordance with the statutory provisions and the Articles of Association.

## 8.6 LEGAL PROVISIONS AND REGULATIONS OF THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The requirements for the appointment and dismissal of members of the Management Board and the amendment of the Articles of Association are based on the provisions of the Articles of Association and the German Stock Corporation Act. In accordance with § 6.1 of the articles of association of Alzchem Group AG, the Management Board consists of one or more persons. The Supervisory Board appoints the members of the Management Board and determines their number. In accordance with Section 84 (1) AktG, the members of the Management Board are appointed for a maximum of five years. Reappointments are permitted. The Supervisory Board appoints the members of the Management Board by resolution with a simple majority of the votes cast. In accordance with Section 6.1 of the Articles of Association and Section 84 AktG, the Supervisory Board may appoint a Chairman of the Management Board and a Deputy Chairman of the Management Board. If a required member of the Management Board is missing, in urgent cases the court must appoint the member in accordance with Section 85 AktG at the request of one of the parties involved.

In accordance with Section 84 (3) AktG, the Supervisory Board may revoke the appointment of a member of the Management Board and the appointment of the Chairman of the Management Board for good cause. Revocation is effected by resolution of the Supervisory Board, also by a simple majority of the votes cast.

Amendments to the Articles of Association require a resolution by the Annual General Meeting. Unless the Articles of Association provide for a different majority, resolutions of the Annual General Meeting on amendments to the Articles of Association require a majority of at least three quarters of the share capital represented when the resolution is passed in accordance with Section 179 (2) AktG. However, Section 21 (1) of the company's Articles of Association stipulates that resolutions are generally passed with a simple majority of the votes cast and, if a capital majority is required, with a simple majority of the share capital represented when the resolution is passed. This provision also applies to any amendments to the Articles of Association.

In accordance with § 16 of the Articles of Association of Alzchem Group AG, the Supervisory Board is authorized to adopt amendments to the Articles of Association that only affect their wording. In accordance with Section 11 (4) of the Articles of Association, resolutions of the Supervisory Board are passed by a majority of the votes cast, unless otherwise stipulated by law. If a vote results in a tie, the Chairman of the Supervisory Board (but not his deputy) is entitled to a second vote in the event of another vote, which may be ordered by the Chairman of the Supervisory Board.

## 8.7 AUTHORIZATIONS OF THE MANAGEMENT BOARD TO ISSUE AND BUY BACK SHARES

### 8.7.1 AUTHORIZED CAPITAL

The Management Board is authorized pursuant to Section 5 (5) of the company's Articles of Association to increase the share capital of Alzchem Group AG with the approval of the Supervisory Board on one or more occasions until May 4, 2027 by a total of up to EUR 10,176,330.00 (in words: ten million one hundred and seventy-six thousand three hundred and thirty euros) by issuing up to 1,017,633 new no-par



value bearer shares against cash and/or non-cash contributions. In principle, shareholders are to be granted subscription rights. The statutory subscription right can also be granted in such a way that the new shares are taken over by a bank or a syndicate of banks determined by the Management Board with the obligation to offer them to the company's shareholders for subscription.

The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:

- in the event of a capital increase against contributions in kind, in particular for the acquisition of companies, parts of companies or interests in companies;
- in the case of capital increases against cash contributions, if the issue price of the new shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG is not significantly lower than the stock market price of the shares of the same class and features already listed and the total pro rata amount of the share capital attributable to the new shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG does not exceed 10% of the share capital existing at the time this authorization becomes effective and at the time this authorization is exercised. Shares issued or sold in direct or analogous application of Section 186 para. 3 sentence 4 AktG during the term of this authorization up to the time of its exercise are to be counted towards this limit of 10% of the share capital;
- to avoid peak amounts; and/or
- to issue shares as part of share participation or other share-based programs against cash and/or non-cash contributions to employees of the company or one of its affiliated companies, whereby the employment relationship with the company or one of its affiliated companies must exist at the time of the commitment to issue shares.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation, in particular the content of the share rights and the conditions of the share issue, including a profit participation deviating from Section 60 para. 2 AktG. If shares are issued to employees of the company or an affiliated company, the shares may also be issued in such a way that the contributions to be made on them are covered by the portion of the annual net profit that the Management Board and Supervisory Board could allocate to other revenue reserves in accordance with Section 58 para. 2 AktG. The Supervisory Board is authorized to amend the company's Articles of Association accordingly after full or partial utilization or the expiry of the authorized capital, in particular with regard to the amount of the share capital and the number of existing no-par value shares.

### 8.7.2 CONTINGENT CAPITAL

No rights were granted to the Management Board by the Annual General Meeting by way of a conditional capital increase. The company also does not maintain any share option programs or similar securities-based incentive systems that would require such conditional capital.

### 8.7.3 AUTHORIZATION TO ACQUIRE AND USE TREASURY SHARES

In order to provide Alzchem Group AG with the opportunity to acquire and resell treasury shares if necessary, the 2024 Annual General Meeting authorized Alzchem Group AG in accordance with Section 71 (1) No. 8 AktG to acquire treasury shares in a volume of up to 10% of the share capital existing at the time of the resolution or - if this amount is lower - of the share capital existing at the time the authorization is exercised until the end of May 6, 2029. The shares acquired on the basis of this authorization, together with other shares

in the company that Alzchem Group AG owns at the time of acquisition or that are attributable to it in accordance with Sections 71d or 71e AktG, may at no time account for more than 10% of the share capital. The authorization may not be used by Alzchem Group AG for the purpose of trading in treasury shares.

The authorization can be used in full or in partial amounts, once or several times by Alzchem Group AG or by dependent or majority-owned companies of Alzchem Group AG or by third parties acting for the account of Alzchem Group AG or of dependent or majority-owned companies of Alzchem Group AG. The acquisition may, at the discretion of the Management Board, take place via the stock exchange or by means of a public purchase offer directed to all shareholders or a public invitation to submit offers for sale or via a credit institution or another company fulfilling the requirements of Section 186 (5) sentence 1 AktG, which is commissioned with the acquisition as part of a buyback program. In the case of acquisition via the stock exchange, the purchase price (excluding incidental acquisition costs) may not be more than 10% higher or more than lower than the share price determined by the opening auction in Xetra trading (or a comparable successor system) on the trading day.

In the event of acquisition via a public purchase offer, a specific purchase price or a purchase price range may be set. The purchase price per share paid by the company (excluding incidental costs) may not be more than 10% higher or 20% lower than the arithmetic mean of the closing prices of the shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last three trading days prior to the date of the final decision by the Management Board on the publication of the public purchase offer ("reference date"). If there is a significant price deviation after the cut-off date, the purchase price can be adjusted in accordance with the above calculation; the reference period in this case is the three trading days prior to the pub-



lication of the adjustment. The volume of the purchase can be limited. If the total subscription of the public purchase offer exceeds this volume, acceptance by the company is based on quotas. Preferential acceptance of small numbers of shares (up to 100 shares tendered per shareholder) may be provided for. The public purchase offer may provide for further conditions.

If the purchase is made by means of a public invitation to submit offers to sell, the purchase price per share paid by the company (excluding incidental costs) may not be more than 10% higher or 20% lower than the arithmetic mean of the closing prices of the share in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last three trading days prior to the day on which the offers to sell are accepted. The purchase volume may be limited. If the total number of shares tendered exceeds this volume, acceptance by the company is based on quotas. Preferential acceptance of small numbers of shares (up to 100 shares tendered per shareholder) may be provided for. The public invitation to submit offers to sell may stipulate further conditions.

As part of a buyback program, a credit institution may be instructed to acquire and transfer to the company either an agreed number of shares or shares for a previously agreed total purchase price on a predetermined minimum number of trading days in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) and by the end of a previously agreed period at the latest. In doing so, (i) the credit institution must acquire the shares via the stock exchange, (ii) the purchase price per share paid by the bank (excluding ancillary costs) may not exceed the price determined by the opening auction in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the trading day by more than 10% or fall below it by more than 20%. and (iii) the purchase price per share to be paid by the company must be at a discount to the arithmetic mean of the volume weighted average price (VWAP) of

the Alzchem share in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during the actual period of the repurchase. Apart from this, the bank is free to implement the buyback program - subject to any further specifications by the company in individual cases.

The Management Board is authorized, with the approval of the Supervisory Board, to use treasury shares that have been or will be acquired on the basis of this or a previously granted authorization for all legally permissible purposes, in particular for the following purposes, other than through sale on the stock exchange or through an offer for sale to all shareholders. The company may also use dependent companies or companies in which it holds a majority interest or third parties acting for the account of the company or the aforementioned companies:

1. The shares may be redeemed without the redemption or its implementation requiring a further resolution by the Annual General Meeting. The redemption leads to a reduction in the share capital by the proportion attributable to the redeemed shares. In deviation from this, the Management Board may determine that the share capital remains unchanged upon redemption and that the proportionate amount of the share capital attributable to the shares not redeemed increases accordingly instead; in this case, the Management Board is authorized to change the number of shares stated in the Articles of Association.
2. The shares may be offered for purchase to members of the company's Management Board, members of the management of affiliated companies and employees of the company and affiliated companies or promised as a remuneration component; the shares offered or promised may also be transferred to the beneficiaries after the employment or board relationship has ended. The shares may also be transferred to a bank, which assumes the shares with the obligation to use them exclusively for the purposes set out in sentence 1. Insofar as treasury shares are

to be offered, promised or transferred to members of the company's Management Board, this authorization applies exclusively to the company's Supervisory Board.

3. The shares may be offered to and transferred to third parties in the context of business combinations and the (also indirect) acquisition of companies, parts of companies or interests in companies as well as other assets eligible for contribution in connection with such an acquisition project.
4. The shares may also be sold to third parties against cash payment other than via the stock exchange or by means of an offer to all shareholders if the price at which the shares are sold is not significantly lower than the share price determined by the opening auction in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the day of the sale (excluding incidental costs). Furthermore, in these cases, the sum of the shares sold may not exceed a total of 10% of the share capital, neither at the time this authorization becomes effective nor at the time it is exercised. The proportionate amount of the share capital attributable to shares that are issued or used during the term of this authorization with the exclusion of subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG must be offset against this amount.

Shareholders' subscription rights to acquired treasury shares are excluded to the extent that these shares are used in accordance with the above authorizations (2) to (4). In addition, if the shares are sold via an offer for sale to all shareholders, shareholders' subscription rights may be excluded for fractional amounts.

The aforementioned authorizations may be exercised once or several times, in full or in partial amounts, individually or jointly, within the aforementioned limits.



In agreement with the Supervisory Board, the Management Board made use of the buyback authorization in November 2024 to launch a share buyback program with a volume of up to EUR 6,000,000.00 or 100,000 Alzchem shares. The buyback program had not yet been completed by the time the annual financial statements were adopted in February 2025.

## 8.8 MATERIAL AGREEMENTS SUBJECT TO A CHANGE OF CONTROL

There are standard market provisions in individual loan agreements concluded by the company that link legal consequences, such as the right to extraordinary termination by a contracting party (usually the contracting party), to a majority takeover or control of the company. Comparable change-of-control clauses can also be found in individual other agreements; these clauses are also consistent with what is customary on the market.

## 8.9 COMPENSATION AGREEMENTS IN THE EVENT OF A TAKEOVER BID

No arrangements have been made with Management Board members or employees specifically for the event of a takeover bid, i.e. for the situation in which a third party acquires control of the company within the meaning of Section 29 (2) WpÜG.

## 9. (GROUP) DECLARATION ON CORPORATE GOVERNANCE

### 9.1 CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG

#### 9.1.1 CORPORATE GOVERNANCE AND THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

Corporate governance comprises the principles for the management and supervision of a company. In this sense, corporate governance as an expression of good and responsible corporate management is an essential part of the Alzchem Group's philosophy.

The principles of corporate governance primarily concern the cooperation within the Management Board and the Supervisory Board (including its committees) and between the two bodies as well as the relationship with the shareholders both in and outside the Annual General Meeting. Finally, the principles of corporate governance also concern the relationship between Alzchem and the persons and institutions that have an economic relationship with it.

The German Corporate Governance Code (GCGC) forms the starting point for Alzchem for ensuring responsible management and control of the company geared towards sustainable value enhancement - in addition to compliance with the relevant legal standards. There are no statutory provisions that take precedence over the GCGC and are not to be observed by the company in this respect (recommendation F.4 GCGC).

### 9.1.2 GOVERNANCE TOPICS RECOMMENDED FOR DISCLOSURE BY THE GCGC

In accordance with the recommendations of the GCGC, the following governance issues must be reported on separately in the Corporate Governance Statement (GCGC):

- At its meeting on August 4, 2020, the Supervisory Board resolved a long-term succession plan for the Management Board (recommendation B.2 GCGC). For this purpose, the Management Board presented to the Supervisory Board, among other things, the Alzchem employees suitable for a future Management Board function and the time horizons envisaged in this respect. The Supervisory Board reviewed and updated the succession planning following the annual update of the group of people in question and the development measures planned for its members. The most recent such review and update took place at the Supervisory Board meeting on December 4, 2024.
- Also at the meeting on August 4, 2020, the Supervisory Board set the (possibly fictitious) standard retirement age under the statutory pension scheme as the - currently unchanged - age limit for the members of the Management Board. Accordingly, the Supervisory Board should only appoint members of the Management Board for a period that ends no later than the end of the month in which their individual standard retirement age is reached (recommendation B.5 GCGC).

With regard to recommendations C.1 p. 1 et seq. DCGK (catalog of objectives and competence profile for the Supervisory Board; diversity; sustainability expertise), C.1 p. 5 DCGK (qualification matrix), C.1 p. 6 DCGK (appropriate number of independent Supervisory Board members), C.2 DCGK (age limit for Supervisory Board members), C.3 DCGK (length of

service on the Supervisory Board), C.6 DCGK (independence of Supervisory Board members), D.2 p. 2 DCGK (existence and composition of Supervisory Board committees), D.3 p. 4 DCGK (financial expertise of the members of the Audit Committee) and D.12 DCGK (efficiency review of the Supervisory Board), see the information in section 10.3 (“Relevant disclosures on corporate governance practices”).

### 9.1.3 DECLARATION OF CONFORMITY 2024

#### DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG

The Management Board and Supervisory Board of Alzchem Group AG (“Company”) declare pursuant to § 161 AktG:

The last (updated) declaration of compliance was issued in December 2023. Since this date, the company has complied with all recommendations of the German Corporate Governance Code in the version dated April 28, 2022 (“GCGC 2022”) and intends to continue to comply with them in the future with the following exception

Recommendation G.6 GCGC 2022 recommends that “the variable remuneration ... from the achievement of long-term targets ... exceeds the share from short-term targets”: In contrast, all of the company’s Management Board service contracts provide for variable “transition payments”. Although these are structured along the lines of the Long-Term Incentive (LTI), they provide a payment entitlement after a holding period of one to three years (which in turn depends on the increase in the Alzchem share price). The granting and payment of these “transitional payments” can lead to the short-term variable (target) remuneration exceeding the long-term variable (target) remuneration for individual or all members of the Management Board. The company considers the transition payments to be necessary

in order to avoid abrupt salary reductions for the members of the Management Board solely due to the entry or transition to a new remuneration system.

Trostberg, December 2024

Alzchem Group AG

For the Supervisory Board

Markus Zöllner  
(Chairman of the Supervisory Board)

For the Management Board

Andreas Niedermaier

Andreas Lösler

Klaus Englmaier

Dr. Georg Weichselbaumer



The current and previous declarations of compliance reproduced above are available on the company’s website at [www.alzchem.com/de/investor-relations/corporate-governance/](http://www.alzchem.com/de/investor-relations/corporate-governance/).



## 9.2 PUBLIC DISCLOSURE OF REMUNERATION-RELATED DOCUMENTS

The remuneration report for the fiscal year 2024 and the auditor's report on this pursuant to Section 162 AktG, the applicable remuneration system for the Management Board pursuant to Section 87a para. 1 and 2 sentence 1 AktG and the last resolution of the Annual General Meeting on the remuneration of the Supervisory Board pursuant to Section 113 para. 3 AktG are or will be made publicly available on the company's website at [www.alzchem.com/de/investor-relations/corporate-governance/](http://www.alzchem.com/de/investor-relations/corporate-governance/).

## 9.3 RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

The company complies with all legal provisions applicable to it and complies with all recommendations of the German Corporate Governance Code (the latter with the exception of the deviation from recommendation G.6 GCGC disclosed and justified in the declaration of conformity, see section 9.1.3).

In addition, the Articles of Association of Alzchem Group AG, the rules of procedure for the Management Board and the Supervisory Board as well as the internal corporate guidelines for the entrepreneurial activities of the company and its employees, all of which are available on the company's website at [www.alzchem.com](http://www.alzchem.com), are decisive for corporate governance.

## 9.3.1 WORKING METHODS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

### 9.3.1.1 MANAGEMENT BOARD

The members of the Management Board are responsible for managing the company's business in the interests of the company in accordance with the law, the Articles of Association, the rules of procedure for the Management Board and the associated schedule of responsibilities. The Management Board generally complies with the recommendations of the German Corporate Governance Code; any deviations are reported and explained in the declaration of compliance - usually together with the Supervisory Board (as is currently the case with recommendation G.6 GCGC). The Management Board must define the company's corporate objectives, fundamental strategic direction, business policy and Group organization, coordinate these with the Supervisory Board and ensure their implementation. It is responsible for ensuring compliance with legal provisions and internal company guidelines and works to ensure that these are observed by the Group companies and their employees (compliance). It is also responsible for ensuring appropriate risk management and controlling within the company.

In the fiscal year 2024, the Management Board consisted of four members: Mr. Niedermaier (CEO), Mr. Englmaier (COO), Dr. Weichselbaumer (CSO) and Mr. Lösler (CFO since 1 January 2024). Mr. Niedermaier, a member of the Management Board, has been appointed as its Chairman.

Ms. Martina Spitzer has been appointed by the Supervisory Board as an additional member of the company's Management Board (CSO) with effect from 1 January 2025.

The Management Board works on the basis of the rules of procedure for the Management Board, which were last revised by the Supervisory Board on December 4, 2024. The current version of the rules of procedure is published on the company's website at [www.alzchem.com/de/investor-relations/corporate-governance/](http://www.alzchem.com/de/investor-relations/corporate-governance/).

The Chairman of the Management Board coordinates cooperation within the Management Board and the provision of information to the Supervisory Board and maintains regular contact with the Chairman of the Supervisory Board. He must ensure that the management of the Management Board departments is uniformly aligned with the objectives defined by the resolutions of the Management Board. The Chairman of the Management Board may request information from the members of the Management Board at any time on individual matters relating to their areas of responsibility and may stipulate that he be informed in advance of certain types of transactions. The Chairman of the Management Board represents the Management Board and the company to the public, particularly in matters that affect the entire company. He may delegate these tasks to another member of the Management Board for certain types of matters or in individual cases.

The responsibilities of the individual members of the Management Board are set out in the schedule of responsibilities last revised for the company in December 2024, which is proposed by the members of the Management Board - including in the event of future changes - and requires the approval of the Supervisory Board.



The current allocation of responsibilities plan provides for the following allocation of responsibilities for the five-member composition in force since January 1, 2025:

<b>Andreas Niedermaier (Chief Executive Officer - CEO)</b>	<b>Andreas Lösler (Member of the Management Board - CFO)</b>	<b>Klaus Englmaier (Member of the Management Board - COO)</b>	<b>Dr. Georg Weichselbaumer (Member of the Management Board - CSO)</b>	<b>Martina Spitzer (Member of the Management Board - CSO)</b>
Strategy	Controlling, finances, taxes	Production	Marketing	Distribution CHA, human nutrition
Supply chain	Insurances	Technology	Sales metallurgy, agriculture, animal nutrition	Sustainability/ESG
Law	Personnel management	Environment, safety, health, quality	Innovation management / R&D / process development	
Risk management	Information technology		Product approval	
Revision	Data protection		USA project	
Compliance	Investor relations, communication			

Each member of the Management Board makes their own decisions within their area of responsibility, whereby the overall responsibility and collegiality of the Management Board as a whole must always be observed. If a matter affects the areas of responsibility of several members of the Management Board, they decide jointly. If no agreement can be reached, each participating member of the Management Board is obliged to bring about a resolution by the entire Management Board. In this case, the measure must be refrained from until the Management Board has reached a decision, unless immediate implementation is necessary at the discretion of the Management Board to avoid imminent serious disadvantages for the company. The Management Board must then be informed immediately of such an action by the Management Board member concerned.

The Management Board fulfills its reporting obligations to the Supervisory Board as set out in Section 90 AktG and other statutory provisions, the Articles of Association and the rules of procedure, whereby the Management Board generally reports to the full Supervisory Board but may also report only to the Chairman of the Supervisory Board. Reports from the Management Board to the Supervisory Board are generally to be submitted in text form, unless the law stipulates otherwise. If necessary, in individual cases due to particular urgency, the Supervisory Board must be informed verbally.

As part of its reporting, the Management Board informs the Supervisory Board regularly, promptly and comprehensively, particularly in the course of its meetings, about fundamental issues relating to corporate planning, the net assets, financial position and results of operations as well as profitability. In doing so, the Management Board must also address deviations from the approved plans and targets and the reasons for these. The Management Board's reporting must also cover the risk situation, risk management and compliance.

At the Supervisory Board meetings, the Management Board also regularly reports to the Supervisory Board on the current course of business of the company (including the subsidiaries), in particular on sales, earnings and cash flow, the company's situation and all issues of business policy and profitability relevant to the company. All issues relating to sustainability and ESG, such as the progress made in implementing the climate roadmap, are also reported on regularly.

Unless otherwise determined by the Supervisory Board, the Management Board reports to the Supervisory Board on the intended business policy and other fundamental issues of corporate planning at the last meeting of the Supervisory Board in a fiscal year and submits the budget for the following fiscal year (including financial, investment and personnel planning) to the Supervisory Board for approval.

Unless otherwise determined by the Supervisory Board, the Management Board shall inform and report to the Supervisory Board on the profitability of the company, in particular the return on equity, at the meeting of the Supervisory Board at which the annual financial statements are discussed.

In addition, the Chairman of the Management Board reports to the Chairman of the Supervisory Board in good time on transactions that may be of significant importance to the company's profitability or liquidity. Notwithstanding the Supervisory Board's existing approval requirements for significant transactions and the reporting obligations set out in particular in Section 90 of the German Stock Corporation Act (AktG), the Management Board informs the Chairman of the Supervisory Board promptly and comprehensively about all business



matters that are of particular importance due to their financial impact and/or their significance for general company policy, in particular also about the risk situation and risk management.

### 9.3.1.2 SUPERVISORY BOARD

#### TASKS

The Supervisory Board advises the Management Board on the management of the company and monitors its management of the company (see also the report of the Supervisory Board in this annual report on the activities of the Supervisory Board). As a prerequisite for this, the Supervisory Board ensures that the Management Board fulfills its reporting obligations to the Supervisory Board or its Chairman.

The Supervisory Board performs its activities in accordance with the statutory provisions, the Articles of Association and the rules of procedure last updated in July 2022. The recommendations of the German Corporate Governance Code relating to the Supervisory Board are generally observed, unless the declaration of conformity to be published in accordance with Section 161 of the German Stock Corporation Act (AktG) states otherwise (which is currently not the case). The members of the Supervisory Board have equal rights and obligations and are not bound by instructions. In performing its duties, the Supervisory Board works closely and in a spirit of trust with the Management Board for the benefit of the company.

The Supervisory Board regularly reviews the efficiency of its activities, usually every two years. The last efficiency review for the Supervisory Board took place in the reporting year. To carry it out, the Supervisory Board members each answered a comprehensive written questionnaire, the (anonymous) results of which were evaluated by the Chairman of the Supervisory Board, presented to the Supervisory Board members and discussed with them. The next regular

efficiency audit is expected to take place in 2026; the Supervisory Board will autonomously determine the relevant audit format in good time beforehand (recommendation D.12 GCGC).

#### COMPOSITION / OBJECTIVES / COMPETENCE PROFILE

The Supervisory Board of Alzchem Group AG (as the parent company of the Alzchem Group) consists of four members, most recently elected by the Annual General Meeting in May 2020 (until the Annual General Meeting 2025), in accordance with Section 8 (1) of the Articles of Association. The Supervisory Board is to be composed in such a way that its members collectively have the knowledge, skills and professional experience required to properly perform their duties.

Taking into account the recommendations of the German Corporate Governance Code, the Supervisory Board specifies "concrete objectives" for its composition (recommendation C.1 sentence 1 GCGC). For the company's Supervisory Board, these objectives, last updated by the Supervisory Board in November 2024, essentially consist of ensuring the full range of professional, company-specific and sustainability-related expertise on the Supervisory Board as a whole, ensuring the internationality and a sufficient degree of independence of the Supervisory Board members and ensuring gender diversity and a balanced age structure on the Supervisory Board.

Furthermore, C.1 sentence 1 GCGC recommends that the Supervisory Board adopt a "profile of skills and expertise". According to the "competence profile", which was also last revised in November 2024, the members of the Supervisory Board as a whole should have the professional skills required to fulfill their duties in the best possible way (professional diversity). In particular, they must be familiar with the chemical industry from a commercial perspective. According to the competence profile, it is also desirable for the Supervisory Board to have an appropriate representation of chem-

ical-technological expertise based on training, professional activity or particular personal interest. Finally, the Supervisory Board should have expertise in the following areas

- Manufacturing and production, marketing and sales
- Corporate planning
- (Internal and external) corporate financing and the capital market
- Accounting and auditing
- Digitalization and artificial intelligence
- Strategy development and implementation; M&A
- Corporate governance; corporate compliance
- Supervisory and committee work

In accordance with recommendation C.1 sentence 2 of the GCGC, the Supervisory Board recently included the topic of "sustainability" in its competence profile. According to this, "expertise on all sustainability issues of importance to the company is indispensable for the work of the Supervisory Board. This includes sustainability reporting and its audit."

The Supervisory Board is convinced that the existing Board fully meets the specified skills profile despite its small size. It also meets the targets it has set itself, including with regard to age, independence and diversity (the exact status of implementation of the skills profile can be seen in the "Qualifications matrix" section below).

Proposals by the Supervisory Board to the Annual General Meeting for the election of new Supervisory Board members will - in addition to taking into account the objectives it has set itself - also be geared towards fulfilling the competence profile at all times (recommendation C.1 sentence 4 GCGC).





## REQUIREMENTS FOR THE INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD

Each member of the Supervisory Board ensures that they have sufficient time to carry out their mandate in accordance with the established “Profile of skills and objectives” . When elected or re-elected, a Supervisory Board member should not be older than 65 years of age and should not have been a member of the Supervisory Board for longer than thirteen years, starting with the company’s stock market listing in 2017.

The Supervisory Board should also include what it considers to be a sufficient number of independent members; in the opinion of the Supervisory Board, this should be at least 75% of the Supervisory Board members (see recommendation C.6 GCGC). A Supervisory Board member is to be considered independent in particular if he or she is independent of the company, its Management Board and its shareholders. In addition, the “competence profile” declares that the standards of the GCGC (with the exception of the duration of membership of the Supervisory Board mentioned therein, see above) are decisive for determining the (in)dependence of Supervisory Board members. Irrespective of this, the ownership structure of the company must also be taken into account with regard to the composition of the Supervisory Board. Based on these standards, the Supervisory Board considers all of its members to be independent.

Since the fiscal year 2022, at least two members of the Supervisory Board must by law have expertise in the areas of accounting and auditing, one member for each specialist

area (Section 100 (5) Hs. 1 AktG). Prof. Dr. Heigl-Murauer (who is also the Chairwoman of the Audit Committee) and Mr. Zöllner have assumed the role of these so-called financial experts on the company’s Supervisory Board; in addition to the statutory requirements, both experts have expertise in both specialist areas (see also the section “Composition and working methods of the Audit Committee” for further information on the “special” professional qualifications of the two aforementioned experts).

In addition, the Supervisory Board members as a whole must be familiar with the “sector”, i.e. the business area in which the company operates (Section 100 (5) Hs. 2 AktG). This requirement is ensured by compliance with the competence profile that the Supervisory Board has set itself.

In accordance with Section 100 para. 2 no. 4 AktG, no more than two former members of the Management Board may be members of the Supervisory Board. Members of the Management Board may not become members of the Supervisory Board before two years have elapsed since the end of their appointment, unless they are elected at the proposal of shareholders who hold more than 25% of the voting rights in the company. Such former members of the company’s Management Board are not currently represented on the Supervisory Board.

Finally, certain requirements for the individual members of the Supervisory Board arise from the recommendations of the GCGC, which the company has promised to fulfill in the declaration of compliance. For example, the members of the Supervisory Board should not perform any executive or ad-

visory functions for major competitors of the company and should not have a personal relationship with a major competitor (recommendation C.12 GCGC).

In accordance with recommendation C.5 GCGC, members of the Supervisory Board who are also members of the Management Board of a listed company should not hold more than two further Supervisory Board mandates (none of which are chairmanship mandates) in listed companies outside the Group or in companies with comparable requirements in addition to their Supervisory Board mandate for the company. For a Supervisory Board member who is not a member of the Management Board of a listed company, this number is increased to five in accordance with recommendation C.4 GCGC, whereby a Supervisory Board chairmanship counts twice. The composition of the company’s Supervisory Board currently complies with all of these recommendations.

According to the “Profile of skills and objectives” adopted by the Supervisory Board, the above requirements must be taken into account in proposals for the election of Supervisory Board members by the Annual General Meeting.

## QUALIFICATION MATRIX

According to recommendation C.1 sentence 5 DCGK, “the status of implementation [of the competence profile defined by the Supervisory Board and the resulting objectives] shall be disclosed in the form of a qualification matrix ...”. With regard to the company’s Supervisory Board, this matrix provides the following picture:



		Zöllner	Heigl-Murauer	Röper	v. Schnurbein
Function(s)		Supervisory Board Chairman	Audit Committee Chairwoman		Supervisory Board Deputy Chairman
<b>Member of the Supervisory Board since ...</b>	[according to DCGK recommendation + competence profile max. 12 years]	2017	2017	2017	2017
<b>AktG requirements</b>	Other Supervisory Board mandates	2 (2 Chairs) <sup>1</sup>	1 <sup>1</sup>	2 <sup>1</sup>	2 <sup>1</sup>
	Former member of the ACG Management Board	(-)	(-)	(-)	(-)
	Financial expertise, section 100 V AktG				
	– Accounting	(+)	(+)	(+)	(+)
	– Auditing	(+)	(+)	(+)	(+)
	Sector familiarity	(+)			
	Target quota for women (25%)	(+)			
<b>GCGC recommendations</b>	Compliance with age limit (65)	(+)	(+)	(+)	(+)
	Time availability	(+)	(+)	(+)	(+)
	Independence	(+)	(+)	(+)	(+)
	“Special” financial expertise, recommendation D.3 GCGC				
	– Accounting	(+)	(+)		
	– Auditing	(+)	(+)		
<b>Diversity</b>	Age	56	57	48	51
	Gender	Male	Female	Male	Male
	Education	Industrial Engineer, MBA	Business administration	Lawyer	Lawyer
	Profession	Entrepreneur	University lecturer	Lawyer	Lawyer
	Nationality	German	German	German	German
	International experience	(+)	(+)	(+)	(+)



Function(s)	Zöllner	Heigl-Murauer	Röper	v. Schnurbein
	Supervisory Board Chairman	Audit Committee Chairwoman		Supervisory Board Deputy Chairman
<b>Competence profile</b>				
Familiarity with the chemical industry	(+)	(+)	(+)	(+)
Chemical-technological competence	(+)			
Manufacturing & Production; Marketing & Sales	(+)		(+)	
Corporate planning	(+)	(+)		
AI + digitization	(+)		(+)	
Corporate finance / capital markets	(+)	(+)		
M&A; strategy development / strategy implementation	(+)		(+)	(+)
Corporate Governance; compliance	(+)		(+)	(+)
Supervisory/committee work	(+)	(+)	(+)	(+)
Sustainability expertise:				
– Basic understanding	(+)	(+)	(+)	(+)
– Deeper understanding		(+)	(+)	
– Review of the CSRD report		(+)	(+)	

<sup>1</sup> No listed companies; one intragroup mandate (Alzchem Trostberg GmbH)

(+) means that the relevant requirement is fulfilled on the basis of a self-assessment - either by the members of the Supervisory Board or by the Supervisory Board as a whole.



## CHAIRMAN AND DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

At the beginning of its term of office, the Supervisory Board elects a Chairman and a Deputy Chairman from among its members at a meeting that is held without special notice. If necessary, further deputy chairpersons may be elected. The election of the Chairman and Deputy Chairman by the Supervisory Board shall be for the term of office of the elected member of the Supervisory Board, unless a shorter term of office is specified at the time of the election. If the Chairman or a Deputy Chairman leaves the Supervisory Board during his term of office, a new election must be held immediately to replace the departing member. The election shall be conducted by the oldest Supervisory Board member present in terms of age.

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board. He informs the other members of the Supervisory Board regularly, in particular in the case of measures relating to urgent transactions requiring approval. Declarations of intent by the Supervisory Board are made on behalf of the Supervisory Board by the Chairman or, if he is unable to do so, by his deputy.

The Chairman - or, if he is unable to do so, his deputy - is authorized to accept declarations on behalf of the Supervisory Board. The Deputy Chairman only has the rights and duties of the Chairman if mandatory law or the Articles of Association expressly confer these rights and duties on him. The Deputy Chairman is not entitled to the second vote of the Chairman in accordance with Section 11 (4) of the Articles of Association.

## RULES OF PROCEDURE OF THE SUPERVISORY BOARD

The Supervisory Board has adopted rules of procedure - last revised by resolution on December 4, 2024 - which form the basis of its activities, in particular cooperation within the Board. The current rules of procedure of the Supervisory Board - as well as the rules of procedure of the Management Board - are published on the company's website at [www.alzchem.com/de/investor-relations/corporate-governance/](http://www.alzchem.com/de/investor-relations/corporate-governance/).

## COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of the company was composed as follows in the reporting period

Member	Since	Last elected
Markus Zöllner	08/04/2017	05/19/2020
Prof. Dr. Martina Heigl-Murauer	08/04/2017	05/19/2020
Dr. Caspar Freiherr von Schnurbein	08/04/2017	05/19/2020
Steve Röper	10/02/2017	05/19/2020

In accordance with recommendation C.6 sentence 1 GCGC, the composition of the Supervisory Board takes into account the ownership structure of the company. In the opinion of the Supervisory Board, all members of the Supervisory Board are to be regarded as independent - even in relation to the company's main shareholders. This applies all the more now that the shareholdings of the three largest shareholders in the company have decreased significantly

over the past few years and the company no longer has a single or several, possibly jointly "controlling" shareholders. In any case, the Supervisory Board therefore has what it considers to be an "appropriate" number of independent members within the meaning of recommendation C.1 sentence 6, C.6 GCGC.

The Chairman of the Supervisory Board is Mr. Markus Zöllner; Dr. Caspar Freiherr von Schnurbein acts as his deputy.

## COMMITTEES OF THE SUPERVISORY BOARD

Following its reconstitution in May 2020, the Supervisory Board deliberately refrained from forming committees. In doing so, it followed the unanimous result of the then current internal efficiency review of the Supervisory Board, which saw no advantage in forming committees given the already small overall body of only four members. The issues that would otherwise have been the responsibility of the committees were instead dealt with by the full Supervisory Board in accordance with the stock corporation law in force at the time.

This autonomous decision by the Supervisory Board was removed by the Act to Strengthen Financial Market Integrity (FISG) in 2021. According to the new legal regulation, supervisory boards of "capital market-oriented" - i.e. essentially listed - companies must form an audit committee. Alzchem Group AG complied with this directive by resolution dated November 4, 2021, with effect from January 1, 2022.



## COMPOSITION AND WORKING METHODS OF THE AUDIT COMMITTEE

The Audit Committee of the Supervisory Board was composed as follows in the reporting year:

Member	Last elected	Taking office
Prof. Dr. Martina Heigl-Murauer	11/04/2021	01/01/2022
Markus Zöllner	11/04/2021	01/01/2022
Dr. Caspar Freiherr von Schnurbein	11/04/2021	01/01/2022
Steve Röper	11/04/2021	01/01/2022

The Audit Committee is chaired by Prof. Dr. Heigl-Murauer. She also acts as a “financial expert” within the meaning of Section 107 (4) sentence 3 AktG. Another “financial expert” on the Audit Committee is Mr. Zöllner. Both of the aforementioned also have the “special knowledge and experience” in their respective areas of expertise, including sustainability reporting and its audit, which Recommendation D.3 p. 1 et seq. DCGK recommends for the financial experts and in particular the chairmanship of the Audit Committee:

- Prof. Dr. Heigl-Murauer’s expertise stems primarily from her many years of professional experience as a tax consultant, also in an international environment, and as a university lecturer at the School of Management at Deggendorf Institute of Technology, focusing on national (HGB) and international (IFRS) accounting, among other things.
- Mr. Zöllner’s expertise results primarily from his many years of executive activities in various portfolio companies

in different sectors, including as a former member of the Management Board of an MDAX company, as well as from his extensive activities in various supervisory bodies.

Both financial experts have intimate knowledge of the (accounting and auditing) conditions at Alzchem in particular as a result of their many years of experience as chairmen of the company’s Supervisory Board and Audit Committee.

With regard to the working procedures for the Audit Committee, among others, the current rules of procedure of the Supervisory Board (publicly available on the company’s website at [www.alzchem.com/de/investor-relations/corporate-governance/](http://www.alzchem.com/de/investor-relations/corporate-governance/)) declare that their main procedural rules also apply to the committees.

With the FISG, the legislator has also created the possibility for each member of the audit committee to obtain information directly from the heads of the central departments relevant to the committee’s work via the committee chairman. The committee chairman must then communicate this information to all members of the audit committee.

### MEETING FREQUENCY; INDIVIDUAL MEETING ATTENDANCE

The Supervisory Board met six times during the reporting period. In addition, three resolutions were passed by written procedure. All Supervisory Board members took part in all meetings and resolutions of the Supervisory Board.

To avoid repetition, please refer to the report of the Supervisory Board for the activities of the Supervisory Board of Alzchem Group AG and its committees.

## SUPERVISORY BOARD OF ALZCHEM TROSTBERG GMBH

The Supervisory Board of Alzchem Trostberg GmbH, a wholly owned subsidiary of Alzchem Group AG and the most important company within the Alzchem Group in operational terms, consists of six members, four of whom are to be elected by the shareholders and two by the employees in accordance with the provisions of the One-Third Participation Act. Following the new elections held in 2021, it was composed of

- for the shareholders’ side, consisting of the four Supervisory Board members also serving on the Supervisory Board of Alzchem Group AG (Prof. Dr. Heigl-Murauer, Mr. Röper, Dr. Freiherr von Schnurbein and Mr. Zöllner) and
- the employee representatives Karl Held and Otto Wolf.

On April 1, 2022, Mr. Christian Ortbauer joined the Supervisory Board as a replacement member for Mr. Otto Wolf, who left the company (and thus its Supervisory Board) on this date due to his age. Karl Held, who left his employment (and therefore the Supervisory Board) at the end of July 2023, was succeeded by Mr. Christian Rieder as his replacement member.

The Chairman of the Supervisory Board is Markus Zöllner, his deputy is Christian Ortbauer.

The Supervisory Board of Alzchem Trostberg GmbH has not set up any committees. Instead, all tasks are performed by the full Supervisory Board.



## MANDATES OF THE SUPERVISORY BOARD MEMBERS

In addition to the activities as members of the Supervisory Board of Alzchem Trostberg GmbH described above, the members of the Supervisory Board of Alzchem Group AG also hold the following mandates:

Member	Mandates
Markus Zöllner	Chairman of the Board of Directors of Anttila Oy
Prof. Dr. Martina Heigl-Murauer	[none]
Steve Röper	Member of the Board of Directors of Anttila Oy
Dr. Caspar Freiherr von Schnurbein	Member of the Supervisory Board of Berenice Holding AG

### 9.3.1.3 AVOIDANCE OF CONFLICTS OF INTEREST

The members of the Management Board and Supervisory Board disclose any conflicts of interest to the Supervisory Board without delay. No conflicts of interest arose among the members of the Management Board and Supervisory Board in the reporting period.

## 9.4 DIVERSITY CONCEPT

The composition of the Management Board of Alzchem Group AG is to be balanced and appropriate to the company, so that its members as a whole have the knowledge, skills and experience required for the management of an internationally active chemical group. Fundamental suitability criteria for a position on the Management Board are, in particular, personality, integrity, convincing leadership qualities, the professional qualifications for the department to be taken over, previous performance and the ability to adapt business models and processes in a changing world. Alzchem Group AG is committed to diversity, equal

opportunities and inclusion. The company is convinced that a diverse management team strengthens innovation and contributes significantly to business success.

The composition of the Management Board is determined by the interests of the company and the complementary profiles of the Management Board members. The following diversity aspects are also taken into account in particular:

- Members of the Management Board should have many years of management experience.
- Board members should have a variety of professional experience as well as extensive skills and knowledge.
- The Management Board as a whole should have many years of experience in the chemical industry.
- There should be a sufficient age mix on the Management Board; an age limit set by the Supervisory Board (recommendation B.5 GCGC) should not be exceeded (see section 9.1.2 "Governance issues recommended for disclosure by the GCGC").
- Subject to a disclosed deviation in the declaration of conformity, the members of the Management Board should comply with the recommendations of the GCGC on diversity (recommendation B.1 GCGC) relating to the Management Board.

The Supervisory Board must decide with whom a specific Management Board position is to be filled, taking into account all the circumstances of the individual case.

Alzchem pursues a balanced diversity principle not only on the Management Board, but also among managers and employees. The management bodies should cover a wide range of professional backgrounds and educational experience. This promotes a holistic perspective and innovative approaches to corporate management. The cultural and personal diversity of employees makes Alzchem stronger and more innovative. It is therefore important to the company to prevent discrimination against minorities, to recognize and promote valuable potential and to improve equal opportunities within the company.

For the Supervisory Board's diversity concept, see the information in section 9.3.1.2 (there "Composition/objectives/competence profile").



## 9.5 INFORMATION ON STATUTORY MINIMUM QUOTAS IN MANAGEMENT POSITIONS

Alzchem Group AG as the listed parent company and its wholly owned subsidiary Alzchem Trostberg GmbH, which is subject to the One-Third Participation Act, must meet targets for the proportion of women on their respective Supervisory Boards and Management Boards and for the two management levels below the Management Board in accordance with Section 76 (4) and Section 111 (5) of the German Stock Corporation Act and Section 36 and Section 52 (2) of the German Limited Liability Companies Act. The two companies concerned have complied with this as follows:

### ALZCHEM GROUP AG

- On April 22, 2022, the Supervisory Board of Alzchem Group AG determined that the target for the proportion of women on the Supervisory Board is 25%; this corresponds to one member of the four-member Supervisory Board. The target date for the proportion of women on the Supervisory Board is the end of its term of office in spring 2025.
- On April 26, 2024, the Supervisory Board of Alzchem Group AG determined that the quota of women on the company's Management Board should be raised to 20%; this would mean one female member of the Management Board given the current composition of the Board. This quota is to be achieved by the beginning of the fiscal year 2026.
- As of December 31, 2024, the proportion of women on the Supervisory Board was 25% and 0% on the Management Board. Since January 1, 2025, the proportion of women on the Management Board has been the targeted 20% due to the appointment of Ms. Spitzer.
- In accordance with the declared intention of the legislator, the Management Board has not set any target values

for the proportion of women in the first and second management levels below the Management Board. This results from the fact that Alzchem Group AG functions as a pure management holding company within the Alzchem Group and as such employs only a negligible number of employees. There can be no question of "management levels" below the Management Board in the given organization. The specification of target quotas would therefore appear to be arbitrary and misleading, and their achievement would be characterized solely by chance.

### ALZCHEM TROSTBERG GMBH

- In July 2022 and April 2024, the shareholders' meeting of Alzchem Trostberg GmbH set the targets for the proportion of women to be achieved on the Supervisory Board and in the Management Board as follows: for the Supervisory Board, a quota of 16.66% women is to be achieved by the end of the term of office in spring 2026 (this corresponds to one person on the existing six-member Supervisory Board) and for the Management Board, a quota of 20% women is to be achieved by the beginning of the fiscal year 2026. The target quota for the Supervisory Board was reached by the end of the fiscal year 2024, while this has been the case for the Management Board since January 1, 2025, with the appointment of Ms. Spitzer as Managing Director.
- In addition, the Management Board of Alzchem Trostberg GmbH reaffirmed the previous year's targets by resolution in July 2022 and set the target for the proportion of women in the first management level below the Management Board at 15% and in the second management level below the Management Board at 17% in the period up to June 30, 2027. As of December 31, 2024, the proportion of women in the first management level below the Management Board was 18.8% and 18.6% in the second management level below the Management Board.

- Due to the specific circumstances in the chemical industry (e.g. protection of unborn children and the resulting employment bans; disproportionately low representation of female specialists in STEM fields), the company does not currently consider targets that correspond to the statutory target of 30% to be achievable.

## 9.6 DESIGN OF THE INTERNAL CONTROL SYSTEM

The internal control system (ICS) of the Alzchem Group comprises all principles, procedures and measures introduced in the company that both promote the positive development of business activities and prevent threats and damage caused by the company's own personnel or external third parties. The ICS makes it possible to identify weaknesses at an early stage and take proactive measures to minimize risks and optimize the company's performance. This also includes sustainability-related objectives.

The ICS is not limited to accounting but extends to all key business processes in all areas of the company. At Alzchem, the ICS includes in particular

### (i) Compliance and corporate guidelines

Alzchem's compliance management system (CMS) fulfills legal obligations, detects and ends legal violations and prevents or limits damage. It is geared to the specific risk situation of the company. The corporate guidelines contain the most important principles and standards with which all employees must be familiar. They provide guidance on legal and ethical obligations and ensure appropriate professional conduct both internally and externally.



(ii) Systematically designed technical and organizational rules

The core of the ICS are the implemented or generally applicable security and control measures in all key processes. These include structural and software access controls, written instructions on security, measures to protect assets and prevent illegal activities, such as the dual control principle, detailed job descriptions, separation of functions and binding signature regulations to prevent overstepping of authority, embezzlement and corruption.

(iii) Monitoring

Monitoring the ICS is crucial to its effectiveness. This includes regular audits by internal and external bodies, such as staff departments, external auditors or as part of ISO certifications. Internal audits, to which all departments are regularly subjected, are also part of the monitoring process. A digital whistleblower hot-

line enables employees and third parties to report legal violations anonymously. The appropriateness and effectiveness of the ICS are reviewed annually by the Supervisory Board.

The risk management system (RMS), which is closely linked to the ICS, is presented in the opportunity and risk report in the management report.

The Management Board assesses the appropriateness and effectiveness of the ICS and RMS on an annual basis. At the Management Board meeting, the risk and opportunity situation is evaluated, the results of the internal control process are explained, and an overall statement is made on the appropriateness and effectiveness of the ICS and RMS.

Neither the Management Board nor the Supervisory Board have any indications that the ICS or the RMS are inappropriate or ineffective in material respects.

## 10. SUPPLEMENTARY REPORT

At its meeting on December 4, 2024, the Supervisory Board of Alzchem Group AG unanimously resolved to appoint Martina Spitzer to the Management Board of Alzchem Group AG with effect from January 1, 2025. In her new position, Ms. Spitzer will be responsible as CSO for Health & Nutrition, Fine Chemicals and Sustainability (ESG). The appointment of Ms. Spitzer as CSO represents the next important step in the early succession planning for the Management Board. Ms. Spitzer is already taking over two important business areas in sales so that Dr. Weichselbaumer can focus more on the future project of establishing production in the USA.

Between the end of the fiscal year 2024 and the date of preparation of the consolidated financial statements, there were no events with a material impact on the net assets, financial position and results of operations.





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## 11. NON-FINANCIAL GROUP STATEMENT

With this non-financial (Group) statement (NFS), which is part of the combined management report of Alzchem Group AG, we comply with our reporting obligation pursuant to Sections 315b and 315c HGB in conjunction with Sections 289c-e HGB, including the information contained in this NFS on compliance with the requirements of Article 8 of Regulation (EU) 2020/852 for the fiscal year from January 1, 2024 to December 31, 2024. The NFS was prepared in partial compliance with the European Sustainability Reporting Standards (ESRS) and audited by RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft with limited assurance in accordance with ISAE 3000. The audit opinion will be published on our homepage.

Unless indicated otherwise, all information applies to the scope of consolidation of Alzchem Group AG. In order to avoid duplication within the NFS and the combined management report, we refer in some places to further information in other chapters of the combined management report.

The description and information on the business model of Alzchem can be found in the Combined Management Report in Chapter "2.1 Business model" and in the NFS in Chapter "ESRS 2 SBM-1 Strategy, business model and value chain". In the sub-chapter "IRO-1 – Description of the process for identifying and assessing significant impacts, risks and opportunities" of ESRS 2, information on the determination of materiality and on non-financial risks is located in accordance with Section 315c HGB in conjunction with Section 289c HGB.

### 11.1 GENERAL INFORMATION

#### 11.1.1 ESRS 2 – GENERAL DISCLOSURES

##### BP-1 – GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT

##### APPLICATION OF THE CSRD AND THE ESRS

In this NFS on a consolidated basis, Alzchem Group AG explains how it harmonizes ecology, economy and social responsibility. We want to inform our customers, business partners and suppliers, shareholders and analysts, authorities and neighbors as well as our employees directly and in detail about the sustainability activities in the Alzchem Group (hereinafter referred to as "Alzchem").

##### CATEGORIES OF REPORTING STANDARDS

Based on the ESRS, we make both cross-sector and topic-specific disclosures and use this as a framework for the NFS in accordance with Section 289d HGB.

##### SCOPE AND LIMITS OF REPORTING

The scope of consolidation of the NFS is the same as for the consolidated financial statements.

Our reporting focus and boundaries are primarily derived from the sustainability topics identified in the materiality assessment. Our data collection includes all relevant locations that were included in the scope of consolidation of the consolidated financial statements of Alzchem Group AG in the fiscal year 2024. In 2024, this included a total of seven domestic and five foreign companies. We use our HR systems to collect relevant data on personnel and social indicators. The data is taken from the individual country systems and merged manually.

The environmental indicators in this NFS include emissions and consumption volumes from a total of five production sites in two countries (Germany and Sweden).

When preparing the NFS, both the upstream and downstream value chain are taken into account. The social, environmental and economic impacts of our company (inside-out perspective) do not only occur at our own sites but also affect the upstream and downstream segments of the value chain. The associated risks and opportunities also have a financial impact on the company (outside-in perspective).

Alzchem's sustainability management, including the materiality assessment and the identification of ESG risks and opportunities, as well as the sustainability strategy cover these areas and take into account relationships with suppliers, customers and other stakeholder groups.

Scope 3 emissions are also taken into account. Data from suppliers and customers is used to quantify emissions along the entire value chain - either through specific inquiries or by means of emission factors.

As part of our supplier management, we work closely with our suppliers and customers to reduce their emissions. This can be done by selecting suppliers with lower emissions or through joint initiatives to reduce emissions with the help of our products.

In the reporting year 2024, Alzchem began calculating the product-related CO<sub>2</sub> footprint (PCF) along the value chain, based on the "The Product Carbon Footprint Guideline for the Chemical Industry" from "Together for Sustainability" (TfS). This initiative aims to standardize the calculation of the PCF in the chemical industry through various allocation methods.

No information relating to intellectual property, know-how or the results of innovation has been omitted from the NFS.



## BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

### TIME HORIZONS

These disclosures and information are contained in the topic chapters and are reported with the associated data points in the respective topic-specific standards to which they relate.

The time horizons used in this NFS generally do not deviate from the time horizons specified in ESRS 1, 77 (short-term time horizon: reporting period for the consolidated financial statements, medium-term time horizon: from the end of the short-term reporting period up to five years, long-term time horizon: more than five years).

### ESTIMATES AND EARNINGS UNCERTAINTY

For reporting in certain topic-specific standards, we use judgments and estimates of some data points, for example in ESRS E1. We regularly review the use of estimates and experience-based judgments as well as the development of ESG reporting and a number of other factors. Further information on the judgments and assumptions used can be found in the quantitative ESG data tables.

## GOVERNANCE

### GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

#### COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

As of December 31, 2024, the Management Board of Alzchem Group AG consists of four independent, managing members. The allocation of responsibilities and the associated responsibilities on the Management Board are as follows

- Andreas Niedermaier (CEO): responsible for Strategy, Legal, Supply Chain Management, Patents & Brands, Risk Management, Internal Audit, ESG and Sustainability.
- Klaus Englmaier (COO): responsible for Production & Technology, Engineering, Process Development and Optimization, Environment, Safety, Health and Quality.
- Andreas Lösler (CFO): responsible for Controlling, Accounting and Finance, Investor Relations & Communication, Human Resources, Information Technology and Insurance.
- Dr. Georg Weichselbaumer (CSO): responsible for marketing, sales, innovation management, process development, R&D and product safety/approval.

Various committees ensure cross-functional collaboration and decision-making, including product-related topics such as production, supply chain, sales and marketing, including innovation management, strategy, compliance and risk management. To this, strategic meetings are held at Management Board level every two weeks and the extended management team meets regularly.

The members of the management team combine different backgrounds and specialist skills as well as in-depth knowledge of our company.

As of December 31, 2024, the Supervisory Board is composed of the following independent non-executive members:

- Markus Zöllner (Chairman), Industrial Engineer, MBA, Entrepreneur
- Dr. Caspar Freiherr von Schnurbein (Deputy Chairman), lawyer, attorney
- Prof. Dr. Martina Heigl-Murauer (Chairwoman of the Examination Board), Business Administration, university lecturer
- Steve Röper, lawyer, attorney

The Supervisory Board must be composed in such a way that its members as a whole have the knowledge, skills and experience required to properly perform their duties.

and professional experience. The competence profile of the Supervisory Board is not only characterized by professional diversity but also represents a chemical-technological competence for our divisions and products based on training, professional activity or special personal interest. The Supervisory Board has in-depth expertise in the following areas:

- Manufacturing and production, marketing and sales
- Corporate planning
- (Internal and external) corporate financing and the capital market
- Accounting and auditing
- Strategy development and implementation, M&A
- Corporate governance, corporate compliance
- Supervisory and committee work

The overall responsibility for the risk management system with regard to significant effects, risks and opportunities as well as for the internal control system (ICS) lies with the Management Board of Alzchem Group AG.


**RESPONSIBILITIES AND TASKS AS WELL AS SKILLS AND KNOWLEDGE OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD WITH REGARD TO SUSTAINABILITY ASPECTS**

Management Board	Sectors	Geographical areas	General management and sustainability expertise	Sustainability strategy / risk management	Climate change / water resources / circular economy	Governance / compliance / sustainable supply chain	Social expertise / health & safety / employee development
<b>Andreas Niedermaier</b> (CEO)	Strategy, Supply Chain, Law, Risk Management, Revision, ESG/Sustainability	Germany, Sweden, China, UK, USA	(+)	(+)	(+)	(+)	(+)
<b>Klaus Englmaier</b> (COO)	Production, Technology, USGQ	Germany, Sweden	(+)	(+)	(+)		(+)
<b>Andreas Lösler</b> (CFO)	Controlling, Finance & Accounting, Taxes, Insurance, Human Resources, IT, IR, Communication	Germany, Sweden, China, UK, USA	(+)	(+)		(+)	(+)
<b>Dr. Georg Weichselbaumer</b> (CSO)	Marketing, Sales, Products, Innovation Management, R&D, Process Development, Product Approval	Germany, Sweden, China, UK, USA	(+)	(+)	(+)		(+)



Supervisory Board	Sectors	Geographical areas	General management and sustainability expertise	Sustainability strategy / risk management	Climate change / water resources / circular economy	Governance / compliance / sustainable supply chain	Social expertise / health & safety / employee development
<b>Markus Zöllner</b>	No special allocation	Germany, Sweden, China, UK, USA	(+)	(+)	(+)	(+)	(+)
<b>Dr. Caspar Freiherr von Schnurbein</b>	No special allocation	Germany, Sweden, China, UK, USA	(+)	(+)	(+)	(+)	(+)
<b>Prof. Dr. Martina Heigl-Murauer</b>	No special allocation	Germany, Sweden, China, UK, USA	(+)	(+)	(+)	(+)	(+)
<b>Steve Röper</b>	No special allocation	Germany, Sweden, China, UK, USA	(+)	(+)	(+)	(+)	(+)

(+) means that the relevant requirement is fulfilled on the basis of a self-assessment – either by the Supervisory Board members or by the Supervisory Board as a whole.



## NUMBER OF EXECUTIVE AND NON-EXECUTIVE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

All four members of the Management Board of Alzchem Group AG are managing directors. The Supervisory Board consists exclusively of four non-executive members.

## COMPOSITION OF THE WORKS COUNCIL AND SPEAKERS' COMMITTEE

The Alzchem Works Council in Germany, which represents the company's tariff and non-tariff employees, consists of 17 members, four of whom are released from their contractual work obligations for their work on the Works Council. With three female members, the proportion of women is approximately 17%.

The Speakers' Committee, which represents senior executives, consists of three male members. Further information on employee representation is described under social matters in the section "Collective bargaining coverage and social dialog", [ESRS S1-8](#).

The four members of the Management Board of Alzchem Group AG have the necessary knowledge, skills and experience to manage an internationally operating chemical group in the specialty chemicals sector. In addition to their specific specialist knowledge, they have extensive experience in the sectors and products relevant to the company as well as the necessary international expertise, which is of decisive importance for the geographical locations (see also [table "Responsibilities and tasks as well as skills and knowledge of the Management Board and Supervisory Board with regard to sustainability aspects"](#)).

In the reporting year 2024, the proportion of female members on the Supervisory Board reached the quota of 25% set by the Supervisory Board itself, which applies until the end of the Supervisory Board's term of office in spring 2025. The proportion of women on the Management Board was 0%.

## PERCENTAGE OF INDEPENDENT MEMBERS ON THE MANAGEMENT BOARD AND SUPERVISORY BOARD

All (100%) members of both the Management Board of Alzchem Group AG and the Supervisory Board are independent.

## MANAGING SUSTAINABILITY AT ALZCHEM

We are continuously working to expand our positive influence on key sustainability issues and reduce the negative impact of our business activities. Our sustainability activities combine the economic, environmental and social aspects of corporate management. The Management Board is responsible for our sustainability strategy across the Group.

The "Sustainability Core Team", which has been in place for several years, is made up of interdisciplinary specialists from various Alzchem divisions and a member of the Management Board. The team meets monthly and is led by the Sustainability Manager.

The core sustainability team is responsible for identifying the relevant aspects of sustainability in Alzchem's business processes and continuously developing the sustainability strategy. The main tasks also include the management and monitoring of all sustainability-related activities, projects and targets, such as the development of policies to achieve climate neutrality in accordance with Scope 1 or the analysis of the impact of key sustainability aspects on our product portfolio. The basis for this is the identification and assessment of potential impacts, risks and opportunities (IRO analysis) with regard to sustainability aspects in the various ESG areas. The measures and targets derived from the IRO analysis (impact, risks and opportunities, dual materiality assessment) and their materiality assessment require annual approval by the Management Board. The progress is regularly monitored in meetings. The ESG risk analysis is updated annually together with the relevant team members.

The team leader reports to the Management Board at least once a year on the progress, results and target achievement of the sustainability projects. In addition, the Management Board receives regular reports on the progress of the sustainability projects being carried out in the various specialist departments. The team members are in contact with internal and external stakeholders to ensure that their priorities are appropriately integrated into the targets of the sustainability strategy. The management function is also responsible for the annual training sessions for the Management Board and Supervisory Board on key sustainability topics.

The Management Board deals with the effects, risks and opportunities identified as part of the IRO analysis and takes the results and recommendations into account when making decisions, for example, as was recently the case, when making adjustments to water management or investment decisions. It makes strategically important decisions for the entire company and monitors the implementation and achievement of the targets. Sustainability targets are anchored in the Management Board's targets via the remuneration system.

The systematic consideration of sustainability criteria is an integral part of our investment and research decisions. We evaluate not only economic factors, but also potential negative and positive effects as well as currently untapped opportunities in the areas of the environment, social aspects and the local environment.

The relevant committees for the topics of environment, health, safety and product safety meet at least once a year under the leadership of the responsible department or division head. Strategic aspects, responsibilities, targets and their implementation are discussed at these meetings. The HR strategy is continuously defined in consultation with the divisional management. The aspect of employee health is discussed quarterly in the "Health" committee under the leadership of the company doctor. The impacts, risks and



opportunities identified as part of the risk assessments help to define appropriate targets.

### **EXPERTISE AND SKILLS OF THE MANAGEMENT BOARD, SUPERVISORY BOARD AND EXTENDED MANAGEMENT WITH REGARD TO SUSTAINABILITY ASPECTS**

With regard to the Management Board, the Supervisory Board has developed a specific requirements profile that also addresses sustainability issues. For example, the members of the Management Board should be able to substantiate the key sustainability-related issues for the company. Furthermore, the Management Board is committed to the sustainability-related recommendations of the German Corporate Governance Code (GCGC).

The Supervisory Board of Alzchem Group AG has also adopted a detailed competence profile for itself and its members, which is implemented through regular training, among other things. Accordingly, expertise on all sustainability issues of importance to the company is essential for the work of the Supervisory Board. This includes sustainability reporting and its audit. The declared aim of the Supervisory Board is for all members to have a basic understanding and for at least one of its members to have an in-depth understanding of the sustainability issues that are important to the company. Appropriate induction periods must be taken into account for newly elected members of the Supervisory Board.

Together with the core sustainability team, the Sustainability Manager is responsible for regular training courses for the Management Board and Supervisory Board and provides information on all key aspects of sustainability. In addition, an e-learning platform for relevant sustainability

topics is available to all employees at the German locations. Sustainability-related expertise is also acquired through the involvement of external experts and participation in various training courses. Responsibility for the implementation of legal and internal sustainability requirements lies directly with the specialist departments.

Based on various sources, the Management Board and the divisional managers carried out an in-depth assessment of the impacts, risks and opportunities of sustainability aspects. This ensured that all significant ecological, economic and social factors were taken into account when approving the materiality assessment. The process includes internally available expert knowledge, company data and reports as well as external reports and studies by environmental organizations, NGOs and scientific institutions on global and local sustainability trends. Legal and regulatory requirements and their potential impact on the company are also taken into account. Stakeholder feedback, including feedback from customers, investors, employees, suppliers and society in general, also plays a key role. Furthermore, sustainability and industry standards, such as industry standards and certifications such as ISO 14001 for environmental management, serve as a guide.

Our corporate sustainability strategy, the associated targets and the integration of sustainability aspects into the overarching corporate strategy and planning also formed a key framework for the decision-making process. These measures will have a significant impact on the long-term development of the company.

Last but not least, knowledge of technological developments and innovations that promote sustainable practices,

such as the introduction of energy-efficient processes or the development of new, sustainable products, was also important for the decision.

### **DISCLOSURE REQUIREMENT RELATED TO ESRS G1 GOV-1**

Corporate governance comprises the essential principles derived from a legal framework for the management and monitoring of a company. These principles are a core component of Alzchem Group AG's philosophy and are regarded as an expression of good and responsible corporate governance. In particular, these principles relate to the cooperation within the Management Board and the Supervisory Board (including its committees) as well as the interaction between these bodies and the shareholders. In addition, the principles of corporate governance also influence the relationship of Alzchem to all economically connected persons and institutions. At Alzchem, compliance with relevant statutory regulations and orientation towards the German Corporate Governance Code (GCGC) form the basis for responsible corporate management and control, which is geared towards sustainable value creation.

Detailed information on the expertise of the administrative, management and supervisory bodies with regard to aspects relevant to corporate governance can also be found in the combined management report on [page 76](#).



## GOV-2 – INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### CORPORATE GOVERNANCE

Good corporate governance is essential for the success and responsible management and monitoring of our company. Alzchem Group AG therefore attaches great importance to the corresponding regulations. For example, the company – with one exception – complies with all recommendations of the German Corporate Governance Code in the version dated April 28, 2022 (see the [Declaration of Conformity pursuant to Section 161 AktG](#) in the combined management report 2024).

The Management Board and Supervisory Board continuously deal with sustainability aspects from various perspectives. The company's legal representatives are also responsible for the internal controls and processes that are necessary to ensure proper sustainability reporting. The Supervisory Board monitors these processes.

In order to comply with its duty of care, the Management Board of Alzchem Group AG has appointed a risk manager who submits a summarized risk report at least once a year, which in future will also include the results of the IRO analysis. This report deals with the identified material impacts, risks and opportunities in relation to sustainability aspects. Risk management is ensured through regular meetings and reports from the individual committees, bodies and specialist departments. This includes ongoing meetings, reports and corresponding coordination processes. The Management Board continuously monitors the implementation

and effectiveness of the strategies, measures and targets adopted.

Risk management is an integral part of Alzchem's corporate management and strategy and aims to identify the resulting effects, risks and opportunities at an early stage and to take appropriate countermeasures in order to limit or minimize the effects or to take advantage of opportunities that arise.

As part of the comprehensive materiality assessment for 2023, which was carried out in accordance with the EU's European Sustainability Reporting Standards (ESRS) based on the principle of dual materiality, both the main impacts, risks and opportunities of sustainability factors (IRO analysis) on the company (outside-in perspective) and the main influences of the company's business activities on these sustainability factors (inside-out perspective) were identified and evaluated.

In order to be able to react quickly to changes, it is planned to update the IRO analysis annually. In cooperation with other departments and with the involvement of the risk manager, all significant risks are identified and assessed, or existing assessments are reviewed. In addition to potential risks, opportunities are also identified, and appropriate measures are derived.

The results of the materiality assessment form the basis for standardized and transparent reporting. The findings are also crucial for the further development or adjustment of strategies, targets and measures.

For further information, please refer to the risk and opportunity report in the [combined management report of Alzchem Group AG as of December 31, 2024](#).

The material impacts, risks and opportunities that have already been addressed by the relevant committees and will also be examined by the Management Board and the Supervisory Board in future can be found in [section GOV-5](#) – Risk management and internal controls over sustainability reporting.

The identified risks and opportunities from risk management are incorporated into the deliberations of the Management Board and Supervisory Board in various forms. Annual reporting provides a precise overview of identified risks and opportunities and their potential consequences, allowing these aspects to be incorporated into the strategic planning process. This supports well-founded decisions and the long-term orientation of the company. Assessing and prioritizing risks makes it possible to allocate resources efficiently and take measures to mitigate risks. This also includes monitoring the implementation of risk mitigation strategies and reviewing their efficiency.

These measures enable the Management Board and Supervisory Board to ensure that risks and opportunities are appropriately considered and integrated into the decision-making processes.

Investments in sustainability measures must be weighed against both the potential financial benefits and the needs and expectations of various stakeholders (e.g. investors, customers, employees). A structured approach to risk management makes it possible to manage these trade-offs effectively.





## GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

### SUSTAINABILITY-RELATED SERVICES

We use various methods and tools, which we are continuously developing, to assess progress with regard to our sustainability-related performance within the company and across the value chain. These include market analyses, the assessment of trends and the evaluation of ratings and life cycle analyses. We continuously review our management processes in order to achieve our sustainability targets and optimize them where necessary. These include measures in the areas of environmental protection and occupational safety, new technical developments and process optimization to reduce resource consumption and costs. The individual measures are supported and implemented by the divisions and cross-divisional functions.

Our aim is to continuously increase transparency and a sense of responsibility for sustainability-related areas of activity and data within the company. We are increasingly using digital solutions to further develop the management and reporting of this sustainability-related data. This enables us to meet the growing demands of our customers with greater transparency with regard to sustainability aspects and data and to manage our portfolio even better in terms of sustainability.

Our integrated management system for quality, the environment, energy and occupational and plant safety sets long-term strategic and comprehensive operational targets. These are implemented through targeted measures with clearly defined responsibilities and within an appropriate timeframe. We also set targets that relate to sustainability aspects in specific ESG areas. Target achievement is regularly reviewed and reported on in various discussion groups. If targets are not achieved, appropriate corrective measures are discussed and implemented. The effective-

ness of our integrated management system is regularly reviewed through internal and external audits.

### INCLUSION OF SUSTAINABILITY-RELATED PERFORMANCE IN THE REMUNERATION OF THE MANAGEMENT BOARD

As part of the short-term variable remuneration (short-term incentive (STI)) of the Management Board, the achievement of the company's sustainability targets (10%) is taken into account in addition to the business success achieved (90%). STI success is therefore dependent on the achievement of one or more quantifiable sustainability targets defined by the company as part of its business strategy. These may include, for example, a reduction in the number of accidents at work, efficient use of resources, a reduction in energy consumption, a reduction in waste or a reduction in CO<sub>2</sub> emissions.

To this end, the Supervisory Board determines one or more such sustainability targets and their relative weighting for the respective upcoming fiscal year and communicates both to the members of the Management Board in writing; a target value (100%) and, if applicable, a minimum and maximum value are determined and communicated in the same way. If the Supervisory Board has set one or more non-quantifiable sustainability targets, it also determines the method by which target achievement is measured and how the target value is determined and communicates the method and the target value to the members of the Management Board.

The remuneration of the Management Board can either be based on specific sustainability performance or reflect the company's overall performance.

After the end of the fiscal year, the actual value achieved for each individual sustainability target is compared with the target value set at the beginning of the fiscal year. If the Supervisory Board has set one or more non-quantifiable sustainability targets, it determines the respective target

achievement on the basis of the target value and the calculation method it has determined at its reasonable discretion.

A common non-financial corporate target in the area of sustainability was defined for all members of the Management Board for 2024: the successful use of hydrogen as an energy source (climate roadmap, package 2). The hydrogen that is continuously produced during a production process is to be fed into the waste gas incineration plant (EGV) via a pipeline in order to replace the natural gas previously used as a fuel.

### DISCLOSURE REQUIREMENT RELATED TO ERS E1 GOV-3

The remuneration of the members of the Supervisory Board of Alzchem Group AG is purely fixed remuneration. In contrast, the remuneration of the members of the Management Board also includes variable elements in accordance with the remuneration system approved by the Annual General Meeting. Climate-related considerations are taken into account in the context of the Short-Term Incentive (STI), which is paid annually and accounts for approximately 30% of total remuneration. In turn, 90% of this is calculated on the basis of the business success achieved in the relevant fiscal year (= target 1) and 10% on the basis of the achievement of certain sustainability targets set by the Supervisory Board before each fiscal year (= target 2). The sustainability targets may be climate-related targets, but other sustainability targets may also be set by the Supervisory Board.

The achievement of the STI's sustainability target is based on the criteria defined by the Supervisory Board. These may or may not correspond to the GHG reduction targets.

The sustainability-related target for the fiscal year 2024 relates to the establishment of a process for the use of hydrogen as an energy source to replace the natural gas previously used as a fuel. The use of hydrogen instead of



natural gas has the climate-related effect of reducing CO<sub>2</sub> emissions. If the conversion process is successful, this corresponds to full achievement of the sustainability target and thus 10% of the STI (see above).

For further information, please refer to the disclosures in the remuneration report of Alzchem Group AG as of December 31, 2024.

## GOV-4 – STATEMENT ON DUE DILIGENCE

### APPROPRIATE DUE DILIGENCE AT ALL LEVELS AND DUE DILIGENCE PROCESSES

Alzchem assumes its responsibility for respecting human rights and also observes the corresponding due diligence obligations here. This obligation, which extends beyond our own company, is increasingly the focus of social and political discussion, which is also becoming increasingly clear in legislation. The Act on the Due Diligence of Companies in Supply Chains ("Supply Chain Due Diligence Act"), which came into force on January 1, 2023, is a clear example of this. It obliges companies like Alzchem to ensure compliance with human rights and environmental standards in their global supply chains. To ensure this, Alzchem must take certain preventive measures. In the event of a violation of a human rights-related legal position or an environmental obligation – whether in its own business or in that of a direct supplier – the company must take appropriate remedial measures without delay. Alzchem has summarized the corresponding obligations, processes, responsibilities and measures in an internal manual created specifically for this purpose. Tracking the effectiveness of measures to address negative impacts is carried out through internal and external audits (e.g. TfS audits, assessment by EcoVadis).

A responsible purchasing process is an integral part of our procurement activities. It begins even before the start of a business relationship and is based on a continuous process of review, analysis and continuous improvement with our existing suppliers. Alzchem regularly reviews and optimizes its processes in order to comply with its duty of care, identify potential risks and act quickly if necessary.

The identification and assessment of actual or potential impacts, risks and opportunities arising from our business activities are part of the annual ESG risk process and traditional risk management.

The link between business and human rights has always been an essential part of Alzchem's corporate responsibility and at the same time reflects stakeholder expectations. In addition, the OECD Due Diligence Guidance for Responsible Business Conduct serves as a reference for our approach.

The following table compares the core elements of Alzchem's duty of care for the impacts of on people and the environment with the information in this NFS:

Core elements of due diligence	Paragraphs in the sustainability statement
a) Integration of due diligence into governance, strategy and business model	ESRS 2 GOV-2; ESRS 2 GOV-3; ESRS 2 GOV-SBM-3
b) Integration of affected stakeholders in all important steps of due diligence	ESRS 2 GOV-2; ESRS 2 SBM-2; ESRS 2 IRO-1; ESRS 2 MDR-P; topic-related ESRS
c) Identification and assessment of negative effects on people and the environment	ESRS 2 IRO-1; ESRS 2 SBM-3
d) Measures to counter these negative effects on people and the environment	ESRS 2 MDR-A; topic-related ESRS (measures and transition plans)
e) Tracking the effectiveness of these efforts and communication	ESRS 2 MDR-M; ESRS 2 MDR-T; topic-related ESRS (parameters and targets)



## GOV-5 – RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

### RISK AND OPPORTUNITY MANAGEMENT AND INTERNAL CONTROLS

In addition to anchoring the sustainability strategy, driving forward the targets of Alzchem Group AG and preparing for future challenges, the annual reassessment of risks in the areas of environment (E), social (S) and governance (G) is an important part of our activities in relation to sustainability. As part of this risk process, which was carried out in 2024 as part of the update of the materiality assessment, internal and external developments and impacts from the area of ESG are identified and evaluated so that they can subsequently be taken into account in management. In particular, Alzchem considers environmental, social, financial and economic issues and challenges.

In order to be able to react promptly to developments, an Impact, Risk & Opportunity (IRO) assessment was carried out in the reporting year 2024. In addition to the financial markets, the following risk areas were also considered, taking into account the upstream and downstream value chain as well as social aspects: raw material markets (including energy), sales markets, logistics, production, research and

development and personnel. The identified risks were finally assessed, appropriate countermeasures were defined, and their implementation is monitored by the Sustainability team and the Management Board.

Alzchem has introduced a number of internal control mechanisms to ensure the accuracy and reliability of its sustainability reporting. This responsibility lies primarily with the relevant specialist departments as well as the Management Board and Supervisory Board. The implementation and monitoring of targeted measures and guidelines ensure that our sustainability targets are achieved. Effective communication and information processing also play a key role. Relevant information on sustainability targets and performance is communicated transparently both internally and externally.

### IDENTIFICATION AND EVALUATION OF RISKS AND OPPORTUNITIES

In a first step, any existing impacts, risks and opportunities are identified and evaluated on the basis of the sustainability aspects dealt with in the topic-specific ESRS and reviewed with regard to their relevance for Alzchem Group AG and, if necessary, adjusted or supplemented (IRO analysis). This step is carried out with the support of the risk manager

established by the Management Board and with the involvement of all relevant specialist departments, including Human Resources, Health and Safety, Energy and Governance, and is part of the materiality assessment.

As part of the risk assessment, the impact of Alzchem Group AG's business activities on non-financial environmental, social and governance issues is considered and evaluated (impact materiality). Significant external developments, such as the effects of climate change, were also taken into account here. Additional risks in this context, such as the scarcity of water resources and other climate-related weather events, such as heavy rainfall, were also included in the catalog.

The IRO analysis also included a thorough examination of the stakeholder perspective, taking into account the impact of our company on various interest groups such as customers, employees, communities and the environment. This analysis sheds light on the extent to which our business activities affect the well-being and interests of these groups.

The allocation of risks and opportunities was based on the structure of the already established internal Group-wide risk management system.



## ASSESSMENT OF RISKS AND OPPORTUNITIES

The risk and opportunity management of Alzchem Group AG encompasses the entirety of all measures for the systematic and transparent handling of impacts, risks and opportunities and is an integral part of corporate management through its integration with the controlling processes. The collected impacts, risks and opportunities are evaluated by internal experts during the IRO analysis. At the same time, current and possible mitigation measures are collected. The main negative impacts and risks are then considered. The assessment system used is based on the internal risk management system, which has been expanded in line with the requirements of the ESRS. In the assessment, the respective severity of the impact or risk and the probability of occurrence must be estimated. Risks are considered material if their severity and probability of occurrence exceed a predefined threshold in accordance with the Group-wide risk management criteria. This does not apply to risks and impacts in the area of human rights violations, which are classified as high risk even without a high probability of occurrence.

One focus of the analysis in 2024 was on risks. The quantitative assessment of opportunities in the ESG area will be examined in the next few years and integrated into internal processes.

The assessment is based on the following assumptions:

	very low	low	medium	high
Probability of occurrence	< 10%	10% - < 30%	30% - < 50%	from 50%

A period of three years is used as the observation period. If risks lie in the more distant future, these were also recorded, whereby the time horizon was taken into account when estimating the damage.

The risk measures are based on the following assumptions, which serve as an indicator of the impact on the net assets, financial position and results of operations:

	very low	low	medium	high
Impact in EUR million	< 1.8	1.8 - < 9	9 - 22.5	> 22.5

Short and medium-term opportunities and risks are taken into account in our financial planning. However, sustainability risks often have a significantly longer time horizon compared to the periods considered in our traditional risk management. Alzchem is therefore currently developing an approach to additionally record long-term sustainability opportunities and risks so that they can be meaningfully translated into targets and measures. In this way, we want to take even better account of these opportunities and risks in our portfolio and innovation management as well as in future investments.

The following table lists the most important material ESG risks identified in 2024 that could potentially have a negative impact on the business activities and future development of Alzchem Group AG. In addition, the overview contains the measures to mitigate these risks as well as information on the possible use of opportunities.



MAIN RISKS	OPPORTUNITIES	MEASURES	AFFECTED AREA
Lack of consideration of environmental and social criteria, such as climate-related impacts or local procurement, when selecting (critical) raw materials (transition risk)	<ul style="list-style-type: none"> <li>• Environmental awareness</li> <li>• Competitive advantage</li> <li>• Extension of the product range</li> <li>• Development of new markets</li> <li>• Support for sustainable suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Clear sustainability standards for the procurement of raw materials</li> <li>• Regular training for employees and suppliers</li> <li>• Sustainable alternatives to critical raw materials (R&amp;D)</li> <li>• Compliance with international standards</li> </ul>	Raw material markets
Increase in physical risks such as water shortages and weather extremes (e.g. flooding), which require technical and structural adjustments at production sites (physical risk)	<ul style="list-style-type: none"> <li>• Environmental protection and climate change mitigation</li> <li>• Cost savings</li> </ul>	<ul style="list-style-type: none"> <li>• Technical and structural adjustments at the production sites</li> <li>• Measures to save water</li> </ul>	Production
Potential impact of events such as pandemic, geopolitical events on ESG-relevant topics, particularly with regard to energy supply and prices, which represent an operational and financial risk (transition risk)	<ul style="list-style-type: none"> <li>• Security of energy supply</li> <li>• Image gain</li> <li>• Cost advantage</li> <li>• Stable and long-term supplier relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Diversification of energy sources (e.g. electricity)</li> <li>• Implementation of energy efficiency programs to save energy</li> <li>• R&amp;D of new technologies that reduce energy dependency</li> <li>• Increased use of renewable energies</li> </ul>	Production
Lack of attractiveness for well-trained specialists due to a lack of activities (internal and external), e.g. no ESG strategy to be perceived as a socially committed and sustainable company (transition risk)	<ul style="list-style-type: none"> <li>• Attractive employer</li> <li>• Employee retention</li> <li>• Increased attractiveness for specialists</li> <li>• Competence development</li> <li>• Talent development</li> </ul>	<ul style="list-style-type: none"> <li>• Development and implementation of an ESG strategy</li> <li>• Promotion of a positive corporate culture (respect, social responsibility)</li> <li>• Open and transparent communication about ESG targets and successes</li> <li>• Creating a sustainable and healthy working environment</li> </ul>	Human Resources
Change in the regulatory framework for environmental protection, health and safety matters in general and for the manufacture and marketing of products (transition risk)	<ul style="list-style-type: none"> <li>• More environmentally friendly production methods and products</li> <li>• A safer working environment can increase employee satisfaction and productivity and reduce the risk of accidents at work and the associated costs</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous monitoring of changes in the relevant laws and regulations at national and international level</li> <li>• Sustainable product design</li> <li>• Open dialog with regulatory authorities</li> </ul>	Sales markets



MAIN RISKS	OPPORTUNITIES	MEASURES	AFFECTED AREA
Risks in particular from regulatory changes, such as in the area of product approvals and energy legislation (transition risk)	<ul style="list-style-type: none"> <li>• Securing competitive advantages by meeting the new requirements at an early stage</li> <li>• More innovative products</li> <li>• Investment in sustainable technologies and energy-efficient processes</li> <li>• Promotion of innovations</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and analyzing the regulatory landscape</li> <li>• Innovative R&amp;D</li> <li>• Cooperation with industry associations</li> </ul>	Sales markets
Changes in customer demand and preferences towards sustainable production and a "green" product portfolio (transition risk)	<ul style="list-style-type: none"> <li>• Lower environmental impact (reduced CO<sub>2</sub> emissions)</li> <li>• Competitive advantage</li> <li>• Expansion of the product range</li> <li>• Innovations</li> <li>• Developing new markets</li> <li>• Cost savings through circular economy</li> </ul>	<ul style="list-style-type: none"> <li>• Raising awareness</li> <li>• Sustainable R&amp;D</li> <li>• Closer cooperation with customers and suppliers</li> <li>• Expansion of the product portfolio</li> <li>• Calculation of the CO<sub>2</sub> footprint of the products</li> </ul>	Sales markets
(Financial) sanctions due to non-compliance with laws (transition risk)	<ul style="list-style-type: none"> <li>• Image gain</li> <li>• Competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive compliance program</li> <li>• Regular internal and external audits</li> <li>• Whistleblower systems</li> <li>• Continuous further training</li> </ul>	Governance



## LEGAL CHANGES

Alzchem's business activities are subject to extensive regulations, which can change and become stricter as a result of political decisions or changes. In particular, the regulatory framework for environmental protection, health and safety matters in general and for the manufacture and marketing of products is subject to frequent changes, which in most cases lead to the imposition of stricter requirements.

Specifically, the EU Commission's restriction procedure for the use of calcium cyanamide, which has been ongoing since 2019, is still pending. The EU Commission has not yet decided on the proposal submitted by the European Chemicals Agency (ECHA) to ban the use of calcium cyanamide as a fertilizer following a three-year transitional period. However, numerous statements from stakeholders in the EU member states are against such a restriction and the SEAC Committee of the EU Commission also strongly doubts the benefits and proportionality of a ban. Even if a ban cannot be ruled out, Alzchem continues to assume that the ECHA proposal will not be adopted in this form. However, if a ban were to be imposed, Alzchem would have to be prepared for a lower demand for Perlka® and possibly also for other products to which the ECHA argumentation could be applied. It is not certain whether the three-year transitional period envisaged for a ban on use would be sufficient to fully compensate for the impending loss of sales in particular, for example through growth in other markets.

In addition, both the German legislator and the EU Commission could in future prohibit the export of chemicals and in particular pesticides that are banned in the EU itself. This could have an impact on Alzchem products. However, in view of the already existing comprehensive regulatory

framework in this area and the outstanding benefits for users in the target countries with different climatic and ecological conditions than in Europe (e.g. with regard to yield, pest infestation and plant diseases), Alzchem continues to assume that such a ban would meet with resistance from stakeholders.

The European Commission has set itself the target of achieving climate neutrality by 2050 and thus meeting its commitments under the Paris Agreement. This target is to be achieved through political initiatives as part of the European Green Deal. The EU Commission sees the "Green Deal" as a growth strategy. Its implementation represents a major challenge for the chemical and pharmaceutical industry, as various measures could also have an impact on the sector. Negative effects on Alzchem could arise if unrealistic targets are defined for the chemical industry or if ideological ideas are given priority over scientific findings in product approvals. In general, the "Green Deal" could lead to a relocation of certain production processes to regions outside the EU and thus to the migration of Alzchem's customers.

At the present time and based on the current legal situation, Alzchem does not see any further risks from a changing legal environment beyond those reported. All existing production facilities can continue to produce under the current regulatory conditions and, apart from the lost approval mentioned in the combined management report of Alzchem Group AG as of December 31, 2024 (Alzogur®), there are no approval restrictions that have an impact on the current sales of Alzchem products.

## ELECTRICITY LEGISLATION

As an energy-intensive company, Alzchem is dependent on stable and affordable electricity procurement. In this re-

spect, Alzchem in Germany currently benefits from cost and tax reductions as well as exemption regulations for electricity costs within the framework of the Combined Heat and Power Act (KWKG), the offshore grid levy, the Electricity Grid Fee Ordinance (StromNEV), electricity price compensation and certain exemption regulations with regard to electricity tax. All of these regulations enable energy-intensive industries to operate at a lower electricity cost level in order to maintain their overall competitiveness.

Taken together, these regulations lead to significant reductions in Alzchem's energy costs, without which the company would hardly be able to operate competitively. In the event of negative changes to the relevant legislation, a development-inhibiting situation could arise for the Group. Alzchem therefore monitors the relevant legislation and case law very closely and will continue to duly submit all necessary applications to claim cost and tax reductions and exemptions.

## CLIMATE-RELATED RISKS

Climate-related risks are generally understood to be the physical and transitory risks that may arise as a result of climate change. Physical climate risks are, for example, damage to infrastructure caused by the consequences of climate change, such as drought, flooding or continuous rainfall. Transitory climate risks result from the transition from an economy driven by fossil fuels to one with low greenhouse gas emissions.

Alzchem currently still considers physical climate-related risks to be of minor importance, for which countermeasures have been taken after assessing the risk and where possible.



For Alzchem as an energy-intensive and manufacturing company, climate-related risks arise in particular from regulatory changes, such as in the area of product approvals and energy legislation.

Alzchem has drawn up its own climate roadmap and presented it to the Annual General Meeting in May 2023. The aim is for Alzchem to become climate-neutral much faster than the EU envisages. The main focus is on avoiding CO<sub>2</sub> emissions and withdrawing from the use of fossil fuels. Theoretically, the climate roadmap could result in a change in the estimated useful lives of property, plant and equipment. This was reviewed and did not result in any additional risks. The measures in the climate roadmap are mainly expansions or new investments that do not require existing facilities to be dismantled before the end of their estimated useful life or at all.

In addition, a company's emissions balance sheet can lead to a negative perception and reduced attractiveness for external interest groups, such as customers and investors. Alzchem counters these risks through measures such as the development and publication of a climate roadmap, the annual publication of an environmental statement, the voluntary preparation and business audit of a CSRD report in accordance with the new EU requirements that have not yet been implemented in Germany and ongoing information on progress from the climate roadmap and other energy measures. This information is explained transparently in publicly accessible sources, for example quarterly and annual reports or on the Alzchem website and is also addressed in direct exchanges with external interest groups.

The risks of the Alzchem Group with regard to sustainability aspects identified as part of the risk inventory do not have any effects on the Alzchem Group as a going concern when viewed individually or in interaction with each other, taking into account the measures already taken or planned.

With regard to sustainability issues, Alzchem has identified the following opportunities in particular:

The world's population is growing steadily and needs to be fed. At the same time, the amount of arable land available worldwide is limited. Fertilizers and growth regulators in many regions of the world form the basis for the food security of a growing world population. Among other things, Alzchem produces fertilizers for agriculture and growth regulators for plants. As the world's population continues to grow, this could present an opportunity for increasing fertilizer sales. The risks for these products arising in part from EU Commission restriction procedures or possibly planned procedures to ban the export of certain chemicals and in particular pesticides have already been explained. However, we advocate an approach that not only looks at the risks but also carries out a holistic risk assessment and draws its conclusions on the basis of this overall view.

Our agricultural product Eminex<sup>®</sup> suppresses methane and CO<sub>2</sub> emissions during slurry storage and thus helps farmers to avoid climate-damaging emissions. Alzchem expects considerable growth potential here if the legislator decides that a carbon price must be paid for the greenhouse gas emissions from liquid manure storage that already exist today.

The use of Creamino<sup>®</sup> in feed formulations in livestock farming increases productivity and efficiency and therefore sustainability by reducing the amount of feed used. This helps customers to improve their carbon footprint. The increasing focus on sustainability aspects in livestock farming could lead to increased demand for our product Creamino<sup>®</sup>.

The measures envisaged in Alzchem's climate roadmap will lead to process improvements and a reduction in the use of raw materials. In addition, continuous communication about the measures and their implementation can promote a positive image among existing and potential customers. Initial inquiries from new and existing customers regarding the climate-neutral production of certain products in accordance with Scope 1 have already been received. For this reason, Alzchem sees the work on the climate roadmap and informing the public about it as an opportunity that can lead to both cost savings and sales growth.

One advantage of our production network lies in the raw material source of electricity. The entire chemical industry will have to switch from fossil fuels to electricity-based processes. This means high transfer investments and efficiency losses, which Alzchem will not have, however, as its business model is already based on electricity and can be operated flexibly alongside renewable energies within certain limits.

On December 12, 2015, 195 countries signed the Paris Agreement to reduce greenhouse gas emissions. Alzchem expects these and other related policy developments to contribute to the global move towards replacing fossil fuels with renewables in the medium to long term. Against the background of continuing high greenhouse gas emissions, rising average annual temperatures and a sharp increase in





ice melt in the Arctic, the company assumes that there will or must be a worldwide increase in photovoltaic and wind power plants as sources of renewable energy. Alzchem stands out here with its DYHARD® product group, which helps to reduce the weight of vehicles and aircraft in wind turbines and in the automotive and aerospace industries, thereby increasing their energy efficiency. The increased focus on these sustainable processes and their effects could result in additional business opportunities for Alzchem.

The material ESG risks and opportunities for Alzchem Group AG are then presented to the Management Board. The Management Board discusses and examines these for conformity with the requirements of sustainability reporting and gives its approval at the end. Subsequently, the risks and opportunities are integrated into the Group-wide risk database and at the same time the corresponding countermeasures, responsibilities and time horizons are recorded. The risks and their consequences for the valuation of assets and liabilities are analyzed and taken into account in the consolidated financial statements. In addition, consistent tracking of risk positions is introduced in a timely manner.

The Management Board of Alzchem Group AG has implemented a risk manager who reports on the summarized risk at least once a year. The Management Board is also responsible for the annual assessment of the risk management system and the internal control system (ICS), including the identified risks and opportunities and the agreed mitigation strategies. The company-wide risk and opportunity situation is also evaluated here, the results of the internal control process are explained and an overall statement on the appropriateness and effectiveness of the risk management system and the ICS is made once a year.

For further information, please refer to the [risk and opportunity report](#) in the combined management report of Alzchem Group AG as of December 31, 2024.

## STRATEGY

### SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

#### SUSTAINABLE CORPORATE GOVERNANCE (SUSTAINABILITY STRATEGY)

For us, sustainable corporate management and profitable growth belong together. The Alzchem Group's business model is geared towards long-term success. We are convinced that the basic prerequisites for this and for our future competitiveness are sustainable and sound management, technological progress and a stable financial basis. This is particularly true in an increasingly complex world in which ecological and social issues are becoming ever more important alongside traditional economic challenges. The risks, but also the opportunities, are becoming more diverse as a result.

Responsible action has been deeply rooted in our corporate culture since 1908. This includes taking into account the interests of our employees, customers, suppliers, investors and society. Safety issues and ethical considerations are just as important to us as economic success. We apply strict sustainability standards to procurement. In product manufacturing, our aim is to minimize the impact on the environment through optimized processes. Safe and sustainable production with high environmental protection standards and strict quality management are a matter of course for us because they make economic sense. With sustainable products, we help our customers to achieve their sustainability targets.

The rapidly growing challenges that affect both society and the environment require clear targets for the coming years. Sustainability aspects are therefore an essential part of our corporate strategy and are firmly integrated into our stra-

tegic management process and our operational business activities. In accordance with the ISO standards for quality, environment, energy, safety and health, we create the conditions for implementing key sustainability aspects within the company.

Our sustainability strategy comprises the following elements in particular:

- Increasing the proportion of attractive growth businesses with a focus on sustainability
- Sustainable resource management with ambitious environmental targets, including systematic consideration of the impact of our business activities along the value chain (e.g. defined in the climate roadmap)
- Early identification and minimization of sustainability risks in our portfolio
- Climate-neutral growth and climate neutrality according to Scope 1 by 2033: By 2030, more than EUR 30 million is to be invested in implementing the packages of measures in our climate roadmap, which will lead to a reduction in our CO<sub>2</sub> emissions of around 90,000 tons p.a. (base year: 2022). That is more than 75% of our current CO<sub>2</sub> emissions.
- Promoting the circular economy
- Our vision: zero accidents at work
- Sustainability in the HR process - from recruitment to training and development to incentive systems
- Targeted and transparent improvement of our sustainability reporting



## RESEARCH & DEVELOPMENT (R&D)

For Alzchem, innovations play an important role in sustainable, profitable growth and are largely responsible for the company's success. Intensive research and development activities, through which we secure our position as a technology leader and at the same time open up new growth areas, are among the cornerstones of our strategy. We recognize significant growth opportunities in the development of new products and application areas, particularly along the NCN chain, our core competence, and are therefore investing heavily in this area.

In our project management tool for our R&D activities, we manage product and process-related research and development projects by evaluating sales potential, profitability and customer benefits. In addition, chemical solutions are developed for specific customer requirements. Alzchem focuses on products and applications for future fields, such as healthy ageing, population growth or sustainable solutions in the course of climate change. We are increasingly receiving requests from our Exclusive Synthesis customer portfolio for technological support in the recycling of side streams or waste into the production process. We are also optimizing our production processes in order to be a technological leader on the one hand and to operate more sustainably on the other, for example by saving energy, reducing water consumption or closing material cycles. Major research and development activities relate to the Specialty Chemicals segment at the Trostberg and Waldkraiburg sites but also support the Basics & Intermediates segment at the Trostberg, Schalchen, Hart and Sundsvall (Sweden) sites.

It is our claim and our obligation that our products are safe for people and the environment. Risk analyses and tests ensure compliance with external requirements and our internal standards.

In the fiscal year 2024, the Alzchem Group employed a total of 102 people in the area of research & development/innovation management.

## IMPORTANT PRODUCT GROUPS, SERVICES AND BUSINESS PROCESSES

- The companies of the Alzchem Group develop, produce and trade in chemical products of all kinds and provide services, including as a chemical park operator. Alzchem's networked production structure ("Verbund system") creates an efficient value chain that ranges from basic products such as metallurgical additives to improve the quality of steel (CAD<sup>®</sup> and CalciPro<sup>®</sup>),
  - methane reduction additives for liquid manure and biogas fermentation residues (Eminex<sup>®</sup>),
  - fertilizers (Perlka<sup>®</sup>),
  - synthesis building blocks for active pharmaceutical ingredients, including for the production of metformin, a drug for type 2 diabetes (dicyandiamide (DCD)),
  - raw materials for pharmaceuticals, high-performance pigments, agrochemicals and biocides (NITRALZ<sup>®</sup>),
- specialty products for a wide variety of markets, such as
- feed additives (Creamino<sup>®</sup>),
  - dietary supplement based on high-purity creatine (Creapure<sup>®</sup>, LIVADUR<sup>®</sup>, Creavitalis<sup>®</sup>),
  - applications in agriculture, as a propellant for gas generators (automotive industry) and in defense (guanidine salts/nitroguanidine),
  - growth regulator for agricultural applications (Dormex<sup>®</sup>),
  - for the pharmaceutical and diagnostics market (Bioselect<sup>®</sup>),
  - custom synthesis as contract manufacturing in multi-purpose plants,

- high-performance ceramics in electronic circuit carriers and in electric vehicles in the automotive industry (Silzot<sup>®</sup>), up to
- hardeners and accelerators in powder, paste and liquid form (DYHARD<sup>®</sup>).

is sufficient.

"Verbund" means that we actively work on the utilization of by-products in our production processes.

Alzchem produces at four sites in the south-east Bavarian chemical triangle and in Sundsvall, Sweden. Alzchem has sales companies in the strategically important markets of the USA and China and, since 2022, also in the UK.

Alzchem's operating business can be divided along the entire value chain and according to the internal reporting structure into the three business segments Specialty Chemicals, Basics & Intermediates and Other & Holding.

The Specialty Chemicals segment focuses on the production and sale of high-quality specialty chemical products such as Creamino<sup>®</sup>, Creapure<sup>®</sup>, Bioselect<sup>®</sup>, DYHARD<sup>®</sup>, Dormex<sup>®</sup> and Nitroguanidine.

The Basics & Intermediates segment comprises basic and intermediate products that are either required as raw materials for the production of specialty chemicals or are marketed as stand-alone products. The latter serve a wide range of applications, for example in agriculture, steel production and the pharmaceutical and automotive industries.

The Other & Holding segment comprises all other activities that cannot be allocated to the other segments. These are essentially services relating to the Trostberg and Hart chemical parks, which Alzchem operates mainly for itself, but also for third parties. Administrative services are also allocated to this segment.



For further information on the Alzchem Group's business model, please refer to the disclosures in the [combined management report 2024](#).

Alzchem Group AG has four production sites in the south-east Bavarian chemical triangle (Trostberg, Schalchen, Hart and Waldkraiburg) and one in Sweden (Sundsvall). We have sales companies in the strategically important markets of the USA (Atlanta) and China (Shanghai) as well as in the United Kingdom (Coventry). Alzchem Group AG employs the following number of people at its sites, organized by geographical area:

Geographical area	Number of employees <sup>1</sup>
Europe	1,731
Asia	6
USA	15

<sup>1</sup> Status: 12/31/2024 (number of persons)

As a specialty chemicals company, we face the challenge of reconciling our sustainability targets with the needs of our customers, geographical markets and stakeholder relationships. For this reason, Alzchem Group AG has integrated sustainability into its corporate strategy. This includes the transformation towards new solutions and next-generation technologies that contribute to overcoming global challenges.

The Sustainable Development Targets (SDGs) of the United Nations provide us with a framework for evaluating and

improving our products and services, particularly with regard to environmental, economic and social aspects, and for aligning them with specific strategies and measures. The SDGs help us to set priorities and identify the most relevant targets for Alzchem Group AG. We have identified the five most important SDGs for Alzchem Group AG, on which our particular focus lies (SDG 3, SDG 6, SDG 8, SDG 12, SDG 13). For our various product groups, this means that Alzchem must develop innovative solutions that minimize environmental impact while meeting customer requirements.

In terms of customer categories, it is important to understand the needs of different customer segments and offer products that promote sustainable practices.

Geographically, we have to take into account the different environmental laws and regulations as well as the market dynamics in different regions. This requires a flexible and adapted approach in order to achieve local and global sustainability targets.

Relationships with our stakeholders are also critical, as close collaboration with suppliers, customers, communities and governments is required to create and maintain sustainable value. As a chemical company, we need to communicate transparently and disclose our progress towards sustainability targets to build trust and credibility.

Overall, achieving sustainability targets in specialty chemicals requires strategic planning and the commitment of all stakeholders to develop innovative solutions that are both economical and environmentally friendly.

Alzchem Group AG specializes in products and processes that are linked to the NCN chemical chain (nitrogen-carbon-nitrogen). The most important product groups include food supplements, precursors for DNA diagnostics, pharmaceutical raw materials and specialty chemicals for fine chemistry and metallurgy.

These products and product groups are evaluated with regard to our sustainability targets, among other things. Alzchem Group AG has set itself the target of being climate-neutral according to Scope 1 by 2033 and has developed a climate roadmap that includes various packages of measures to reduce CO<sub>2</sub> emissions and use resources efficiently. A particular focus is on reducing energy consumption, for example by optimizing production processes. We have also launched projects to reduce our water footprint with the aim of minimizing water consumption.

In terms of markets and customer groups, Alzchem Group AG is active in various sectors, including health and nutrition, agriculture and pharmaceuticals. The company's products help to increase life expectancy and support healthy ageing. Alzchem also addresses the challenges of climate change through its involvement in renewable energies and the development of sustainable solutions.

The assessment of Alzchem Group AG's sustainability targets and performance is supported by independent sustainability ratings such as EcoVadis, in which we were able to improve our performance compared to the previous year. The EcoVadis methodology is based on international sustainability standards (Global Reporting Initiative, United Nations Global Compact, ISO 26000) and is monitored by



a scientific committee of experts. The company's activities in the areas of the environment, labor and human rights, ethics and sustainable procurement are evaluated. In the reassessment in 2024, the EcoVadis rating agency awarded the Alzchem Group a "platinum rating" following the "gold" award in previous years, despite stricter requirements. Alzchem Group AG improved its result from 77 to 84 out of 100 achievable points, placing it in the top 1% of companies assessed worldwide.

A Tfs (Together for Sustainability) audit was carried out at our German sites in Trostberg and Waldkraiburg during the reporting period. With 193 out of 200 achievable points, the Alzchem Group ranks high within the chemical industry.

These assessments contribute to transparency and show that Alzchem Group AG takes its responsibility for a sustainable future seriously.

Alzchem Group AG continuously evaluates its products and product groups with regard to its sustainability targets and, if necessary, takes measures to improve its environmental performance and make a positive contribution to society.

Alzchem Group AG is committed to sustainability and environmental protection and has firmly integrated these aspects into its corporate strategy. The elements of the strategy cover various areas that have an impact on sustainability:

- **EMISSIONS REDUCTION:** Alzchem has set itself the target of being climate-neutral according to Scope 1 by 2033. This is to be achieved by reducing emissions, in particular CO<sub>2</sub>.
- **ENERGY MANAGEMENT:** Alzchem strives to continuously reduce energy consumption by optimizing production pro-

cesses. The focus on electricity as an energy source, including from renewable energies, helps the company to further reduce its CO<sub>2</sub> footprint.

- **WATER MANAGEMENT:** A project to reduce the water footprint was launched in order to analyze water consumption and define measures to reduce it. This includes the multiple use of cooling water and has already led to a reduction in the absolute amount of water since the start of the project.
- **WASTE MANAGEMENT:** Alzchem attaches great importance to the avoidance or recycling of waste and promotes the circular economy in order to minimize the environmental impact.
- **PRODUCT PORTFOLIO:** The company develops sustainable products that tie in with social developments such as healthy ageing and securing the world's food supply.

The challenges for the future lie primarily in further reducing the environmental impact while at the same time ensuring product quality and profitability. Alzchem Group AG plans to meet these challenges through continuous innovation, the improvement of energy efficiency and the development of new sustainable products.

## BUSINESS MODEL AND MANAGEMENT APPROACH

The collection, development and safeguarding of inputs is an essential part of our company's business model and value chain. Important inputs for Alzchem Group AG are capital, raw materials, information or our employees, which are required to secure our business activities. An effective approach to managing these inputs is crucial to ensure the efficiency and sustainability of the company's opera-

tions. Only in this way are we able to make optimal use of our resources, reduce costs and increase competitiveness. This includes identifying the best sources for the identified inputs, developing processes to improve the quality, sustainability and efficiency of these inputs and implementing security measures, such as in the area of data security, to ensure the availability and integrity of the inputs. In addition to effective risk management, further training for employees and investment in research and development should also be mentioned here in order to expand the company's knowledge and promote innovation. Transparent communication with all stakeholders, including suppliers, customers and employees, promotes trust and cooperation.

In addition, it is important that we understand our value chains and how our inputs flow through various business processes to generate outputs and outcomes that maximize current and expected benefits for customers, investors and other stakeholders. Analysis of upstream and downstream value chains and Alzchem Group AG's position within these chains is also critical to understanding and optimizing relationships with key economic actors such as suppliers, distribution channels and end-users.

Important suppliers for the Alzchem Group are those from whom we obtain our main raw materials for our product portfolio, which is based on calcium carbide/calcium cyanamide. Essentially, these are lime, coke and electrical energy. In addition, a large number of chemical raw materials are required for the further production process. To secure physical inputs such as raw materials, Alzchem's supply chain process provides for contracts to be concluded with as many suppliers as possible for each raw material in order



to minimize the risk of supply bottlenecks and avoid single sourcing as far as possible.

In production, our systems are regularly maintained to ensure the efficiency and quality of the outputs, i.e. our products. This is carried out by internal personnel or by specialized service providers.

As an energy-intensive company, securing the energy supply, especially electricity, plays a decisive role for Alzchem Group AG. This is achieved by purchasing electricity through contracts with energy providers. Other measures include, for example, the construction of an in-house photovoltaic system in the reporting year 2024, which contributes to an emission-free energy supply at the Trostberg site, and the additional purchase of green electricity certificates.

Overall, the careful handling of inputs and a thoughtful approach to collecting, developing and securing them is a key element of a company's success and long-term viability.

Our defined business model, which clearly shows the value chain, demonstrates how Alzchem Group AG creates and communicates value. It offers a variety of potential outputs and results that are important for our customers, investors and other stakeholders.

For our customers, this generally means an appropriate presentation of the optimized, efficient manufacturing processes, including the raw materials used, also with regard to their sustainability. High quality assurance standards lead to higher product quality and better service.

For investors, our business model combined with an efficient value chain promises a stable cost structure and healthy margins with a resulting stable or increasing return. This in

turn increases the attractiveness of Alzchem Group AG for current and potential investors.

Other stakeholders, such as suppliers or our own employees, can benefit from optimized processes through an integrated value chain. The latter receive a safe working environment, fair wages and career development opportunities made possible by an efficient value chain.

Last but not least, end consumers also benefit from our high-quality and safe chemical products, as we stand by our responsibility for the safety of our products during production, storage and transportation. An essential part of our product responsibility is ensuring that our products are handled conscientiously along our own and downstream value chains. Our operational units support their customers in the safe and environmentally friendly handling of our products by providing training and advice and explaining any risks associated with their use.

## VALUE CHAIN

As a globally active company in the specialty chemicals sector, Alzchem recognizes its responsibility in a business context. In 2021, we therefore developed a new Code of Conduct that applies to all business partners, suppliers and service providers and sets out requirements relating to general business principles, fair competition, labor and social standards, environmental awareness and product safety.

As a manufacturer of specialty chemicals, Alzchem plays a central role at the beginning of the value chain. We supply highly specialized chemicals as essential raw materials or intermediate products that our customers process in various industries. The analysis and optimization of our market po-

sition are crucial for us in order to secure competitive advantages and be successful in the long term. As a result, we have a significant influence on the quality and performance of the end products and are therefore particularly important for our customers. By working closely with them, we can develop customized solutions that are precisely tailored to their specific requirements. This strengthens our position and makes us an indispensable link in the value chain.

Alzchem Group AG depends on reliable suppliers of lime, coke and electrical energy, as these are the primary raw materials for its calcium carbide and calcium cyanamide-based products. These materials are of central importance for the quality and efficiency of the production processes. In addition, various chemical raw materials are required to manufacture the extensive range of products that Alzchem offers its customers. Careful selection and efficient management of the supply chain are therefore crucial to the company's success.

Ensuring safety and responsibility in the manufacturing, storage and transportation chain of our products is of utmost importance to Alzchem Group AG. Comprehensive training and advice ensure that both our employees and our customers are aware of the correct handling and potential risks of our products. This includes all stages of the value chain from production to the end user. Responsible handling of our products not only promotes safety but also helps to protect the environment.

Conversely, we expect our suppliers to comply with the applicable environmental laws and standards in the production and handling of their products. This applies to the entire life cycle, from development, production and transporta-



tion through to disposal. The processes for purchasing and supplier qualification are set out in our procedural instructions with clear responsibilities. Suppliers are evaluated on the basis of clearly defined criteria. We also expect respect for and compliance with labor and human rights, fulfillment of social standards and fair treatment along the entire value chain in all of our procurement regions. Our target is to prevent compliance violations within Alzchem as well as human rights violations at our company and in our supply chain. We fulfill our duty of care by annually reviewing the sustainability performance of our suppliers in the areas of environment, labor and human rights, ethics and sustainable procurement, for example with on-site audits. We have also set up an electronic whistleblower hotline run by an independent service provider, which can be used to report any compliance violations. We have defined key performance indicators that we use to review the sustainability performance of relevant suppliers on an annual basis with the help of questionnaires on sustainability aspects. Our main focus here is on countries that are not part of the OSCE. For all suppliers, country- or sector-specific risks must be taken into account.

Further information can be found in the [ESRS S2](#) chapter.

## SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

### OUR STAKEHOLDERS – INTERESTS AND VIEWS OF STAKEHOLDERS

We define stakeholders as all internal and external persons and groups of persons who are directly or indirectly affected by the economic activities, business decisions and tar-

gets of our company or who have a specific interest in these activities. As part of the materiality assessment process, we have identified the following key stakeholders:

- shareholders
- banks
- authorities
- municipalities
- trade unions
- customers, users and users of our products
- suppliers
- employees
- politics
- associations

As a globally active company, the Alzchem Group is jointly responsible for solving environmental and social challenges arising from its business activities. In order to find innovative and sustainable methods and measures, the close and continuous exchange with our stakeholders inside and outside the company is of great importance in order to identify opportunities and risks for Alzchem's business activities as early as possible and thus enable proactive action.

Transparency and an open dialog with the various interest groups with regard to new information, answering questions or discussing certain topics are very important to us. This exchange takes place in various ways, such as at product presentations, trade fair appearances, through participation in trade associations, at company meetings and at roadshows for investors. In the fiscal year 2024, our sales

department once again carried out surveys as part of customer care, in which sustainability aspects were also explicitly addressed. This helps us to better understand the needs of our customers and the aspects and expectations they have of us as a company in relation to this topic. A regular exchange with municipal bodies and local institutions as well as an open dialog with our neighbors in the surrounding communities are also very important to us.

Our employees are an extremely important stakeholder group. In order to measure employee satisfaction and better understand their needs and ideas, we conducted an employee survey at our German locations in 2023. Specific measures for continuous improvement were derived based on the results. One important aspect of this was the topic of leadership. New management guidelines were developed and adopted in the reporting year 2024. Key points include dealing openly with mistakes, contributing strengths and ideas, respecting diversity, strengthening trust in employees, clear and transparent communication and a commitment to health and safety. Another employee survey was conducted in the third quarter of 2024 to evaluate employee satisfaction following the implementation of these measures at . Improvements at all levels show that we take the concerns of our employees seriously and have taken the right measures.

In view of the growing shortage of skilled workers, the importance of employee satisfaction will continue to increase. Further information can be found in the [ESRS S1 section](#).

We maintain regular contact with various interest groups and politicians at federal, state, district and local level.

Alzchem Group AG's corporate strategy and business model are designed to analyze and respond to the interests and



viewpoints of its key stakeholders, particularly as part of the due diligence process and materiality assessment.

In line with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), Alzchem conducts a stakeholder analysis to understand and integrate the concerns and perspectives of various interest groups. This analysis is a crucial step in assessing the company's impact on the environment and society and taking appropriate action.

The further improved CSR rating from EcoVadis (now "Platinum Medal") shows a successful integration of stakeholder interests in business practices as well as in the identification and assessment of actual and potential negative impacts on the company.

This commitment to stakeholder interests is also reflected in sustainable corporate governance and ongoing efforts to ensure transparency and responsibility.

In the fiscal year 2023, we already conducted a materiality assessment that takes into account both the dual materiality from a company perspective (outside-in, financial materiality) and the effects on the environment and society (inside-out, impact materiality) with regard to CSRD reporting obligations. The result of this analysis for 2023 led to the identification of the topics relevant to our CSRD report-

ing, including their IROs (impacts, risks and opportunities). These core topics will be the focus of our Group sustainability reporting in future and will help us to clearly align and further develop our business strategy with sustainability.

It is of the utmost importance to us that our sustainability reporting helps to identify potential impacts on our company, including risks and opportunities, at an early stage. We intend to identify the sustainability issues that are important to our customers and the users and operators of our products through increased surveys and thus further intensify our dialog.

The Management Board and Supervisory Board of Alzchem Group AG play a crucial role in considering the views and interests of stakeholders, particularly with regard to the company's sustainability-related impacts. The following measures serve to ensure that these bodies are effectively informed:

- Internal information meetings with the Supervisory Board (Supervisory Board meetings and review meetings with the Chairman of the Supervisory Board).
- Regular meetings and consultations with stakeholders, such as neighbors, politicians and associations, which help to communicate their views directly.

- Integrating sustainability risks into company-wide risk management to ensure that the executive bodies are aware of potential impacts on stakeholders.
- Regular training courses for members of the executive bodies to deepen their understanding of sustainability issues.
- Regular reporting by the sustainability core team, which deals exclusively with sustainability issues.

These measures enable the Management Board and Supervisory Board of Alzchem Group AG to be effectively informed about the views and interests of stakeholders with regard to sustainability-related issues and to make informed decisions that promote both the long-term success of the company and the protection of the environment and the well-being of society.

## DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-2

The additional disclosure requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders – are set out in the corresponding thematic [ESRS S1](#), [ESRS S2](#) and [ESRS S4](#).



### **SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

#### **MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

In sustainability management, but also in corporate strategy and financial planning, Alzchem Group AG pursues a risk-avoiding, precautionary approach without, however, neglecting the opportunities and potential that arise. Risk and opportunity management therefore forms the basis of the strategic orientation and financial planning.

Alzchem Group AG is faced with various effects, risks and opportunities arising from its business activities. These factors are essentially concentrated in the business model and in the upstream and downstream value chain.

In 2024, we further refined our process and methodology for materiality assessment, taking into account dual materiality and involving stakeholders on the basis of the new EFRAG guidelines. Risks and opportunities are assessed using an established risk management system. The ESR topics, sub-topics and sub-sub-topics listed in accordance with ESRS 1, AR 16 served as the basis for this.

Alzchem's business activities affect the areas of environment, social affairs and corporate governance and influence them both positively and negatively. The following table lists the sustainability-related impacts, risks and opportunities that we have identified and classified as material as part of our double materiality assessment process following the assessment of impacts, risks and opportunities. This also included the inclusion of expertise regarding climatic developments, findings and forecasts as well as the monitoring and evaluation of the impact on the Alzchem Group.





ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS E1	Climate change	Adaptation to climate change		The company's products help to counteract climate change, for example by reducing CO <sub>2</sub> emissions (e.g. Eminex®), which has a positive impact on the environment and society.		<p>Transition risks such as regulatory risks, market risks and technological risks can lead to a loss of sales.</p> <p>Extreme and prolonged weather events (e.g. heavy rainfall, which prevents the cooling water from being drained from the retention basins) could lead to production downtime and loss of sales.</p> <p>The authorities' requirements for limiting cooling water discharges into rivers could be tightened in the future, which could mean a loss of production and lead to a loss of sales.</p>	A strong commitment to sustainability (e.g. climate roadmap) can improve the company's image, strengthen customer confidence and lead to increased sales.
		Climate change mitigation			Emissions released from production processes could cause climate change to progress further and thus have a negative impact on the environment and society.	<p>The implementation of sustainable technologies and processes can result in high initial costs and reduce the overall result.</p> <p>High financial charges for CO<sub>2</sub> emissions can have a negative impact on the overall result.</p>	<p>Development of new market segments and increased demand for products and services due to the greenhouse gas-reducing portfolio</p> <p>A strong commitment to climate change mitigation can improve a company's image.</p>
		Energy		The use of renewable energy promotes climate change mitigation, which is positive for the environment and society.	Potentially high energy consumption, especially from non-renewable resources, contributes to global warming, which has a negative impact on the environment and society.	<p>Geopolitical risks (availability of and dependence on fossil fuels); upward fluctuations in energy prices jeopardize competitiveness.</p> <p>Increasingly strict regulation and/or taxation of the use of fossil fuels; higher energy costs make products more expensive and lead to a loss of sales.</p>	<p>Cost savings through more efficient processes lead to an improved market position.</p> <p>Greater independence from the market for fossil fuels through higher energy efficiency and increased use of renewable energies; improved corporate image</p>



ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS E2	Pollution	Air pollution			Damage to living organisms and/or plants due to air pollutants	Sanctions for non-compliance and constantly tightening limits that lead to additional costs	Low-emission production can lead to competitive advantages (similar to the CO <sub>2</sub> issue).
		Water pollution			Damage to aquatic organisms and/or plants caused by water pollutants	Sanctions for non-compliance and constantly tightening limits that lead to additional costs	Production with low water emissions can lead to competitive advantages (similar to the CO <sub>2</sub> issue).
		Soil pollution			Damage to living organisms, plants or bodies of water due to soil pollution	Soil pollution that has not been assessed can lead to unquantifiable remediation requirements.	
		Substances of concern	Restricting the use of substances of concern / substances of very high concern has a positive impact on people and the environment.	Use or production of substances of concern/special concern could lead to environmental hazards and have a negative impact on health.	New legal regulations could extend the approval requirement, which would entail additional administrative and financial burdens. Bans could make it necessary to adapt existing products or develop alternatives. If no replacement is found, this could lead to a loss of sales.	By avoiding these substances and developing safe and sustainable alternatives, competitive advantages can be achieved that can help to increase sales by developing new markets.	
		Substances of very high concern					



ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS E3	Water and marine resources	Water	<b>Water consumption</b>		High consumption of groundwater can lead to water scarcity.	Legal limitation of permissible consumption quantities	Reducing water consumption can be a competitive advantage (similar to the CO <sub>2</sub> issue).
			<b>Water withdrawal</b>		High withdrawal quantities of groundwater can lead to water scarcity.	Statutory limitation of permissible withdrawal quantities and/or levying of water withdrawal charges	Reduced dependence on limited natural resources and cost savings due to non-payment of extraction fees
			<b>Discharge of water</b>	By returning the withdrawn water to the receiving watercourse, water consumption is very significantly reduced.	The discharge of large quantities of water can lead to damage to aquatic life and plants in the event of unwanted contamination or excessive thermal stress.	Damage to aquatic life and/or plants due to excessive thermal stress or contamination could lead to the implementation of complex and cost-intensive remedial measures by the authorities.	
ESRS E5	Circular economy	<b>Resource inflows including resource utilization</b>			High consumption and inefficient use of resources lead to higher procurement costs and possibly to limited availability of resources.	Ineffective use and/or high consumption of resources leads to increased manufacturing costs and possible loss of competitiveness.	Cost benefits due to less resource-intensive production
		<b>Resource outflows in connection with products and services</b>		Products that are not designed to be recycled become waste at the end of their service life and therefore pollute the environment.	Manufactured intermediate products that are further processed by customers into non-recyclable products may only be sold to a limited extent in future.	With recyclable products, only some of the resources (e.g. energy, labor) are wasted and have to be replaced in new production. This means that products can be manufactured very efficiently and cost-effectively and do not have to be disposed of at the end of their service life.	
		<b>Waste</b>		The disposal/discharge of waste pollutes the environment.	Improper handling of waste can pollute the environment; there is a risk of official sanctions and loss of reputation.	Residual materials can be recyclable materials that can be reused (by-products). This saves resources and reduces manufacturing costs.	



ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS S1	Workforce of the company	Working conditions	<b>Secure employment</b>	High proportion of permanent employment contracts creates security for employees.	A high proportion of fixed-term contracts would cause uncertainty among the employees concerned.	Employee dissatisfaction would lead to a higher employee turnover rate.	Secure employment relationships lead to employee satisfaction and thus to long-term loyalty to the company.
			<b>Working hours</b>	Enabling part-time employment relationships at the request of employees	Failure to fulfill part-time requests would affect employee satisfaction.	Higher employee turnover if part-time requests are not met	Employment and retention of employees via part-time employment contracts, including retention of employee know-how, reduction of employee turnover risks
				Flexible working hours through to trust-based working hours with personal discretion for employees	Fixed working hours would not be up to date and would restrict employees' individual scope for personal and family matters.	Outdated working time models would have a negative impact on employee satisfaction and limit the company's competitiveness.	Flexible working time models create satisfaction on the employee side, which makes it possible to retain employees.
			<b>Adequate wages</b>	Ensuring an adequate standard of living not only through living wages, but also through attractive remuneration based on collective agreements in the chemical industry	Mistrust of employees in the event of suspected inadequate remuneration	High dissatisfaction, low appreciation and higher employee turnover with dissatisfaction with pay as one of the core elements of the employment relationship; resulting in lower competitiveness	A competitive remuneration policy creates a high level of satisfaction and long-term loyalty to the company. The reputation and attractiveness of the company can be maintained and enhanced with a good remuneration policy.
			<b>Social dialog</b>	Employee interests are incorporated into business decisions.	Without sufficient social dialog, cooperative interaction across all hierarchical levels would be jeopardized and negative effects to the detriment of the workforce could be expected.	Deterioration in productivity	Consideration of the wishes, needs and interests of employees in order to maintain employee satisfaction and develop working conditions in a modern way



ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS S1	Workforce of the company	Working conditions		Cooperative and respectful collaboration with employee representatives	Without constructive cooperation with the works council, processes at the level of co-determination would be much more difficult and less beneficial for employees.		Long-term, target-oriented cooperation with the works council to develop company regulations, taking into account social values and business challenges in matters subject to co-determination and those not subject to co-determination
			<b>Freedom of association, the existence of works councils and the rights of employees to information, consultation and co-determination</b>	Support for freedom of association and the formation of works councils	Without freedom of association and the formation of works councils, the development of competitive working conditions in a cross-industry comparison would be virtually impossible or much more difficult.	The attractiveness of employment relationships and the employer would suffer.	Competitive and modern development of working conditions; ensuring employee satisfaction and competitiveness on the labor market
	Own workforce	Working conditions		Respect for the rights to information, consultation and co-determination	Without the implementation of information, consultation and co-determination, management would be less aware of employees' views, wishes and needs.		Consideration of employee interests with regard to important and central working conditions as a basis for employee satisfaction. Important issues become the focus of the company and are incorporated into business decisions.
			<b>Collective bargaining, including the quota of workers covered by collective agreements</b>	The attractiveness of employment relationships and the employer would suffer.	Without collective bargaining, a competitive and modern development of working conditions would hardly be possible or would be much more difficult.	The attractiveness of employment relationships and the employer would suffer.	Competitive and contemporary development of working conditions; ensuring employee satisfaction and competitiveness on the labour market



ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS S1	Own workforce	Working conditions	<b>Work-life balance</b>	Granting employees more than the minimum vacation days required by national law	Granting only minimum leave under national law would not be competitive.	Employee satisfaction would be severely affected, and the employee turnover rate would be increased.	With vacation entitlements under national law, additional vacation entitlements under collective bargaining agreements and the offer of flexible working hours, Alzchem creates the opportunity for a good work-life balance.
				Granting leave for family reasons for all employees		Failure to comply with legal obligations would result in legal consequences for the company and tarnish the company's reputation.	Ensuring employee satisfaction with regulations that go beyond statutory provisions, such as collectively agreed reasons for time off for personal and family reasons, provision of nursery and crèche places for employees at the German plants
			<b>Health protection and safety</b>	No fatal accidents at work for many years, low number of reportable accidents at work and work-related illnesses due to comprehensive policies and measures such as management systems	The risk of injury is always present in chemical production plants and associated internal service areas and is higher than in administrative tasks.	Without appropriate policies occupational health and safety would suffer, the risks for employees would be much more pronounced and the employee turnover rate due to employee dissatisfaction and the costs of continued remuneration for the company would increase.	The health and safety of our employees is our greatest asset. Management systems at the production sites contribute to safety and health, promote employee satisfaction and reduce the employee turnover risk.



ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS S1	Own workforce	Equal treatment and equal opportunities for all	<b>Gender equality and equal pay for equal work</b>	No gender pay gap at the locations and equal opportunities regardless of gender, e.g. with regard to career and development opportunities	Unequal treatment of the sexes with regard to pay issues and unequal treatment of employees in a cross-company comparison would have a negative impact on employee satisfaction and reduce trust in the organization.	High dissatisfaction among affected employee and gender groups, threat to industrial peace	Fair and gender-independent remuneration is granted via company agreements, is based exclusively on qualitative requirements, supports equal pay and equal opportunities, e.g. with regard to development, and also contributes to fairness and satisfaction among employees.
			<b>Further training and skills development</b>	Regular performance and career assessments including development opportunities for the majority of employees as part of performance reviews	Without regular performance and career assessments and development discussions, employees would lack performance transparency and development prospects.	Dissatisfaction due to lack of development prospects with the risk of declining motivation and professional reorientation of employees	Performance transparency and development prospects lead to employee satisfaction and long-term loyalty to the company.
				Teaching professional qualifications and leadership skills for the competent fulfillment of work tasks	A lack of policies for further training and skills development would limit the company's process capability and have a significant negative impact on job security.	Adverse effects on the company's competitiveness due to skills deficits, reduction in the agility of a medium-sized company	Ensuring qualifications to fulfill work tasks with policies to prevent skills shortages
			<b>Employment and inclusion of persons with disabilities</b>	High proportion of persons with disabilities	Without employing persons with disabilities, the company would not be able to meet its social requirements.	Payment of compensatory levies necessary if severely disabled quota is not met.	Securing jobs for employees with severe disabilities and employees with equivalent disabilities; actively living responsibility and appreciation; maintaining the company's social reputation



ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity	
ESRS S1	Own workforce	Equal treatment and equal opportunities for all	Measures against violence and harassment in the workplace	No incidents of violence and harassment, respectful interaction with one another, provision of operational channels and policies to prevent incidents	Without policies against violence and harassment in the workplace, a creeping trend reversal would occur.	Violent and harassing working environment, damage to the company's reputation and high employee turnover rate	Detection and processing of incidents that might not have come to light in the past or would have come to light much later	
				Provision of anonymous communication channels against violence and harassment in the form of a whistleblower hotline	Without the provision of a whistleblower hotline, particularly sensitive violations of human rights would hardly come to light.	Whistleblower hotline is very rarely used; this suggests a high probability that there were actually no incidents of violence and harassment.	Corporate culture that legitimizes the disclosure of violations and reduces the fear of negative consequences for those who report them	
			Diversity	High proportion of women at divisional manager level (in relation to the company as a whole), trend towards gender diversity	A lower or declining proportion of women would suggest that women have fewer development opportunities.	Damage to the company's reputation and difficulties in recruiting	Enrichment of traditionally male-dominated management structures through diverse influences, in particular through female leadership and management skills	
				Relatively even distribution by age within the company with a slightly higher proportion of middle-aged employees (no under- or over-represented age groups)	Underrepresented or overrepresented age groups can have a negative impact on employee satisfaction and the mood in the company in the medium and long term if they do not feel valued enough.	Threat to corporate stability due to the loss of large age groups and their experience as well as the lack of compensation from successor groups	Long-term even age distribution including all age groups, taking into account wishes and needs, ensuring the involvement of all employees of all ages	
			Other work-related rights	Child labor	No known cases of human rights violations in connection with child labor, no children employed under national law		The company's reputation would be severely damaged, risk of criminal proceedings by the state	Consistent prevention of child labor with policies and measures
				Forced labor	No known cases of human rights violations in connection with forced labor, no persons employed against their will	Human rights violations through forced labor would be unimaginable in our environment and would be immediately reported internally.	The company's reputation would be severely damaged, risk of criminal proceedings by the state	Continue to consistently prevent forced labor with policies and measures.
		Data protection		Protection of personal data in the context of the employment relationship. There are no known violations of data protection law.	Breaches of data protection obligations would destroy employees' trust in the company and management.	Damage to the company's reputation, high employee turnover rate, limited competitiveness, difficulties in recruiting new employees and high fines	Employees' personal rights are protected by statutory regulations and internal data protection rules.	





ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS S2	Value chain workers	Working conditions	Social dialog	Explanation of values and expectations, clarity in cooperation and avoidance of misunderstandings	Due to a lack of social dialog in the value chain, significant grievances or poor working conditions often go undetected; this could lead to health problems and lower job satisfaction, which in turn affects productivity and the quality of work.	Violation of labor law regulations and legal consequences can lead to loss of reputation and trust and thus to termination of the business relationship and loss of sales; loss of sales also due to loss of production due to lack of availability of raw materials	Open communication promotes trust and transparency and leads to stable and long-term business relationships; potential conflicts can be identified and resolved at an early stage; legal and reputational risks are minimized; continuous improvement of working conditions increases employee satisfaction and productivity.
			Health protection and safety	Health and safety in the workplace contribute to employee satisfaction and promote strong loyalty to the company.	A lack of health and safety awareness increases accident rates, creates an unsafe working environment and reduces productivity and employee satisfaction.	Delivery failures due to accidents can lead to a loss of sales, while health risks entail both legal risks and reputational risks.	
		Equal treatment and equal opportunities for all	Further raining and skills development	Training and further education programs increase expertise and knowledge, resulting in increased competitiveness and job security.	A lack of training and skills development increases the safety risk.	A lack of training and qualification opportunities leads to employee demotivation and can have a negative impact on product quality, which could mean a loss of sales and competitiveness.	Continuous evidence of training and further education to expand employees' skills strengthens the relationship of trust and can help to win new customers.
		Other work-related rights	Child labor	Zero tolerance for child labor, forced labor and other forms of human exploitation has a positive impact on society.	Exploitation and poor, dangerous working environments lead to physical and mental health problems; child labor prevents access to education and affects opportunities for a better future.	Incidents in connection with child labor / forced labor within the value chain represent a significant legal and reputational risk that can lead to a loss of sales.	A strong commitment against child labor / forced labor and for fair working conditions can significantly improve reputation and increase customer loyalty; reduction of the risk of scandals, protection against potential financial and legal consequences; competitive advantage: by maintaining high ethical standards, companies can differentiate themselves from their competitors, which can lead to an increase in sales.
Forced labor	Forced labor/child labor reinforces social inequalities as it often affects the poorest and most disadvantaged communities.		Involvement in child labor / forced labor has significant ethical implications, calls into question the moral integrity of the entire supply chain and can undermine consumer confidence, which in turn leads to a loss of sales.				

ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS S4	Consumers and end-user	Information-related effects for consumers and/or end-users	Data protection	Protecting the data of customers and end-users creates trust in the business partner.	Failure to protect customer and end-user data leads to a loss of trust and damages reputation.	Fines, significant loss of sales and reputational risks in connection with breaches of data protection and the handling of customer and business partner data	
		Personal safety of consumers and/or end-users	Health protection and safety	Comprehensive information about the product, including hazard warnings (safety data sheets, technical data sheets, application instructions, protective equipment), increases the health protection and safety of customers/end-users.	Customers/end-users cannot obtain information about the product; a lack of comprehensive product knowledge may pose potential health risks for consumers and end-users.	It is more likely that customers/end-users will not buy products because they do not have comprehensive knowledge of the product/service; possible health risks for customers and end-users.	Customers/end-users are more willing to buy products because they have comprehensive knowledge about the product; developing more sustainable products (safer to use, less hazardous to health) and building trust with the business partner can lead to increased sales.
		Social inclusion of consumers and/or end-users	Responsible marketing practices	Responsible marketing through clear, customer-oriented communication and the provision of comprehensible and truthful information strengthens customer confidence in our products.	Unethical or misleading marketing strategies could lead to disinformation and deception of customers and business partners.	Reputational damage and the implementation and maintenance of ethical marketing practices can require significant financial and human resources; competitive disadvantages, especially if competitors apply less stringent practices and thereby save costs in the short term.	The company's reputation and sustainability are improved, including through fair pricing that reflects the value and quality of the products; responsible marketing is particularly important for Alzchem as a specialty chemicals company in order to gain the trust of business partners, customers and the public and to be successful in the long term.

ESRS	Topic	Subtopic	Sub-sub-topic	Positive effects	Negative effects	Risk	Opportunity
ESRS G1	Business conduct	Corporate culture		Promotion of a corporate culture focused on ethics and compliance	Inadequate compliance structures and unethical behavior	Legal and reputational risks due to unethical and unlawful behavior and deviation from the canon of values	Reputational opportunities and increased employee productivity through a robust corporate culture
		Protection of whistleblowers		Whistleblowers are protected against retaliation.	Whistleblowers are insufficiently protected against retaliation.	Reputational damage, legal consequences with financial damage and long-term threat to the sustainability of Alzchem	Early detection of grievances within Alzchem
		Management of relationships with suppliers, including payment practices		Existence of a code of conduct for suppliers	No existence of a code of conduct for suppliers	Less sales	More sales
		Political commitment and lobbying activities		Promotion of transparent and ethical political influence	Opaque political influence with detrimental effects	Reputational damage, legal consequences with financial damage and long-term threat to the sustainability of Alzchem	Reputational opportunities through transparent behavior and consideration of own business interests in regulation
		Corruption and bribery	Prevention and detection including training	Promoting the fight against corruption and bribery	Inadequate anti-corruption measures leading to market distortions, weakened democratic institutions and circumvention of environmental regulations	Legal and reputational risks as well as the risk of suboptimal business decisions due to corruption within the company	Creation of an effective risk management and compliance culture
			Incidents	Existence of a whistleblower hotline or other communication channels for reporting unlawful conduct	Lack of a whistleblower hotline or other communication channels for reporting unlawful conduct	Incidents of corruption and bribery leading to fines and reputational damage	Early detection of grievances within Alzchem

Further detailed information on dealing with impacts, risks and opportunities can be found in the thematic sections under [“Environment \(E\)”](#), [“Social \(S\)”](#) and [“Governance \(G\)”](#).



## CONCENTRATION IN THE BUSINESS MODEL AND IN THE VALUE CHAIN

The main effects, risks and opportunities are anchored in the core processes of Alzchem Group AG's business model, such as production, sales and product development.

The IROs in connection with Alzchem's operating activities primarily relate to operational processes. These include the procurement of raw materials, production and distribution of our products.

In the upstream value chain, IROs interact with suppliers and review their sustainability practices. In the downstream value chain, on the other hand, they are often involved in the use and disposal of products by customers.

Thanks to its strategic focus and constant adaptation to market conditions, Alzchem Group AG is able to effectively manage significant impacts as well as risks and opportunities and utilize them for the growth of the company. In the future, we expect the sustainability strategy, including the climate roadmap and ESG initiatives, to play a central role. Our sustainability strategy should take account of the changed organizational and regulatory framework conditions and prepare the company for future challenges.

Alzchem has taken measures to improve sustainability throughout the value chain. These include initiatives such as our climate roadmap to reduce our carbon footprint, improve energy efficiency and promote recycling and the circular economy.

Alzchem's sustainability strategy and ESG initiatives have a direct influence on the company's strategic direction and decision-making processes. The Management Board, sup-

ported by the core sustainability team, ensures the implementation and monitoring of the sustainability targets. As part of the approved corporate strategy, a climate vulnerability analysis will also be carried out in the coming years. The aim of this is to identify the potential impact of climate change on the company more precisely and to take appropriate measures.

Alzchem intends to invest around EUR 30 million by 2030 in order to achieve the sustainability targets as part of the climate roadmap. The company is also investing in other sustainable projects such as a company-owned photovoltaic park with e-charging stations for Alzchem employees. In addition, Alzchem has taken measures to improve transparency and reporting on sustainability aspects in order to meet stakeholder requirements.

Considerations about the impacts and risks, but also the opportunities, arising from sustainability issues are part of the company's key decision-making processes. Our product portfolio for a wide range of markets and the implementation of ESG initiatives such as the climate roadmap are key elements of these considerations. This package of measures is designed to ensure that the company remains competitive in the long term while also making a positive contribution to sustainability.

The fundamental impacts of Alzchem Group AG's activities and business relationships on people and the environment can be summarized as follows: Through careful monitoring and management of CO<sub>2</sub> emissions, Alzchem contributes to reducing the greenhouse effect. Optimized production processes and the use of renewable energies conserve natural resources and reduce energy consumption. Efficient use

and reuse of water resources protect the environment and secure the water supply in the long term. The internal use of waste or by-products as raw materials and recycling measures can minimize the environmental impact.

Despite all efforts to prevent them, production processes can still have potentially negative effects on people and the environment, such as air and water pollution. Alzchem strives to minimize these effects through measures that at least comply with legal requirements.

In the social sphere, Alzchem contributes to social stability by providing secure and high-quality jobs.

Promoting diversity and health protection improves the working environment and the satisfaction of our employees. Training and further education opportunities promote professional development and increase Alzchem's attractiveness as an employer. Compliance with fair working conditions and human rights strengthens employees' trust in and loyalty to our company. Intensive demands and a high workload can cause stress and health problems.

A positive corporate culture strengthens the well-being and motivation of our employees. Alzchem promotes stakeholder trust and improves its corporate image through transparent communication and ethical business practices. Effective whistleblower protection promotes whistleblowing and improves corporate integrity. Ensuring that suppliers comply with the Code of Conduct improves the quality and reliability of the supply chain. These impacts are of great importance to Alzchem and are directly linked to the company's strategy and business model.

Environmental risks and opportunities include operational, regulatory and financial elements that cover topics such as



climate change, environmental protection, the impact of energy and water usage guidelines as well as social and governance-specific aspects. The analysis period covers three years. Risks that lie in the distant future are also included, whereby the time horizon is taken into account when assessing the damage.

We currently see no direct financial effects on the financial, earnings and liquidity position of the company for the significant risks and opportunities of Alzchem. There is also currently no significant risk of an adjustment to the assets and liabilities reported in the balance sheet for the coming year as a result of existing risks or opportunities.

The additional disclosure requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model – are listed in the corresponding thematic standards [ESRS E1](#), [ESRS S1](#), [ESRS S2](#) and [ESRS S4](#).

## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

### IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

#### MATERIALITY ASSESSMENT – PRIORITIZATION OF SUSTAINABILITY TOPICS

Back in 2023, we carried out a comprehensive materiality assessment to identify the sustainability topics that are particularly relevant for the Alzchem Group and its stakeholders. This included our business strategy, sustainability targets, key performance indicators and the views of various stakeholders. In addition, questions from various sustainability reporting frameworks were part of the analyses, including the CSRD standards, standards of the Sustainability Accounting Standards Board (SASB) and recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

In addition to the existing strategic fields of action, other potentially material sustainability topics and trends as well as the entire value chain were analyzed. The sub-topics and sub-sub-topics from ESRS 1 AR 16 served as an important basis for naming the potential material topics (long list). This involved specialist colleagues from various functions and divisions such as Purchasing, Human Resources, Sustainability Management, Production, Legal and Compliance, Finance, Investor & Public Relations, Marketing and Environment, Safety, Health and Quality (USGQ).

Our materiality assessment was carried out from two different perspectives:

- **INSIDE-OUT PERSPECTIVE:** Environmental and Social Materiality - Examination and assessment of how Alzchem's business activities affect sustainability factors such as the economy, value chain, environment and society, including the associated risks and opportunities (Impact Materiality)
- **OUTSIDE-IN PERSPECTIVE:** Financial materiality - analysis and assessment of the impact, risks and opportunities of sustainability factors on the company, including business performance, business results and the financial situation of the company (financial materiality)

We carried out the materiality assessment to determine the sustainability topics relevant for CSRD reporting in the form of a comprehensive workshop in several phases.

Both potential and actual impacts on the environment, society and governance along the value chain were examined and assessed for the topics on the long list. These impacts can be both positive and negative. In addition, opportunities and risks were analyzed that could either potentially or actually occur and influence the company's financial performance.

The result was a list of key sustainability aspects for Alzchem (short list), which was drawn up based on the extensive ESRS catalog of topics and consolidated with the corresponding impacts, opportunities and risks.

The following table provides an overview of the individual phases of the materiality process:

## MATERIALITY PROCESS

1. REVIEW, UPDATE AND SUPPLEMENT OF THE RELEVANT TOPICS
2. ASSESSMENT OF IMPACTS, RISKS AND OPPORTUNITIES FROM A STAKEHOLDER PERSPECTIVE
3. CONSOLIDATION OF TOPICS ON THE BASIS OF THE ESRS (LONG LIST)
4. ASSESSMENT OF IMPACTS, RISKS AND OPPORTUNITIES BASED ON THE ESRS BY SPECIALISTS
5. IDENTIFICATION AND VALIDATION OF MATERIAL TOPICS (SHORT LIST)
6. REVIEW AND EVALUATION OF THE SHORT LIST BY SENIOR MANAGEMENT, WORKS COUNCIL AND SPEAKERS' COMMITTEE
7. APPROVAL BY THE MANAGEMENT BOARD

All material topics and sub-topics, including their relevant IROs and their significance for Alzchem (Outside-In, Financial Materiality) as well as their impact on the environment and society (Inside-Out, Impact Materiality), are presented in the IRO table in [ESRS 2 SBM-3](#). It can be seen here that all topics became material because they had both impact and financial materiality. These results are therefore also to be used for NFS reporting in accordance with Section 315c HGB in conjunction with Section 289c (3) HGB. The quantitative assessment was carried out using a scale of ten levels, with the threshold for reporting set at six.

The results of the materiality assessment form an essential basis for the further development of our strategic fields of action in the area of sustainability. At the same time, these results confirm the relevance of the strategic areas of action already defined before the analysis in accordance with the new standards.

The entire result of the materiality assessment, including topics, effects, risks and opportunities, was confirmed by the top management level of Alzchem as well as by the employee representatives, the Works Council and the Speakers' Committee. Finally, approval was given by the Management Board of Alzchem Group AG.

In addition, a subsequent analysis of possible reportable risks in connection with the non-financial aspects in accordance with Section 315c HGB in conjunction with Section 289c (2) HGB has shown that, after applying the net method and taking into account the risk mitigation measures, no material risks within the meaning of Section 289c (3) sentence 1 nos. 3 and 4 HGB have been identified in connection with our business activities and our business relationships, products and services that are very likely to have or will have a serious negative impact on the aforementioned aspects.

To fulfill its due diligence obligations, Alzchem Group AG assesses its business activities and relationships annual-

ly to identify possible risk factors for potentially negative impacts. This is done, among other things, through a detailed impact assessment and by obtaining feedback from relevant stakeholders along the entire value chain to understand their perspectives and concerns. Methods such as surveys, interviews or public forums can be used.

An integral part of this approach includes the topics of environmental, social and corporate governance (ESG). Alzchem's economic activities have both positive and negative effects on these areas. Geographical characteristics are also taken into account. In particular, Alzchem focuses on regions with increased risk, such as areas with political instability, weak labor rights or inadequate environmental protection laws.

The complexity of our supply chains with numerous suppliers poses a challenge in terms of monitoring and control. The type and origin of the raw materials used also play an important role. The use of substances of very high concern in production can pose both environmental and health risks. The manufacturing processes of our products can also have an ecological and social impact. Alzchem Group AG attaches great importance to efficient and environmentally friendly processes that represent a lower risk. In addition, the working conditions both in our own plants and at our suppliers are of great importance, as inadequate working conditions entail social risks.

Compliance with both local and international laws and regulations is of utmost importance to Alzchem. Stricter regulations can help to minimize potential negative impacts. In addition, consistent compliance with industry standards and certifications help to identify and reduce negative impacts.

Additional criteria include strategic relevance, such as the extent to which an aspect is in line with Alzchem's long-term targets and vision or how it can give us a competitive advantage. Financial impact and long-term sustainability targets



are also considered, such as the costs associated with implementation or the financial savings that can be achieved through sustainable practices. Qualitative thresholds are often based on expert knowledge, stakeholder feedback or regulatory requirements. Quantitative thresholds, on the other hand, are based on measurable data such as emission reductions or energy savings. These prioritization processes allow us to use our resources efficiently and focus on the key aspects of sustainability.

The negative impacts are prioritized based on severity and probability. This means how strong the impact on the environment, society or the economy is and how likely it is that this impact will occur. Higher priority impacts require more urgent measures. In the case of potential negative impacts on human rights, the severity of the impact takes precedence over its likelihood.

The assessment of the positive effects is also based on their size, scope and probability. This means examining how strong the positive influence on Alzchem's sustainability targets is, how many people or areas benefit from it and how likely it is that these positive effects will occur. Positive effects are prioritized according to their relative strength, scope and probability of occurrence.

In addition to compliance with legal requirements, it is crucial to recognize risks and negative trends that could impair Alzchem's business success (financial materiality) in order to take countermeasures in good time. In addition to potential risks, opportunities and corresponding risk-reducing and opportunity-benefiting measures are also discussed and documented.

The risks and opportunities identified as part of this IRO analysis are directly related to the negative and positive effects. The risks are prioritized according to their severity or extent (very low, low, medium and high) and their probability of occurrence (very low < 10%, low 10% to < 30%, medium 30% to < 50% and high from 50%). Higher priority is given to risks that have more serious or more likely adverse effects. Prioritization also takes into account the opinions and concerns of the affected stakeholders. Potential opportunities are treated in the same way. The opportunity management process is also integrated into the internal controlling processes and is implemented in the operating segments on the basis of the corporate strategy.

In order to systematically identify and evaluate potential risks and opportunities, these were first recorded. Various possible scenarios and their potential impact on Alzchem were then discussed and evaluated, taking expert opinions into account. Sustainability risks were not prioritized in comparison to other risk types.

Alzchem Group AG has established internal structures to identify impacts, risks and opportunities and assess their materiality. Clear governance structures define the responsibilities and competencies in relation to sustainability issues. Based on the assessments and prioritizations in the risk management process, the Management Board, together with management, makes decisions on the material sustainability issues and the implementation of appropriate measures to minimize the risk of damage. The process is regularly reviewed and adapted in order to respond to new developments and findings.

Regular monitoring and reporting on the progress and challenges in implementing the sustainability targets are essential for Alzchem and part of its duty of care. This also includes internal reviews and external audits.

Alzchem's general risk management system records and evaluates all business-relevant risks and their effects. This system is part of our corporate governance and is managed by a risk management team that focuses in particular on the following aspects:

- Identification and analysis of potential operational risks for the company
- Reducing the probability of occurrence by initiating appropriate measures
- Recognizing opportunities for the company

With the help of an IT tool, these risks are regularly, but at least once a year, queried and documented. Depending on the type of risk, various instruments, such as Monte Carlo simulations, sensitivity or scenario analyses, are used for assessment and evaluation. The scaled risk volume is determined taking into account the probability of occurrence and the amount of loss. The aim of this measure is the early identification, assessment and management of risks that could have a significant impact on the achievement of the company's strategic, operational, financial and regulatory targets.

Sustainability aspects such as environmental hazards (heavy rainfall events, flooding, water scarcity) and their direct impact on our locations are included in the general risk management process. This also applies to social and governance



issues. In addition, potential opportunities for Alzchem are also assessed. The systematic analysis of these impacts, risks and opportunities is integrated into the risk management system.

In order to better meet the requirements of the EU Taxonomy Regulation, we plan to carry out global climate risk and vulnerability analyses in the coming years, including climate projection scenarios for our production sites.

The risk management system is part of the integrated management system of Alzchem Group AG. We continuously review our management processes with regard to the analysis and evaluation of impacts, risks and opportunities as well as the achievement of the sustainability targets set and correct or optimize them as necessary.

We carried out the materiality assessment to determine the sustainability topics to be reported as part of the CSRD in several steps in the form of an extensive workshop. First, we analyzed Alzchem's business environment in order to identify material sustainability issues. In doing so, we considered potential positive and negative impacts in the areas of value chain, environment, social and governance. Factors such as our business model, our sustainability strategy, relevant key figures and the perspectives of various stakeholders were included. Relevant questions from various sustainability reporting frameworks, such as CSRD standards, Sustainability Accounting Standards Board (SASB) standards or the Task Force on Climate Related Financial Disclosures (TCFD), were also included in the analysis.

## DISCLOSURE REQUIREMENT RELATED TO ESRS E1 IRO-1

### CLIMATE CHANGE

There are various methods for determining and assessing climate-related impacts, risks and opportunities, particularly with regard to greenhouse gas emissions.

Alzchem compiles comprehensive inventories of its greenhouse gas emissions in order to identify the sources and quantities of emissions as an essential step in defining reduction targets and strategies. In addition, risk assessments are carried out that include an analysis of the vulnerability of the company's activities to climate-related hazards. This includes the assessment of physical risks (e.g. extreme weather events) and transition risks (e.g. market changes due to regulatory changes). As part of our materiality assessment, the most important climate-related risks and opportunities that could affect our business activities were identified.

A climate vulnerability analysis that examines the potential impacts of different climate scenarios, taking into account both physical and transition risks, has not yet been carried out.

All of these processes enable us to make informed decisions and optimize our strategies for reducing greenhouse gas emissions and adapting to climate change.

At present, no significant physical risks (e.g. extreme weather events or reduced availability of water) can be identified that could have a significant impact on the company. Alzchem currently considers physical climate-related risks to be of minor financial significance. Transitory climate risks (transition risks) arise from the transition from an economy driven by fossil fuels to one with low greenhouse gas emis-

sions and result primarily from regulatory framework conditions such as the development of energy prices and the legal framework conditions for product approvals.

However, both physical risks and transition risks can affect the upstream and downstream value chain. Extreme weather events can have a significant impact on our suppliers' production facilities or even entire supply chains. New environmental regulations or CO<sub>2</sub> pricing can lead to higher operating costs and the need for adjustments. In the downstream supply chain, changes in demand for more environmentally friendly products can displace existing products and require investment in new technologies.

These procedures for identifying and assessing the material climate-related impacts, risks and opportunities as part of a systematic risk management approach can minimize the potential impacts on the company and strengthen the resilience of the value chain.

## DISCLOSURE REQUIREMENT RELATED TO ESRS E2 IRO-1

### POLLUTION

As part of the process for determining the significant impacts, risks and opportunities, all sites and business activities of Alzchem Group AG, as well as the upstream and downstream value chain, were taken into account. Consultations, particularly with affected communities, were not carried out in the area of pollution.

The issue of pollution is of key importance, particularly at our production sites in Germany (Trostberg, Schalchen, Hart and Waldkraiburg) and Sweden (Sundsvall). In Alzchem's up-





stream and downstream value chain, this primarily affects sites in non-OSCE countries.

Our business activities, which can have a significant impact, risks and opportunities in the area of pollution, particularly include the areas of agriculture and fine chemicals. The improper use of fertilizers, for example, can lead to soil and water pollution. Furthermore, this improper use can impair biodiversity and contribute to the eutrophication of water bodies.

The production of specialty and fine chemicals along the NCN chain can cause emissions of pollutants into the air and water. Stricter environmental regulations and possible sanctions for non-compliance can lead to a loss of sales. Investments in environmentally friendly technologies and processes can reduce the environmental impact and increase efficiency.

## DISCLOSURE REQUIREMENT RELATED TO ESR3 IRO-1

### WATER AND MARINE RESOURCES

In the course of the process to determine the material impacts, risks and opportunities, all Alzchem Group AG sites as well as the upstream and downstream value chain were included. The topic of water resources was identified as material, whereas marine resources were not considered relevant. Consultations with affected communities on the topic of water and marine resources and a review of assets did not take place.

The issue of water resources is of central importance to us, as we mainly use them to cool production processes at our sites in Germany (Troostberg, Schalchen, Hart and Waldkraiburg) and in Sweden (Sundsvall). Efficient water management with regard to the use and reuse of water in production processes is therefore crucial for us. In contrast, marine resources have no significant relevance for Alzchem.

In the upstream and downstream value chain, for example, we conduct audits to ensure that our business partners apply sustainable practices in order to conserve water resources and avoid pollution. Our products can also have an impact on water resources, e.g. through unintentional release into the environment during use or disposal.

## DISCLOSURE REQUIREMENT RELATED TO ESR5 E4 IRO-1

### BIODIVERSITY AND ECOSYSTEMS

Alzchem Group's activities as a specialty chemicals company could have a significant impact on biodiversity and ecosystems. We process a significant amount of non-renewable, predominantly petroleum-based raw materials every year, the production of which, if not carefully managed, can contribute to biodiversity loss, climate change and pollution. These substances need to be used efficiently and ideally replaced by renewable and environmentally friendly alternatives. All companies in the chemical industry face this challenge.

The production of specialty chemicals can cause waste and emissions that pollute the air, water and soil. High water

consumption can affect local water resources and pollute ecosystems. The use of fossil fuels for energy production contributes to global warming. The increased use of renewable energies can reduce pollution.

The transportation of raw materials and products causes greenhouse gas emissions and air pollution. Leaks or accidents during transportation can lead to the release of chemicals, resulting in toxic effects on flora and fauna.

In the downstream value chain, improper use or disposal of our products can have toxic effects on people and the environment. Efficient recycling can reduce the environmental impact and conserve resources.

One method of reducing the impact on biodiversity and ecosystems is sustainable procurement. Alzchem procures its raw materials predominantly from suppliers who comply with high ecological and social standards (for further information, see [ESRS S2](#)). In addition, the company uses environmental management systems to monitor and reduce environmentally harmful influences and invests in environmentally friendly technologies and processes. It also promotes transparency in reporting by disclosing environmental indicators and measures to improve environmental performance. These strategies help to minimize the negative impact on biodiversity and ecosystems while increasing the opportunities for sustainable development.

Various criteria can be used to assess the impact on biodiversity and ecosystems of Alzchem. Here are some important assessment criteria: Environmental Impact Assessments (EIA) on soil and water quality, air quality or noise pollution by measuring contamination and pollution, monitoring pollutant emissions, assessing noise emissions and their impact



on the environment, recording biodiversity and population changes.

The key sustainability indicators used for the assessment include our company's carbon footprint, water and energy consumption and waste management. This includes measuring greenhouse gas emissions, determining water consumption and its impact on local water resources, analyzing energy consumption and assessing waste volumes and recycling rates. An analysis of the toxicity and persistence of the chemicals used is also of crucial importance to Alzchem. These criteria help to carry out a comprehensive assessment of the environmental impact and to develop measures to reduce negative effects.

At present, no significant dependencies of Alzchem on biodiversity and ecosystems can be identified, either at its own sites or within the upstream and downstream value chain.

Transition risks as well as physical risks and opportunities in connection with biodiversity and ecosystems only play a minor role and were therefore neither identified nor assessed in the IRO analysis. Likewise, no systemic risks that could cause a failure of the entire system were taken into account, as these were classified as immaterial due to Alzchem's business activities.

No consultations were conducted with affected communities to prepare sustainability assessments of commonly used biological resources and ecosystems.

Alzchem Group AG has no sites in or near areas with sensitive biodiversity and is therefore not required to implement any measures to protect biodiversity.

## DISCLOSURE REQUIREMENT RELATED TO E5 IRO-1

### RESOURCE USE AND CIRCULAR ECONOMY

To determine the material impacts, risks and opportunities, Alzchem Group AG sites and the upstream and downstream value chain were taken into account. The efficient use of resources and the implementation or optimization of a circular economy were identified as significant factors for Alzchem. No consultations were carried out in the area of resource use and circular economy, particularly with affected communities. A review of assets has also not taken place.

Most of Alzchem Group AG's products are integrated and based on raw materials from the calcium carbide and calcium cyanamide chain (NCN chain), which originate from the raw materials lime and coke as well as electrical energy. Thanks to the intelligent integration of our production facilities and technologies, including energy and material flows, the carbon footprint of our products has been significantly reduced. This was achieved, for example, by using the CO gas generated during the production of calcium carbide to generate energy, which serves as a substitute for oil and gas, and by using the resulting CO<sub>2</sub> as a material.

Through targeted process optimization along the entire NCN chain, including the use of artificial intelligence (AI), we have succeeded in significantly increasing productivity. This not only leads to economic benefits, but also significantly reduces the amount of waste, which has a positive impact on the environment.

In the fiscal year 2024, the use of the hydrogen continuously generated during a production process to generate energy

was successfully implemented as part of the climate roadmap (package 2). The hydrogen generated as a by-product is fed into the waste gas incineration plant (EGV) via a pipeline to replace the natural gas previously used as a fuel.

In addition to the basic raw materials lime, coke and electrical energy, the main resources used by Alzchem also include a large number of chemical raw materials for the manufacture of our product portfolio.

Avoiding and reducing waste as an environmental target is important to us in order to minimize the negative impact on people and the environment. First and foremost, we aim to avoid or minimize waste from our production facilities by continuously optimizing our production processes and expanding our integrated system and, if possible, to recycle it. Only if this option is not available is the focus on energy recovery and only then on safe disposal.

As part of our systematic waste management, we take advantage of our back-integrated NCN "Verbund system" and the close proximity of our production sites. By intelligently integrating our production facilities and our production technologies, including energy and material flows, even by-products (e.g. CO<sub>2</sub>) can be used as raw materials with the aim of achieving zero waste. We use by-products from the production process in very different fields (e.g. black lime for agriculture and the cement industry). By constantly improving our production processes, e.g. through the use of special catalyst systems, we can minimize side reactions.

In recent years, we have succeeded in significantly reducing the amount of waste at our sites, e.g. by recycling used containers. The remaining unavoidable waste is sent for external thermal recycling.



Remaining in the “business-as-usual” scenario without taking measures to implement the circular economy would be associated with various significant effects and risks. Stricter environmental regulations and laws on the circular economy could lead to higher costs and penalties. There are also competitive and reputational risks if sustainable circular economy practices are not implemented, which could have a negative impact on customer relationships and investor confidence. This could lead to a loss of market share. In the long term, higher operating costs and potential penalties could jeopardize the company’s financial stability. Without circular economy strategies, the quantities of waste and emissions could not be sustainably reduced, leading to negative environmental impacts.

Alzchem recognizes significant opportunities in the circular economy through cost benefits resulting from less resource-intensive production. This enables products to be manufactured in an extremely efficient and economical way, avoiding disposal. Residual materials can be regarded as recyclable materials and put to further use, for example CO gas as a by-product.

Within the value chain, there are several stages on which the use of resources, risks and negative effects associated with the circular economy are concentrated. On the one hand, this concerns the procurement of raw materials. Here, there is a risk of dependence on non-renewable resources and the associated price volatility and possible disruptions in the supply chains. Secondly, production is affected, where high energy and water consumption as well as the generation of waste and emissions can occur. Another stage involves the conversion of our raw materials into intermediate and end products by our business partners. Significant amounts

of waste and emissions can also be generated here if efficient recycling and reuse processes are not implemented. In addition, the use of non-sustainable packaging materials and inefficient logistics processes can lead to increased resource consumption and an increased amount of waste.

## DISCLOSURE REQUIREMENT RELATED TO ESRS G1 IRO-1

### ANALYSIS OF BUSINESS CONDUCT

Alzchem’s corporate policy requires a detailed analysis of various decision-relevant criteria in order to identify significant effects, opportunities and risks. The most important aspects include the location, activity, sector and structure of the transaction.

The production sites of Alzchem Group AG, mainly located in the southeast Bavarian chemical triangle, are decisive in determining its corporate policy. Important factors include regulatory requirements, infrastructure, labor market conditions and various environmental aspects. Regulatory requirements, such as environmental and safety regulations and the REACH regulation, which must be complied with, can also have a significant impact on the company’s production processes and cost structure. The availability of transportation routes, such as access to a well-developed road and rail network, as well as a reliable energy supply are crucial for efficient production processes thanks to low operating costs and short delivery times. Access to qualified workers also plays an important role.

Our business activities also influence Alzchem’s corporate policy. The most important factors here include our produc-

tion processes and technologies, safety standards and the sustainability of our company. The manufacture of specialty chemicals requires complex and highly specialized production processes that must be continuously optimized in order to improve the cost structure and achieve competitive advantages.

The use of modern, sustainable technologies and innovations is crucial to the success of our company. By investing in research and development, new products and processes can be developed that give us a competitive advantage. For example, digitalization and the implementation of automation technologies increase the efficiency of production processes and reduce the error rate.

Measures to reduce emissions and waste are important for Alzchem’s long-term competitiveness and to improve the environmental balance. Examples are the closing of raw material cycles and the increasing use of renewable energies. This contributes to a positive corporate image from which our stakeholders, including customers and investors, benefit.

Ensuring the health and safety of our employees is our top priority. For this reason, we ensure that all employees take part in mandatory training at least once a year and that working conditions are designed to be safe. This forms an essential part of our safety management system.

The specialty chemicals sector in which Alzchem operates also has a significant influence on our corporate policy. The decisive factors here are market conditions, the availability of raw materials, the various customer segments and regulatory developments.



Corporate policy is strongly influenced by the demand for chemical products and the competitive situation. We are therefore constantly adapting our market strategy in order to be able to react flexibly to changing demand and competitive conditions. Access to essential raw materials and the fluctuations in their prices are crucial for our production processes. For this reason, Alzchem Group AG has developed strategies to secure the supply of raw materials and minimize price fluctuations.

The expansion of our customer base is of crucial importance to our corporate strategy. With a diverse customer structure, we help to cushion sales fluctuations and consolidate Alzchem's market position.

It is also crucial to take future legal changes and their consequences into account in the corporate strategy. Stricter environmental regulations could increase production costs, for example. We therefore anticipate regulatory changes and optimize our processes accordingly to ensure compliance and avoid potential sanctions.

Both the availability and the cost of capital play a central role in Alzchem's growth strategy. It is essential that we have access to cost-effective financing options in order to successfully implement our investment projects.

Sound corporate governance and effective internal controls are of the utmost importance for the long-term success of our company. We have therefore introduced transparent decision-making processes and effective control mechanisms to minimize risks and ensure compliance with legal regulations. A robust governance structure strengthens the trust of our investors and other stakeholders in our company.

This comprehensive analysis of Alzchem's corporate policy shows how various decision-making criteria can influence the long-term impact on the company. By taking these factors into account, well-founded decisions can be made and the company's competitiveness strengthened.

## IRO-2 – DISCLOSURE REQUIREMENTS IN ESRs COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

The notes contains a list of the disclosure requirements as an index with the respective page numbers that contain the relevant information in the sustainability statement (see [ESRS index](#)). These disclosures were included in the sustainability statement in accordance with ESRs 1, Chapter 3, taking into account the results of the materiality assessment.

The following table provides an overview of the data points that are contained in both general and topic-specific standards and are derived from various EU legal provisions. The page number on which the respective data point can be found in the sustainability statement is also indicated.



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION				
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page	Reporting obligation
<b>ESRS 2 GOV-1</b> Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1	—		Commission Delegated Regulation (EU) 2020/1816, Annex II	—	91	Yes
<b>ESRS 2 GOV-1</b> Percentage of board members who are independent paragraph 21 (e)	—	—		Commission Delegated Regulation (EU) 2020/1816, Annex II	—	91	Yes
<b>ESRS 2 GOV-4</b> Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1	—		—	—	98	Yes
<b>ESRS 2 SBM-1</b> Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk		Commission Delegated Regulation (EU) 2020/1816, Annex II	—	105	Yes
<b>ESRS 2 SBM-1</b> Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1	—		Commission Delegated Regulation (EU) 2020/1816, Annex II	—	105	Yes
<b>ESRS 2 SBM-1</b> Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1	—		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	—	—	No
<b>ESRS 2 SBM-1</b> Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	—	—		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	—	—	No



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION				
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page	Reporting obligation
<b>ESRS 2 E1-1</b> Transition plan to reach climate neutrality by 2050 paragraph 14	—	—	—	—	Regulation (EU) 2021/1119, Article 2(1)	163	Yes
<b>ESRS 2 E1-1</b> Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	—	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	—	—	—	N/A
<b>E1-4</b> GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	—	—	169	Yes
<b>E1-5</b> Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1	—	—	—	—	170	Yes
<b>E1-5</b> Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1	—	—	—	—	170	Yes
<b>E1-5</b> Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1	—	—	—	—	170	Yes



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION			
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
<b>E1-6</b> Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	—	174	Yes
<b>E1-6</b> Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)	—	174	Yes
<b>E1-7</b> GHG removals and carbon credits paragraph 56	—	—	—	Regulation (EU) 2021/1119, Article 2(1)	—	No
<b>E1-9</b> Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	—	—	Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	—	—	No
<b>E1-9</b> Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	—	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.	—	—	—	No
<b>E1-9</b> Location of significant assets at material physical risk paragraph 66 (c).	—	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.	—	—	—	No



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION				
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page	Reporting obligation
<b>E1-9</b> Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			—	—	No
<b>E1-9</b> Degree of exposure of the portfolio to climate-related opportunities paragraph 69	—	—		Delegated Regulation (EU) 2020/1818, Annex II		—	No
<b>ESRS E2-4</b> Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3# Table #2 of Annex 1	—		—	—	184	Yes
<b>ESRS E3-1</b> Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1			—	—	186	Yes
<b>ESRS E3-1</b> Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1	—		—	—	—	No
<b>ESRS E3-1</b> Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1	—		—	—	—	No
<b>ESRS E3-4</b> Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1	—		—	—	—	No





STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION				
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page	Reporting obligation
<b>ESRS E3-4</b> Total water consumption in m <sup>3</sup> per net revenue on own activities paragraph 29	Indicator number 6.1 Table #2 of Annex 1	—	—	—	—	—	No
<b>ESRS 2 – SBM-3 – E4</b> paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1	—	—	—	—	—	No
<b>ESRS 2 – SBM-3 – E4</b> paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1	—	—	—	—	—	No
<b>ESRS 2 – SBM-3 – E4</b> paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1	—	—	—	—	—	No
<b>ESRS E4-2</b> Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1	—	—	—	—	—	No
<b>ESRS E4-2</b> Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1	—	—	—	—	—	No
<b>ESRS E4-2</b> Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1	—	—	—	—	—	No
<b>ESRS E5-5</b> Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1	—	—	—	—	191	Yes
<b>ESRS E5-5</b> Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1	—	—	—	—	—	No
<b>ESRS 2 SBM3 – S1</b> Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I	—	—	—	—	112	Yes



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION				
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page	Reporting obligation
<b>ESRS 2 SBM3 – S1</b> Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I	—	—	—	—	112	Yes
<b>ESRS S1-1</b> Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	—	—	—	—	196	Yes
<b>ESRS S1-1</b> Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 21	—	—	—	Delegated Regulation (EU) 2020/1816, Annex II	—	196	Yes
<b>ESRS S1-1</b> Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I	—	—	—	—	196	Yes
<b>ESRS S1-1</b> Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I	—	—	—	—	196	Yes
<b>ESRS S1-3</b> Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I	—	—	—	—	204	Yes
<b>ESRS S1-14</b> Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I	—	—	Delegated Regulation (EU) 2020/1816, Annex II	—	215	Yes
<b>ESRS S1-14</b> Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I	—	—	—	—	215	Yes



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION			
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
<b>ESRS S1-16</b> Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I	—	Delegated Regulation (EU) 2020/1816, Annex II	—	217	Yes
<b>ESRS S1-16</b> Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I	—	—	—	217	Yes
<b>ESRS S1-17</b> Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I	—	—	—	218	Yes
<b>ESRS S1-17</b> Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I	—	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	—	218	Yes
<b>ESRS 2 SBM3 – S2</b> Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I	—	—	—	219	Yes
<b>ESRS S2-1</b> Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1	—	—	—	220	Yes
<b>ESRS S2-1</b> Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1	—	—	—	220	Yes



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION			
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
<b>ESRS S2-1</b> Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1	—	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	—	220	Yes
<b>ESRS S2-1</b> Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 19	—	—	Delegated Regulation (EU) 2020/1816, Annex II	—	220	Yes
<b>ESRS S2-4</b> Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1	—	—	—	224	Yes
<b>ESRS S3-1</b> Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1	—	—	—	—	No



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION				
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<b>ESRS S3-1</b> Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1	—	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	—	—	—	No
<b>ESRS S3-4</b> Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1	—	—	—	—	—	No
<b>ESRS S4-1</b> Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1	—	—	—	—	228	Yes
<b>ESRS S4-1</b> Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1	—	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	—	—	228	Yes
<b>ESRS S4-4</b> Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1	—	—	—	—	232	Yes
<b>ESRS G1-1</b> United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1	—	—	—	—	—	No
<b>ESRS G1-1</b> Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1	—	—	—	—	233	Yes



STANDARD	EU LEGISLATION		COMPANY-SPECIFIC INFORMATION			
	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
<b>ESRS G1-4</b> Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1	—	Delegated Regulation (EU) 2020/1816, Annex II)	—	239	Yes
<b>ESRS G1-4</b> Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1	—	—	—	—	No

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## 4. GOVERNANCE (G)

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An explanation of how Alzchem has determined the material information to be disclosed in connection with the impacts, risks and opportunities assessed as material can be found in [section IRO-1](#).



## 11.2 ENVIRONMENT (E)

### INFORMATION IN ACCORDANCE WITH THE DELEGATED REGULATION (EU) 2020/852 (TAXONOMY REGULATION)

#### 11.2.1 EU TAXONOMY

The publication of the “European Green Deal” in 2019 marked the start of a sustainable transformation of the entire European economic area. A central aspect of this plan is to make Europe a climate-neutral continent by 2050 by reducing net greenhouse gas emissions to zero. To finance this transformation, it is necessary to redirect financial flows through sustainable activities in order to accelerate the transformation of the economy towards sustainability and create market transparency. To this end, the EU taxonomy was developed as a uniform and transparent classification system for environmentally sustainable economic activities. In accordance with the provisions of the EU Taxonomy Regulation, companies that already fall within the scope of the Regulation must disclose those portions of revenue, capital expenditure (CapEx) and operational expenditure (OpEx) that are related to “environmentally sustainable” activities and are therefore taxonomy eligible.

The following disclosure of information on the EU taxonomy is based on Taxonomy Regulation (EU) 2020/852 and Delegated Regulation (EU) 2023/2485 amending Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486.

For the classification of economic activities, a distinction must be made between “taxonomy eligible” and “taxonomy aligned”. An economic activity is considered taxonomy eligible if it is listed in the EU Taxonomy Regulation and can therefore potentially contribute to the achievement of at least one of the six environmental targets set out in Article 9:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control;
6. Protection and restoration of biodiversity and ecosystems.

The report contains detailed information on the proportion of Alzchem Group AG’s business activities that fall under the EU taxonomy. The necessary qualitative information is also provided. When recording the key figures (sales revenue, CapEx and OpEx) in the context of business activities, all six climate targets of the EU Taxonomy were taken into account.

According to Article 3 of the EU Taxonomy Regulation, business activities are considered taxonomy aligned and therefore “environmentally sustainable” if they are taxonomy eligible and

1. contributes substantially to at least one of the six climate targets (Substantial Contribution), which can be demonstrated by compliance with certain Technical Screening Criteria;
2. do not significantly harm the achievement of one or more of the five other EU environmental targets (Do No Significant Harm; DNSH), which is specified in the subordinate delegated acts; and
3. comply with the minimum social safeguards for occupational safety and human rights.

#### PROCEDURE FOR COLLECTING THE KEY FIGURES

The Alzchem Group is obliged to report in accordance with the EU Taxonomy Regulation. In order to ensure that this reporting obligation is fulfilled in accordance with the regulations, Alzchem initially formed an interdisciplinary team. This team works continuously in coordination with representatives of various specialist departments to analyze all economic activities and products. The aim is to identify the economic activities that are considered taxonomy aligned for all six environmental targets in accordance with the EU Taxonomy Regulation. This structured approach has made it possible to avoid double counting of revenue, investment and operating expenses.

The key figures sales, capital expenditure (CapEx) and operating expenses (OpEx) were mainly derived from the ERP (Enterprise Resource Planning) system and the existing financial reporting systems.



## CHECKING ECONOMIC ACTIVITIES FOR TAXONOMY ALIGNMENT

For a taxonomy eligible economic activity to be taxonomy aligned, it must fulfill three overarching criteria:

### 1. Significant contribution to at least one of the environmental targets

In the first step, the relevant regulations for the technical assessment criteria for a significant contribution to the respective environmental target were examined to analyze taxonomy alignment.

### 2. No significant harm to the other environmental targets (DNSH)

The second step of the conformity check relates to the so-called DNSH criteria (Do No Significant Harm). This involves ensuring that Alzchem's taxonomy aligned economic activities do not cause any significant harm to the other environmental targets.

### 3. Minimum safeguards

As a third overarching criterion for taxonomy alignment in accordance with the criteria of the EU Taxonomy Regulation (Article 8), minimum social requirements must also be met in order for activities to be classified as environmentally sustainable. Compliance with minimum social safeguards standards in the areas of labor and human rights and occupational safety, as well as requirements relating to fair competition, corruption and tax discipline, is ensured at Group level for all companies and locations with the help of various guidelines and processes as well as a wide range of training courses.

Information on the Group-wide guidelines, the due diligence processes in the area of human rights and the measures taken and results achieved can be found in [chapter ESRS 2](#). Alzchem is committed to compliance with minimum social standards and has taken the following frameworks into account:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- ILO core labor standards and the ILO Declaration on Fundamental Principles and Rights at Work and the
- International Charter of Human Rights

## DISCLOSABLE PERFORMANCE INDICATORS

### SALES REVENUE

The sales ratio is calculated as the ratio of sales from goods or services, including intangible goods, associated with taxonomy eligible economic activities to net sales within the meaning of Article 2(5) of Directive 2013/34/EU (total sales of the Alzchem Group). In the fiscal year 2024, the taxonomy eligible share of sales essentially comprises the economic activities in the area of transmission and distribution of electricity.

A detailed development of sales revenues can be found in chapter 3.2.5 of the combined management report and in chapter V. no. 1 of the notes to the consolidated financial statements of Alzchem Group AG.

### CAPITAL EXPENDITURE (CAPEX)

The CapEx share of taxonomy eligible economic activities is determined as follows: The denominator comprises ad-

ditions to property, plant and equipment and intangible assets during the fiscal year 2024 under review before depreciation, amortization and revaluations, including those resulting from revaluations and impairments for the fiscal year in question and excluding changes in fair value. Additions from business combinations excluding goodwill are also taken into account, as are certain IFRS standards mentioned in the aforementioned Delegated Regulation (e.g. IFRS 16). The numerator corresponds to the portion of the capital expenditure included in the denominator that relates to assets or processes associated with taxonomy eligible economic activities.

A detailed development of investments in non-current assets can be found in chapter 3.2.5.2.2 of the combined management report and in chapter VI. no. 11-14 of the notes to the consolidated financial statements of Alzchem Group AG.

### OPERATING EXPENSES (OPEX)

The share of operating expenses for assets or processes associated with economic activities that are classified as taxonomy eligible is determined as follows: The proportion of total operating expenses that are taxonomy eligible divided by total operating expenses under the EU Taxonomy Regulation. The relevant operating expenses in the context of reporting in accordance with the EU Taxonomy Regulation include direct, non-capitalized costs from research and development, short-term leases, building renovation measures, maintenance and repair as well as all other direct internal and external expenses in connection with the daily maintenance of property, plant and equipment that are necessary to ensure the continuous and effective functioning of these assets.

A detailed development of other operating expenses can be found in section V. no. 5 of the notes to the consolidated financial statements of Alzchem Group AG.





### TEMPLATE FOR THE KPIS OF NON-FINANCIAL UNDERTAKINGS

Proportion of turnover from products or services associated with taxonomy aligned economic activities – disclosure covering year 2024

Economic Activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover 2024 (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		EUR thousand	%	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (taxonomy aligned)</b>																			
– No activity (d)	–	0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>Turnover of environmentally sustainable activities (taxonomy aligned) (A.1)</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>Of which enabling</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>Of which transitional</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>A.2 Taxonomy eligible but not environmentally sustainable activities (not taxonomy aligned activities) (g)</b>																			
				"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"										
Transmission and distribution of electricity (e)	CCM 4.9.	8,257	1.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							1.2%			
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	1,082	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.2%			
Construction, expansion and operation of waste water collection and treatment	CCM 5.3.	238	0.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.0%			





- a) The code represents the abbreviation of the relevant target to which the economic activity can make a significant contribution and the number of the section of the activity in the relevant annex that covers the target, i.e.
- Climate change mitigation: CCM (Climate Change Mitigation)
  - Adaptation to climate change: CCA (Climate Change Adaptation)
  - Water and marine resources: WTR (Water) - Circular economy: CE (Circular Economy)
  - Pollution prevention and control: PPC (Pollution Prevention and Control)
  - Biodiversity and ecosystems: BIO (Biodiversity and ecosystems)

For example, the activity “Reforestation” would have the following code: CCM 1.1

For activities that can make a significant contribution to more than one target, the codes for all targets must be indicated. For example, if the operator reports that the activity “New construction” makes a significant contribution to climate change mitigation and the circular economy, the code would be: CCM 7.1./CE 3.1.

The same codes should be used in sections A.1 and A.2 of this declaration form.

- b) Y – Yes, taxonomy eligible and taxonomy aligned activity with the relevant environmental target
- N – No, taxonomy eligible but not taxonomy aligned with the relevant environmental target
- N/EL – “Not eligible”, taxonomy-non-eligible activity for the respective environmental target
- c) Where an economic activity contributes significantly to multiple environmental targets, non-financial companies shall indicate in bold the most relevant environmental target for the calculation of the KPIs of financial companies, avoiding double counting. If the use of proceeds from financing is not known, financial entities shall calculate the financing of economic activities contributing to multiple environmental targets in their respective KPIs according to the most relevant environmental target indicated in bold by non-financial entities in this template. An environmental target can only be reported once in bold in a row to avoid double counting of economic activities in the KPIs of financial entities. This does not apply to the calculation of taxonomy alignment of economic activities for financial products as defined in Article 2(12) of Regulation (EU) 2019/2088. Non-financial entities shall also report the extent of taxonomy eligibility and compliance per environmental target, including compliance with each of the environmental targets for activities that contribute significantly to multiple targets. This does not apply to the calculation of taxonomy alignment of economic activities for financial products as defined in Article 2(12) of Regulation (EU) 2019/2088. Non-financial entities shall also report the extent of taxonomy

eligibility and compliance per environmental objective, including compliance with each of the environmental objectives for activities that contribute significantly to multiple objectives.

- d) One and the same activity can only be compliant with one or more environmental targets for which it is taxonomy eligible.
- e) The same activity may be taxonomic and not conform to the relevant environmental targets.
- f) EL – For the respective target, taxonomy eligible activity. N/EL – For the respective target, taxonomy-non-eligible activity.
- g) Activities shall only be reported in section A.2 of this template if they are not compliant with an environmental target for which they are taxonomy eligible. Activities that are compliant with at least one environmental target shall be reported in section A.1 of this template.
- h) To report an activity in section A.1, all DNSH criteria and minimum protection requirements must be met. For the activities listed under A.2, columns 5 to 17 may be completed by non-financial entities on a voluntary basis. Non-financial entities may indicate the material contribution and the DNSH criteria they meet or do not meet in section A.2 using the following codes:
- a) For the main contribution: Y/N and N/EL instead of EL and N/EL and
  - b) For DNSH: Y/N.



### TEMPLATE FOR THE KPIS OF NON-FINANCIAL UNDERTAKINGS

Proportion of CapEx from products or services associated with taxonomy aligned economic activities – disclosure covering year 2024

Economic Activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx 2024 (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of taxonomy aligned (A.1.) or eligible (A.2.) CapEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)	
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				Minimum safeguards (17)
		EUR thousand	%	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (taxonomy aligned)</b>																			
– No activity (d)	–	0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>CapEx of environmentally sustainable activities (taxonomy aligned) (A.1)</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>Of which enabling</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>Of which transitional</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>A.2 Taxonomy eligible but not environmentally sustainable activities (not taxonomy aligned activities) (g)</b>																			
				"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"										
Electricity generation using solar photovoltaic technology	CCM 4.1.	2,289	5.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							3.8%			
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14.	962	2.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							–			
Production of heat/cool using waste heat	CCM 4.25.	134	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							–			
Transmission and distribution of electricity (e)	CCM 4.9.	55	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							9.1%			





### TEMPLATE FOR THE KPIS OF NON-FINANCIAL UNDERTAKINGS

Proportion of OpEx from products or services associated with taxonomy aligned economic activities – disclosure covering year 2024

Economic Activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx 2024 (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		EUR thousand	%	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (taxonomy aligned)</b>																			
– No activity (d)	–	0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>OpEx of environmentally sustainable activities (taxonomy aligned) (A.1)</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>Of which enabling</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>Of which transitional</b>		0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.0%	–	–
<b>A.2 Taxonomy eligible but not environmentally sustainable activities (not taxonomy aligned activities) (g)</b>																			
				"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"	"EL; N/EL (f)"										
Transmission and distribution of electricity (e)	CCM 4.9.	489	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.6%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	200	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0%		
Construction, expansion and operation of waste water collection and treatment	CCM 5.3.	1,264	4.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.8%		



Economic Activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx 2024 (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							Proportion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)			
		EUR thousand	%	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	"Y; N; N/EL (b) (c)"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
Freight rail transport	CCM 6.2.	1,539	5.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							4.7%			
Operation of personal mobility devices, cycle logistics	CCM 6.4.	4	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.0%			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	166	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							-			
Infrastructure for rail transport	CCM 6.14.	673	2.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							3.2%			
Acquisition and ownership of buildings	CCM 7.7.	1,104	3.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							-			
Data processing, hosting and related activities	CCM 8.1.	889	3.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							1.9%			
Close to market research, development and innovation	CCM 9.1.	1,366	4.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							4.9%			
<b>OpEx of taxonomy eligible but not environmentally sustainable activities (not taxonomy aligned activities) (A.2)</b>		<b>7,695</b>	<b>26.1%</b>	<b>26.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>							<b>24.1%</b>			
<b>OpEx of taxonomy eligible activities (A.1+A.2)</b>		<b>7,695</b>	<b>26.1%</b>	<b>26.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>							<b>24.1%</b>			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of taxonomy-non-eligible activities</b>		<b>21,795</b>	<b>73.9%</b>																
<b>Total (A + B)</b>		<b>29,490</b>	<b>100.0%</b>																



The following tables show the percentage share of sales, CapEx and OpEx of taxonomy eligible and taxonomy aligned economic activities by environmental target:

#### Share of sales/total sales

	Taxonomy aligned per target	Taxonomy eligible per target
<b>CCM</b>	0.00%	2.1%
<b>CCA</b>	0.00%	0.00%
<b>WTR</b>	0.00%	0.00%
<b>CE</b>	0.00%	0.00%
<b>PPC</b>	0.00%	0.00%
<b>BIO</b>	0.00%	0.00%

#### CapEx share/total CapEx

	Taxonomy aligned per target	Taxonomy eligible per target
<b>CCM</b>	0.00%	10.7%
<b>CCA</b>	0.00%	0.00%
<b>WTR</b>	0.00%	0.00%
<b>CE</b>	0.00%	0.00%
<b>PPC</b>	0.00%	0.00%
<b>BIO</b>	0.00%	0.00%

#### OpEx share/total OpEx

	Taxonomy aligned per target	Taxonomy eligible per target
<b>CCM</b>	0.00%	26.1%
<b>CCA</b>	0.00%	0.00%
<b>WTR</b>	0.00%	0.00%
<b>CE</b>	0.00%	0.00%
<b>PPC</b>	0.00%	0.00%
<b>BIO</b>	0.00%	0.00%

Some of our activities are listed in the environmental targets Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) and are therefore taxonomy eligible. The most relevant environmental target for Alzchem when calculating the KPI is climate change mitigation.

The following table contains the taxonomy eligible economic activities with the corresponding codes and a description of the corresponding activities in the company.





<b>Taxonomy eligible activities</b>	<b>Activity in the company</b>	<b>Code</b>
<b>Electricity generation using solar photovoltaic technology</b>	Electricity generation with the help of photovoltaic systems for emission-free energy supply at the Trostberg site	CCM 4.1.
<b>Transmission and distribution networks for renewable and low-carbon gases</b>	Construction and operation of new transmission and distribution networks for hydrogen generated in the production process at the Trostberg site	CCM 4.14.
<b>Production of heat/cool using waste heat</b>	Production of heat from waste heat from production processes at the Trostberg, Schalchen and Hart sites	CCM 4.25.
<b>Transmission and distribution of electricity</b>	Operation of a distribution network for electricity by Alzchem Netz GmbH	CCM 4.9.
<b>Construction, extension and operation of water collection, treatment and supply systems</b>	Production of industrial and drinking water from our own wells at the Trostberg and Hart sites. Operation of own wells and distribution networks for cooling water at the Trostberg, Schalchen, Hart and Waldkraiburg sites.	CCM 5.1.
<b>Renewal of water collection, treatment and supply systems</b>	Maintenance, conversion and renewal of existing water extraction and supply systems, e.g. by replacing well pumps or renovating water pipes.	CCM 5.2.
<b>Construction, expansion and operation of waste water collection and treatment</b>	Alzchem maintains sewer networks at the Trostberg, Schalchen, Hart and Waldkraiburg sites in which waste water is collected and operates a large number of waste water treatment plants at these sites. The largest plant here is an industrial waste water treatment plant at the Trostberg site (Central Waste Water Treatment Plant - ZABA).	CCM 5.3.
<b>Renewal of waste water collection and treatment</b>	Waste water collection and treatment systems maintained by Alzchem (see CCM 5.3.) such as sewer networks and waste water treatment plants are regularly renewed in parts.	CCM 5.4.
<b>Freight rail transport</b>	Freight transport on local freight networks	CCM 6.2.
<b>Operation of personal mobility devices, cycle logistics</b>	Leasing e-bikes	CCM 6.4.
<b>Transport by motorbikes, passenger cars and light commercial vehicles (operation of a vehicle fleet)</b>	Operation of a vehicle fleet	CCM 6.5.
<b>Infrastructure for rail transport</b>	Operation and maintenance of track systems	CCM 6.14.
<b>Acquisition and ownership of buildings</b>	Exercise of ownership of real estate, rentals	CCM 7.7.
<b>Data processing, hosting and related activities</b>	Operation of a data center and third-party acquisition of computing power (cloud computing services)	CCM 8.1.
<b>Close to market research, development and innovation</b>	Research, development or innovation of technologies and products	CCM 9.1.



The shares of taxonomy eligible sales, CapEx and OpEx for the fiscal years 2024 and 2023 can be found in the corresponding reporting forms.

The main changes in the shares of taxonomy eligible sales, CapEx and OpEx compared to the previous year are explained in detail below.

Alzchem's core business activities are not covered by the economic activities specified in the delegated act. Therefore, as in the previous year, taxonomy eligible sales amounting to 2.1% of total sales are essentially only generated in connection with the transmission and distribution of electricity (CCM 4.9.) and from services as a chemical park operator (CCM 5.1, 5.3, 6.14, 8.1). There was a change here compared to the previous year. A further taxonomy eligible economic activity was identified: Acquisition and ownership of buildings (CCM 7.7.), which amounted to 0.3% of total revenue. The change in taxonomy eligible sales 1.6% to 2.1% of total sales compared to the same period of the previous year is mainly due to the increase in sales in the fiscal year 2024 relating to the transmission and distribution of electricity.

The share of taxonomy eligible capital expenditure (CapEx) relates to property, plant and equipment and in 2024 includes the transmission and distribution of electricity (CCM 4.9.) and the construction of a photovoltaic plant (CCM 4.1.), newly added activities such as transmission and distribution networks for renewable and low-carbon gases (hydrogen) (CCM 4.14.), the production of heat/cool using waste heat (CCM 4.25.) and the acquisition and ownership of buildings (CCM 7.7.). The change in the share of taxonomy eligible investments from 14.7% in the same period of the previous year to 10.7% of total revenue in the reporting year 2024

is mainly due to the reduction in expenditure from 9.1% to 0.1% for the transmission and distribution of electricity (CCM 4.9.), despite increased investment expenditure in the area of electricity generation using photovoltaic technology (CCM 4.1.).

Taxonomy eligible operating expenditure (OpEx) was primarily attributable to the construction, expansion and operation of waste water collection and treatment systems (CCM 5.3.), freight rail transport (CCM 6.2.), infrastructure for rail transport (CCM 6.14.), data processing, hosting and related activities (CCM 8.1.) and close to market research, development and innovation (CCM 9.1.). In the reporting year 2024, the acquisition and ownership of buildings (CCM 7.7.) was also recorded as an economic activity, accounting for 3.7% of taxonomy eligible operating expenditure.

Taxonomy eligible operating expenses include direct, non-capitalized costs from research and development, short-term leases, building renovation measures, maintenance and repair and all other direct internal and external expenses in connection with the day-to-day maintenance of property, plant and equipment.

The low rates of taxonomy eligible sales, capital expenditures and operating expenses are mainly due to the very limited conformity of Alzchem's business activities with the economic activities listed in the EU Taxonomy Regulation. In connection with the production and distribution of organic base materials and specialty chemicals, which form the core of the business activity, none of Alzchem's products are currently covered by the scope of the EU Taxonomy Regulation for the six environmental targets. The majority of basic chemicals are mentioned here. Precursors or intermediates are currently only included in a few categories.

The EU taxonomy also ignores positive effects in connection with the use of our products, such as Eminex® or Creamino®.

The business activities of Alzchem Group AG that are not yet covered by the EU taxonomy and are therefore not considered relevant according to the taxonomy are reported as taxonomy-non-eligible in accordance with the Delegated Acts. This concerns a large part of Alzchem's activities, which are nevertheless in line with the EU's environmental targets and can therefore still be sustainable and contribute to the reduction of CO<sub>2</sub> emissions.

None of Alzchem's activities are taxonomy eligible for the environmental targets of adaptation to climate change, protection of water and marine resources, transition to a circular economy and protection and reduction of biodiversity and ecosystems.

In order to meet the requirements for taxonomy alignment, the technical assessment criteria and the DNSH criteria must be complied with in the area of taxonomy eligible activities. In addition, a climate risk and vulnerability analysis must be carried out in order to derive and evaluate suitable mitigation measures. This necessary analysis has not yet been carried out for the production sites in Germany and Sweden. Alzchem Group AG is therefore unable to report any taxonomy aligned activities.

In accordance with the Supplementary Delegated Regulation (EU) 2022/1214, Alzchem has no activities in the fossil gas and nuclear energy sectors.


**Row Nuclear energy related activities**

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

**Row Fossil gas related activities**

4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

## 11.2.2 ESRS E1 - CLIMATE CHANGE

### GOVERNANCE

#### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 GOV-3

This disclosure requirement is described in detail in [ESRS 2](#).

### STRATEGY

#### E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Alzchem does not currently have a complete transition plan for climate change mitigation that meets the requirements of E1-1. However, the company plans to adopt a comprehensive transition plan in the future that meets the relevant requirements.

#### DISCLOSURE REQUIREMENT RELATED TO ESRS E1 SBM-3

### CLIMATE CHANGE

Climate-related transition risks refer to the risks that arise in the course of the transition to a low-carbon and climate-resilient economy. These typically include political, legal, technological, market-related and reputational risks.

Climate-related physical risks are risks associated with climate change, which can include both event-related (acute) and longer-term (chronic) shifts in climate patterns. Acute physical risks result from specific hazard events such as storms, floods, fires or heatwaves. Chronic physical risks arise from long-term climate changes, such as temperature changes, and their impact on rising sea levels, reduced water availability, loss of biodiversity and changes in the productive capacity of land and soil.

Alzchem Group AG has identified the following significant climate-related risks:

#### CLIMATE-RELATED PHYSICAL RISKS

Extreme and prolonged weather events, such as heavy rainfall, which prevent the cooling water from our production facilities from being drained from the retention basins, could lead to production downtime and loss of sales.



## CLIMATE-RELATED TRANSITION RISKS

Various potential regulatory risks, such as stricter environmental protection requirements to limit the discharge of cooling water into rivers or stricter regulations on emissions control, can result in considerable costs. These could lead to production downtime and loss of sales. High financial burdens due to CO<sub>2</sub> emissions or increased energy costs, which make products more expensive, can also have a negative impact on Group earnings. This also applies to increasingly strict regulations and/or taxes on the use of fossil fuels. Geopolitical risks, which can lead to price fluctuations and availability bottlenecks for raw materials, have the potential to significantly influence production costs and thus jeopardize Alzchem's competitiveness.

There are also technological risks. The implementation of sustainable technologies and processes can require high initial investments and also affect the overall result.

Alzchem has not yet conducted a detailed climate risk and vulnerability analysis, taking into account various climate scenarios, to accurately assess and improve the resilience of our strategy and business model to climate change, but will do so in the medium term.

As part of our materiality assessment, the most significant climate-related risks, both physical and transition risks, were systematically examined. This was followed by an assessment of the vulnerability of our corporate activities to climate-related risks (see [ESRS 2 IRO-1](#)).

There are currently no significant physical risks identifiable that could have a material impact on the company. Alzchem currently assesses physical climate-related risks as being of low financial relevance. Transition risks arising from the change from an economy based on fossil fuels to an economy with low greenhouse gas emissions result for Alzchem mainly from regulatory framework conditions, such as the development of energy prices.

## MANAGEMENT OF IMPACT RISKS AND OPPORTUNITIES

### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1

This disclosure requirement is described in detail in [ESRS 2](#).

### E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

As part of our comprehensive IRO analysis, the topics of adaptation to climate change, climate change mitigation and energy efficiency were identified as material for Alzchem. To this end, we have defined various policies that address the impacts, opportunities and risks. In addition, a climate roadmap was created and published, in which several policies are already described that are intended to contribute to achieving our targets. These policies have been summarized in four packages of measures in the roadmap. The targets and the packages of actions to achieve them are described in detail in [chapter E1-3](#).

In 2020, an overarching core team was set up to manage and monitor all aspects of sustainability at Alzchem. This core team also includes the COO, who is responsible for implementing the policies and measures. In addition, these topics are discussed in the relevant committees of the respective business units. If individual policies are implemented by other responsible parties, this is noted accordingly in the description of the respective policies. All policies relate in principle to all activities and locations of Alzchem.

## POLICIES RELATED TO CLIMATE CHANGE MITIGATION

As part of our detailed IRO analysis, the following impacts, risks and opportunities were identified with regard to the key issue of climate change mitigation for Alzchem:

### EFFECTS:

Emissions from production processes can further drive climate change and therefore have a negative impact on the environment and society. Our policy aims to avoid waste and emissions by closing production cycles, thereby reducing the consumption of raw materials. For example, CO<sub>2</sub>, which was previously emitted, is to be fed back into the cycle as a raw material. This not only reduces emissions, but also the consumption of fossil fuels for CO<sub>2</sub> production. This policy has always been firmly anchored in Alzchem's business model through our production network. However, this network is to be further optimized in order to reduce upstream emissions (Scope 3) in the production and transport of raw materials. The same applies to the treatment and transportation of waste materials.

Optimizing the Scope 3 emissions generated in the upstream and downstream supply chains is one of our priorities. Although these emissions are outside our direct sphere of influence, we strive to positively influence them through targeted measures. To this end, we analyze focal points and evaluate environmental and climate aspects as part of comprehensive supplier audits. Among other things, we record the Scope 3 CO<sub>2</sub> emissions of our raw material suppliers.

With regard to downstream supply chains, we support our customers in reducing their CO<sub>2</sub> footprint through the use of our products, as explained in more detail below.



## RISKS:

The implementation of sustainable technologies and processes can initially incur high costs and have a negative impact on Alzchem's overall result. Our approach is to carefully plan the planned measures. It is usually possible to apply for government subsidies for these projects, which helps to reduce investment costs. The measures are generally designed in such a way that efficiency gains are achieved, which can save operating costs.

High financial burdens due to CO<sub>2</sub> emissions could have a negative impact on the overall result in the future. High carbon prices have a fundamental impact on the entire value chain and affect both the energy we use and the raw materials. As an energy-intensive company, the CO<sub>2</sub> costs of energy are partially offset. In the case of electricity, our most important energy source, we receive electricity price compensation. In the case of fuels, we benefit from a reduction in accordance with the Carbon Leakage Ordinance. These offsets are applied for annually by our energy controlling department. We are also pursuing the target of defossilization through our climate roadmap measures so that we no longer have to procure fuels in the future.

## OPPORTUNITY:

The development of new market segments and the increased demand for products and services based on our greenhouse gas-reducing portfolio are decisive factors for our company. Our policy envisages that we will continuously research further products of this kind. In addition, the aspect of sustainability is emphasized in our marketing

communication to users. We aim to increase the use of our products in order to make the most of their positive impact on climate change and society. The implementation of this policy is the responsibility of our Chief Sales Officers (CSOs).

A strong commitment to climate change mitigation can significantly improve the image of our company. Among other things, our policy provides for regular reporting on our successes and measures, both internally and externally. Responsibility for this policy lies with our communications department.

## POLICIES RELATED TO ADAPTATION TO CLIMATE CHANGE

As part of our comprehensive IRO analysis, the following impacts, risks and opportunities were identified with regard to the key issue of climate change adaptation for Alzchem.

### EFFECTS:

Some of the company's products actively contribute to combating climate change, for example by reducing CO<sub>2</sub> emissions (e.g. Eminex®). This has a positive impact on both the environment and society

The policy has already been explained in detail in the previous section on climate change mitigation opportunities.

### RISKS:

Transition risks such as regulatory, market and technological risks can lead to revenue losses for our company. Although there is currently no homogeneous and explicit

policy, these risks are taken into account in planning in all organizational areas of Alzchem.

Extreme and prolonged weather events could lead to production downtime and loss of sales, for example due to heavy rainfall that prevents the cooling water from being drained from the retention basins. We are currently well prepared for such cases. Our policy includes the continuous review and adjustment of existing risk assessments and the measures to be derived from them in line with the expected circumstances.

Regulatory requirements to limit cooling water discharges into rivers have been tightened, which could potentially lead to temporary production reductions and consequently to a loss of sales. Our policy includes the development of an action plan that enables us to minimize potential production restrictions in the relevant seasons. This is to be achieved through organizational or technical measures.

To counteract possible water shortages, Alzchem initiated a program to reduce water consumption two years ago. We intend to continue this program and continuously optimize our processes.

## OPPORTUNITY:

A strong commitment to sustainability, such as through a climate roadmap, can significantly improve the company's image and strengthen customer confidence, leading to increased sales. The underlying policy has already been explained in detail above under the opportunities for climate change mitigation.



## POLICIES RELATED TO ENERGY EFFICIENCY

Our IRO analysis has identified the main impacts, risks and opportunities in the area of energy efficiency for Alzchem.

### EFFECTS:

The use of renewable energies makes a significant contribution to climate change mitigation and brings considerable benefits for both the environment and society. However, there is currently no comprehensive policy for significantly expanding the use of renewable energies.

Potentially high energy consumption, particularly from non-renewable resources, contributes to global warming and has a negative impact on the environment and society. Our strategies to combat this impact include increasing energy efficiency and transitioning to an electricity-based business model in conjunction with defossilization. The foundation of our production network (NCN chain) has always been based on the electricity-based production of our main base product, calcium carbide, in contrast to the industry standard. The carbide we produce is processed further along the NCN chain and forms the basis for a large part of our product portfolio. We are therefore continuously investing in a chemistry in which electricity is a central "raw material". This gives Alzchem a strategic advantage: we already have the technology of tomorrow.

Scope 2 emissions currently account for the largest share of our emissions. The reduction of these emissions largely depends on the efforts of politicians, society and energy supply companies to convert the electricity supply to renewable energies

These policies are explained in more detail below.

### RISKS:

Geopolitical risks such as the availability of and dependence on fossil fuels as well as upward fluctuations in energy prices jeopardize competitiveness. In addition, increasingly strict regulation and/or taxation of the use of fossil fuels is to be expected. Rising energy costs make products more expensive and lead to potential sales losses.

We have developed two policies to counter these financial risks. Firstly, we have a comprehensive purchasing strategy for energy that enables us to secure energy prices in the long term and still react flexibly to current market situations. This responsibility lies with both Purchasing and Energy Controlling. We also implement additional energy-saving measures every year in order to further minimize financial risk. Further information on this can be found in the following section on energy efficiency opportunities.

### OPPORTUNITY:

We are aiming for greater independence from the fossil fuel market through increased energy efficiency and the increased use of renewable energies. We also expect cost savings through optimized processes, which will lead to an improved market position.

Our policy envisages implementing further measures to reduce energy consumption at all levels in the future and thus to reduce external energy procurement. This will reduce both Scope 1 and Scope 2 emissions as well as the consumption of fossil fuels.

One example of a sub-policy is the use of waste heat. Alzchem has been using waste heat from various production processes for many years. The aim is to make greater use of

the existing waste heat potential in order to reduce the use of primary energy and thus reduce Scope 1 emissions.

## USE OF RENEWABLE ENERGIES

Alzchem currently has no policy for generating its own renewable energy on a large scale or for using Power Purchase Agreements (PPA). However, photovoltaic systems are installed on roof surfaces in line with current legal requirements.

## E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Although Alzchem does not currently have a complete transition plan for climate change mitigation in accordance with the requirements of E1-1, the company has summarized measures for climate change mitigation, adaptation to climate change and reduction of energy consumption in a climate roadmap. This roadmap provides for the achievement of climate neutrality according to Scope 1 by 2033 and is divided into four different packages.

### PACKAGE 1: CO<sub>2</sub> LIQUEFACTION AND USE AS A RAW MATERIAL

This package of measures addresses several of our policies at the same time. It reduces direct CO<sub>2</sub> emissions, improves recycling and resource efficiency, and reduces the use of non-renewable fuels. Appropriate communication of this measure will also enhance Alzchem's reputation.

The largest sources of emissions at the Trostberg and Schalchen sites are currently the steam boilers fired with fossil fuels and CO gas. A new steam generator is to be purchased in Trostberg, which will be operated using the advanced



“oxyfuel process”. This process enables the recovery of highly concentrated CO<sub>2</sub> from the exhaust gas. The recovered CO<sub>2</sub> can be reused as a gas or in liquefied form as a raw material in the production facilities in Trostberg and Schalchen. This makes it possible to replace heating oil or natural gas, which were previously used to produce the raw material CO<sub>2</sub>, among other things. If there is a surplus of liquid CO<sub>2</sub>, it is planned to market this as a product.

A detailed project study has already been carried out for this project to determine the costs and CO<sub>2</sub> savings.

The situation has now changed significantly as a result of the major investment projects for new production facilities that began at the Schalchen site in the fiscal year 2024. Due to the planned increase in production capacity at the site, more fuel will be required for steam generation, which will lead to higher CO<sub>2</sub> emissions than the amount used as a raw material. A new policy with an oxyfuel process in steam generation in Schalchen has been developed, which will make it possible to completely recover the CO<sub>2</sub> required as a raw material from the exhaust gases. A final cost estimate for the policy of CO<sub>2</sub> recovery in Schalchen is not yet available.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

## PACKAGE 2: SUSTAINABLE RAW MATERIALS MANAGEMENT

Alzchem is committed to the policy of defossilization and is planning long-term production without fossil fuels. Various implementation measures have been defined for this purpose.

## ENERGY RECOVERY FROM HYDROGEN

This measure enables us to reduce natural gas consumption, increase resource efficiency and reduce CO<sub>2</sub> emissions in Scope 1. Following a process changeover, hydrogen is now produced evenly and continuously as part of a specific production process. This can therefore be used as an energy source to replace natural gas. This measure was implemented in the last quarter of the reporting year.

In another part of this process, hydrogen is produced in highly fluctuating quantities. We are currently looking for policies to be able to use this previously unused hydrogen efficiently.

This measure can be assigned to economic activity 4.14. “Transmission and distribution networks for renewable and low-carbon gases” in the EU Taxonomy Regulation.

## PHASING OUT COAL AS AN ENERGY SOURCE

This measure will enable us to reduce direct CO<sub>2</sub> emissions in Scope 1. Our climate roadmap states that we intend to close or build a new lime kiln at the Sundsvall site in Sweden in the medium term. The current lime kiln uses coke as an energy source to deacidify limestone. Instead of the high investments that would otherwise be required, it could make sense to purchase quicklime externally in future, as this has a significantly lower CO<sub>2</sub> footprint.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

## PACKAGE 3: HEAT RECOVERY

These measures will implement policies for increasing energy efficiency, reducing CO<sub>2</sub> emissions, recycling and de-

fossilization. Waste heat is to be used and fed back into the production processes in order to replace fossil fuels.

Several measures from this package were already implemented in the reporting year:

### EXPANSION OF HEAT RECOVERY AT THE TROSTBERG SITE

Waste heat from production at the Trostberg site is already being used to heat the head office and infrastructure. In future, our heat recovery system will be expanded, which will replace steam that was previously generated in our boiler house using heating oil or natural gas in several places. At the beginning of the reporting year 2024, the remaining rotary kilns for calcium cyanamide production were connected to the heat recovery system. This means that significantly more waste heat is available for use. Previously, sufficient waste heat was not available at all times, which is why heating steam had to be used at times. Thanks to this measure, the use of heating steam for this purpose can be largely reduced and thus also the consumption of fuels for steam generation.

This measure can be assigned to economic activity 4.25. “Production of heating/cooling from waste heat” in the EU Taxonomy Regulation.

### HEAT RECOVERY AT THE HART SITE

The buildings at the Hart site are heated via their own local heating network. Previously, carbide furnace gas or heating oil was used to generate heat.

In the reporting year 2024, the first phase of a project to use waste heat from the carbide furnaces for plant heating



was implemented. Although the available waste heat significantly exceeds the required heat demand, it does not have a very high temperature. We are currently gathering experience with the existing installation to determine whether it is already sufficient to cover the entire heating requirement with waste heat. In a subsequent second phase, additional optimizations will be carried out if necessary, in order to achieve the target of CO<sub>2</sub>-free heating of the hot water network by 2025.

This measure can be assigned to economic activity 4.25. "Production of heating/cooling from waste heat" in the EU Taxonomy Regulation.

#### AMMONIA VAPORIZATION

Gaseous ammonia is required in a production plant at the Trostberg site. Previously, the liquid ammonia was evaporated using heating steam. In the reporting year, a switch was made to the use of waste heat from heat recovery. As a result, steam is no longer required for this process.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

#### HEATING OF THE PRODUCTION BUILDINGS AT THE TROSTBERG SITE

The previous use of waste heat was not sufficient to heat all buildings in Trostberg. In the coming year, it is planned to convert the heating of another production building from steam use to waste heat utilization.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

#### HEAT RECOVERY AT THE SCHALCHEN SITE

Significant unused waste heat is currently generated at the Schalchen site. As part of the planned investments in new production facilities, a new steam boiler equipped with waste gas heat recovery will be installed by 2026. In addition, the waste heat from waste gas incineration will also be used as part of the implementation of the CO<sub>2</sub> recovery policy. However, final cost estimates and schedules are not yet available.

In future, this measure can be assigned to economic activity 4.25. "Production of heating/cooling from waste heat" in the EU Taxonomy Regulation.

#### WASTE HEAT REGISTER

In the past reporting year, a waste heat register was created in which relevant waste heat flows were recorded. This should enable us to systematically identify further potential for the use of existing waste heat.

#### PACKAGE 4: EFFICIENCY IMPROVEMENTS

##### CO COMPRESSOR

This measure serves to implement the policy to increase energy efficiency. At the Hart site, the carbide furnace gas is processed for further use, compressed and transported to other sites via a pipeline. The existing compressors are outdated and are to be replaced by modern, speed-controlled compressors in order to significantly increase efficiency. The implementation of this measure began in the reporting year and is scheduled for completion in 2025.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

#### PV PARK

This measure serves to implement the policy to increase energy efficiency and promote renewable energies. A photovoltaic park was put into operation at the Trostberg site in the reporting year. Employees also have access to around 210 covered parking spaces with 36 charging points for electric vehicles. The installed capacity is 1,300 kWp, with an estimated annual electricity yield of 1,300 MWh. This corresponds to CO<sub>2</sub> savings in Scope 2 of around 570 tons per year.

This measure can be assigned to economic activity 4.1 "Electricity generation using photovoltaic technology" in the EU Taxonomy Regulation.

#### LED LIGHTING

This measure serves to implement the policy for increasing energy efficiency. The conversion of outdoor and indoor lighting to LED lamps will be continued on an ongoing basis. This is done either through targeted projects to convert entire halls or as part of lighting maintenance. Due to the large number of individual measures, it is not possible to provide specific information on costs and energy saved. The conversions began some time ago, were continued in the reporting year and will continue in the future.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

#### ELECTROMOBILITY

This measure serves to implement the policy to increase energy efficiency and defossilization. In order to ensure the transition away from fossil fuels, electromobility will be fur-





ther expanded. This applies to both the entire vehicle fleet and the charging infrastructure. Employees are offered the opportunity to obtain a leased vehicle via Alzchem. However, these vehicles may only be electric vehicles or plug-in hybrids. Only employees in the field are still allowed to choose combustion vehicles. All employees with electric cars may charge electricity free of charge on the company premises, even if they are purely privately used vehicles.

In addition to the new charging stations in the new PV park, six new charging stations were installed for employees at the Schalchen and Waldkraiburg sites in the reporting year. Internal logistics in the form of forklift trucks are also being converted to electric drives as part of the fleet renewal, provided this is technically feasible.

### REDUCE THE AMOUNT OF WASTE

This measure aims to implement the policy of increasing resource efficiency by closing material cycles and reducing CO<sub>2</sub> emissions in Scope 3. A current process generates considerable quantities of liquid aqueous waste, which is currently disposed of externally through incineration.

A new process has been developed that enables extensive recycling of this waste stream and reuses this waste as a raw material. This will result in significant savings in scope 3 CO<sub>2</sub> emissions from waste incineration and the production of raw materials. However, additional electricity will be required to operate the plant. At present, it is not yet possible to provide precise information on the expected investments, energy consumption and CO<sub>2</sub> savings.

The implementation of this measure is planned for 2027.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

### REDUCTION IN GROUNDWATER EXTRACTION

This measure serves to implement the policy to increase energy efficiency and prevent the effects of climate change. It also reduces the risk of cooling water discharge being restricted by increased temperatures in the Alz.

An initiative to reduce the use of cooling water has been underway since 2023. This initiative was also continued in the reporting year. Reducing groundwater extraction not only saves electricity for the well pumps but also reduces the thermal impact on the Alz ecosystem.

The savings were achieved through many different measures at the Hart, Schalchen and Trostberg sites. For example, the water supply in our air separator in Trostberg was changed so that the cooling water used by the air compressors is now reused for the spray coolers. In Schalchen, the reactor cooling systems were optimized through regular automatic cleaning, which significantly reduced the amount of water required. Some vacuum pumps in Schalchen were equipped with temperature controls to significantly reduce water consumption. In Hart, the newly installed heat recovery system also reduces the amount of water required for cooling. In Trostberg, for example, the water requirement in a multipurpose plant was halved by optimizing the temperature controls in all processes.

Due to the large number of measures, no specific investment amounts can be given. It is also difficult to compare the actual water savings achieved, as these are influenced by fluctuations in production volumes and changes in the product mix

In 2024, approx. 6.8 million m<sup>3</sup> less groundwater was extracted compared to the base year 2022.

This measure cannot yet be assigned to any economic activity in the EU Taxonomy Regulation.

### SUMMARY OF FINANCIAL RESOURCES AND CO<sub>2</sub> SAVINGS

The measures completed in the reporting year reduced CO<sub>2</sub> emissions by around 3,100 tons per year. The financial resources used for this amounted to EUR 5.45 million.

Further measures are planned for the future, some of which are already being implemented. These measures are expected to result in annual savings in CO<sub>2</sub> emissions of around 65,600 tons. Investments of around EUR 32.6 million have been calculated for these future projects.

## KEY FIGURES AND TARGETS

### E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

In 2023, the Supervisory Board and the Management Board of Alzchem adopted a climate roadmap. This was presented to the shareholders at the Annual General Meeting and also approved (Say on Climate).

As part of its climate roadmap, Alzchem has set GHG reduction targets that relate to the base year 2022. In the base year, emissions in Scope 1 amounted to a total of 110,000 tons of CO<sub>2</sub>e and a total of 690,000 tons of CO<sub>2</sub>e across all scopes. In Scope 3, only the categories that are material for us were taken into account. For detailed information on the GHG emissions emitted by Alzchem in Scopes 1 to 3, please refer to [Chapter E1-6](#)



The reduction targets apply to the entire Group, including international activities, and are presented in the course of the chapter.

Our climate roadmap has not been reviewed by an independent external organization, such as the Science Based Targets Initiative (SBTI). We therefore do not currently have an independently verified transition plan. There is currently no sector-specific decarbonization pathway for the chemical industry, which is relevant to us. For this reason, we have defined our targets based on the requirements of the Paris Agreement and the targets of the European Union, Germany and Bavaria.

Alzchem's climate roadmap has been integrated and coordinated into the general business strategy and financial planning. The measures required to implement the strategies have been included in the medium-term financial planning, whereby available government subsidies are also used or considered for financing. The expected decarbonization levers and their contribution to the targets can be found in the various actions in chapter E1-3.

In 2020, a central team was defined to manage and monitor all aspects of sustainability at Alzchem. In addition, these topics are regularly addressed in all Alzchem business units and included in operational and strategic considerations.

## TARGETS

- By 2030, 75% of gross GHG emissions in Scope 1 are to be reduced across the entire Group.
- No gross target has yet been defined for Scope 2. However, it is expected that the German electricity mix will consist of 80% renewable energies by 2030 in accordance with the national targets. Alzchem is expected to benefit from this development due to its electricity-intensive business model.
- No target has yet been set for Scope 3.

## E1-5 – ENERGY CONSUMPTION AND MIX

### Quality assurance of measurements

Consumption measurements are generally used to calculate energy consumption. Externally purchased energy quantities are generally recorded by meters that have been calibrated by the calibration office in accordance with the German Calibration Act. This applies in particular to the energy forms natural gas, heating oil, diesel and steam. The measurement of internally generated fuels (carbide furnace gas, hydrogen) and waste heat are not subject to the German Weights and Measures Act and are therefore not externally verified.

### TOTAL ENERGY CONSUMPTION OF THE COMPANY

#### PROCEDURE FOR CREATING INFORMATION ON ENERGY CONSUMPTION

This report covers Alzchem's energy consumption at a total of five locations: Hart, Schalchen, Trostberg and Waldkraiburg in Germany and Sundsvall in Sweden. Other sites with employees in the UK, China and the USA were not taken into account when recording energy consumption, as they only employ a small number of people and perform purely administrative tasks without production. They therefore account for a negligible share of total energy consumption.

Alzchem does not operate its own coal, oil or gas activities. Fuels are partly used as raw materials at Alzchem. Coke is an essential basic raw material for the production of calcium carbide. A by-product is carbide furnace gas, which contains a high proportion of carbon monoxide and hydrogen and is used both thermally and as a material in the plant network. In this report, the raw material coke is therefore not counted as energy consumption, but the resulting carbide furnace gas, which is used for energy and material purposes, is.

Heating oil is primarily used to produce carbon dioxide and heating steam in steam boilers. The CO<sub>2</sub> produced during the combustion of carbide furnace gas and heating oil is partly used as a raw material for the production of cyanamide or dicyandiamide, which is used for lime precipitation. These complex processes are taken into account accordingly in the CO<sub>2</sub> accounting.

The quantities of energy used for the various fuels are converted into megawatt hours (MWh) using the following standard values:

<b>Carbide furnace gas:</b>	3.2 kWh/m <sup>3</sup> (= calorific value)
<b>EL heating oil:</b>	9.8 kWh/L
<b>Diesel:</b>	9.925 kWh/L
<b>Super:</b>	8.5 kWh/L
<b>Natural gas:</b>	Billing in MWh
<b>Propane:</b>	6.57 kWh/L
<b>Hydrogen</b>	3.0 kWh/m <sup>3</sup> (= calorific value)

The quantitative information on energy consumption relates to the so-called final energy, i.e. the energy actually consumed for the purposes of the company.

To avoid double counting in the generation of secondary energy sources (such as steam or compressed air), only the primary energy sources are included in the energy balance. Since the reporting year 2024, in-house electricity generation from photovoltaic systems has also been included.

The Trostberg and Hart sites are chemical parks where other companies are also active. These companies are partly supplied by Alzchem with energy sources such as heating steam, compressed air and cooling water. The share of pri-



mary energy used for external companies (e.g. natural gas for steam generation) has been deducted accordingly.

The energy generated within Alzchem is not included in the energy balance. This applies in particular to the unavoidable waste heat from processes that is used for heating purposes within Alzchem.

Certain processes produce a by-product, such as carbide furnace gas or hydrogen, which can be used as an energy source. However, the thermal energy used in the combustion of these by-products is included in the energy balance, even if this energy was not generated outside the company but was produced within the balance boundary.

No energy is purchased from third parties that is generated there as waste energy.

Renewable hydrogen is not currently used as an energy source at Alzchem. However, carbide furnace gas contains hydrogen, which is used as an energy source when it is burned. Furthermore, hydrogen is produced as a by-product during the manufacture of a certain product, which is largely used to replace natural gas as a fuel.

The breakdown of externally sourced energy consumption into “renewable”, “non-renewable” and “nuclear” is based on the electricity labeling of the electricity supplied at the respective location. In the reporting year 2024, we purchased additional green electricity certificates for around 33% of our external electricity procurement. Furthermore, no other market instruments such as power purchase agreements (PPAs) or green electricity tariffs were used. All other externally sourced energy sources (natural gas, heating oil, diesel, carbide furnace gas from coke) are non-renewable. No renewable fuels such as biogas or wood are currently used. The proportion of renewable energy sources in fuels (diesel, super) corresponds to the proportions prescribed by local law and is not shown separately here.

## CLIMATE-INTENSIVE SECTORS

All production sites of Alzchem Group AG belong to the chemical industry and are therefore assigned to the climate-intensive sector. The information on energy consumption includes all activities of the Alzchem Group at these sites.

## SHARE OF FOSSIL FUELS IN TOTAL ENERGY CONSUMPTION

### ENERGY CONSUMPTION

The year 2022 was selected as the base year for reporting. Compared to the base year 2022, there has been a decrease in energy consumption for CO gas. This is due to shifts in the product mix. This reduced fuel volume had to be replaced by petroleum products and natural gas.

The following tables provide an overview of the energy consumption of the individual energy sources for the reporting year 2024 and the base year.

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(1) Fuel consumption from coal and coal products [MWh]	160,669	146,705	-8.7%
(1.1) CO gas [MWh]	160,669	146,705	-8.7%



Carbide furnace gas, which consists mainly of carbon monoxide and hydrogen, is produced as a by-product in the manufacture of calcium carbide from lime and coke. As the carbon monoxide comes from the raw material coke, it is accounted for as a "coal product".

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(2) Fuel consumption from crude oil and petroleum products [MWh]	12,937	15,756	22.2%
(2.1) Heating oil [MWh]	10,682	13,783	29.0%
(2.2) Diesel [MWh]	1,868	1,506	-19.4%
(2.3) Gasoline/diesel passenger cars [MWh]	386	518	34.2%

Diesel is used as a fuel both for internal logistical purposes and for Alzchem's own vehicles and is therefore reported separately. Heating oil is used to generate heating steam, to produce CO<sub>2</sub> as a raw material and to heat buildings.

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(3) Fuel consumption from natural gas [MWh]	29,687	40,454	36.3%

Natural gas is used to generate heating steam and in various systems for the combustion of exhaust gases.

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(4) Fuel consumption from other fossil sources [MWh]	643	1,539	139.5%
(4.1) Propane [MWh]	643	617	-3.9%
(4.2) Hydrogen [MWh]	0	922	100%

Propane gas is used exclusively at the Hart site for waste gas incineration. Hydrogen is produced in Trostberg as a by-product of a production process and is used there as a fuel in waste gas incineration to replace natural gas. This project was implemented in 2024 (see Climate Roadmap measures), which is why no consumption was recorded in the base year.

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(5) Consumption from purchased or received electricity, heat, steam and cooling from fossil sources [MWh], market-based, effective	552,251	196,636	-64.4%
(5.1) Total electricity consumption [MWh]	726,419	604,872	-16.7%
(5.1) Share of renewable electricity [%] - Electricity labeling			
a) Germany	3.0%	49.6%	
b) Sweden	49.0%	49.0%	
(5.1) Share of nuclear electricity [%] - Electricity labeling			
a) Germany	9.9%	1.4%	
b) Sweden	51.0%	51.0%	
(5.1) Purchase of green electricity certificates		0	
a) Germany	0%	32.7%	
b) Sweden	0%	0%	
(5.1) Share of renewable electricity [%] - Market-based, effective			
a) Germany	3.0%	66.1%	
b) Sweden	49.0%	49.0%	



	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(5.1) Share of nuclear power [%] - Market-based, effective			
a) Germany	9.9%	0.9%	
b) Sweden	51.0%	51.0%	
(5.1) Electricity fossil [MWh]	523,766	160,205	-69.4%
(5.2) Steam/heat [MWh]	28,485	36,430	27.9%
(5.3) Cooling [MWh]	0	0	0.0%
(6) Total consumption from fossil energy [MWh] - (sum 1-5)	756,186	401,141	-47.0%
Share of fossil sources in total consumption	77.5%	46.3%	-31.1%

The proportion of nuclear and fossil electricity at the locations is calculated from the electricity labeling of the purchased electricity and the purchased green electricity certificates.

In 2023, there was a change to the statutory regulations in the German Renewable Energy Sources Act (EEG). As an energy-intensive company, we no longer receive exclusively privileged electricity with a specific footprint but instead participate in the German electricity mix like all other companies. This has significantly improved the carbon footprint of our electricity procurement. Our electricity is purchased from suppliers on the exchange without green electricity certificates and already contains a proportion of green electricity. In the reporting year, we purchased additional green electricity certificates for around 33% of our external electricity procurement in Germany. The electricity mix shown above shows the actual mix of electricity purchased.

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(7) Consumption from nuclear sources [MWh]	123,071	65,223	-47.0%
Share of consumption from nuclear sources in total energy consumption	12.6%	7.5%	-5.1%
(8) Fuel consumption from renewable sources [MWh]	0	0	0.0%

No fuels from renewable sources are used.

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(9) Consumption from purchased or received electricity, heat, steam and cooling from renewable sources [MWh], market-based, effective	79,581	379,444	376.8%
(9.1) Electricity [MWh]	79,581	379,444	376.8%

The purchased electricity from renewable sources comes from the share of the electricity mix purchased on the exchange and the green electricity certificates.



## INFORMATION ON OWN GENERATION FROM NON-RENEWABLE AND RENEWABLE ENERGY

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(10) Consumption of self-generated renewable energy other than fuels [MWh]	17,329	19,864	14.6%
(10.1) Waste heat [MWh]	17,329	19,533	12.7%
(10.2) Electricity [MWh]	0	331	100,0%

In accordance with the Energy Efficiency Act, unavoidable waste heat is recognized as renewable energy. The production of calcium cyanamide at the Trostberg site generates a considerable amount of waste heat. A large proportion of this waste heat is used to heat the buildings at the site and as process heat. In addition, the use of waste heat has been expanded at the Trostberg and Hart sites. No electricity is generated from non-renewable energy sources.

A PV system was put into operation on the company premises in Trostberg in the reporting year.

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
(11) Total consumption of renewable energy [MWh]	96,910	399,309	312.0%
Share of renewable sources in total energy consumption	9.9%	46.1%	36.2%
Total energy consumption incl. renewable and nuclear [MWh]	976,167	865,673	-11.3%

## ENERGY INTENSITY ON THE BASIS OF NET SALES

	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
Group sales [EUR thousand]	488,067	554,231	13.5%
Total energy consumption [MWh]	976,167	865,673	-11.3%
Energy intensity [kWh/EUR thousand]	2.00	1.61	-21.9%

Alzchem as a whole belongs to the climate-intensive sectors. For this reason, both the sales and the emissions of the entire Group are used to calculate the key figure. For further information on Group sales, please refer to section V. no. 1 in the consolidated financial statements.

In the reporting year, production volumes, prices and the product mix, and therefore energy consumption, changed compared to the base year. As a result, the energy intensity across Alzchem as a whole improved significantly.

Consolidated sales correspond to the definition from the IFRS consolidated financial statements of Alzchem Group AG.

## E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

The GHG emissions of the Alzchem Group are calculated in accordance with the guidelines of the GHG Protocol using the GHG calculation tool. The accounting includes all five Alzchem production sites in Germany and Sweden.



## QUALITY ASSURANCE OF MEASUREMENTS

Various parameters and measurements are used to calculate CO<sub>2</sub> emissions.

On the one hand, fuels are used. Quality assurance has already been dealt with in [chapter E1-5](#).

Scales are also used to record material flows of raw materials. Purchased raw materials are weighed at the supplier's premises on calibrated scales. However, scales used internally (e.g. for special lime) are not tested externally.

The flue gas measurement in the flue gas combustion system records both the CO<sub>2</sub> content and the volume flow. This measurement is regularly checked by an external testing institute, as these emissions are subject to national emissions trading in accordance with the BEHG.

In Sundsvall, Sweden, lime is burned to produce quicklime, which is used as a raw material for carbide production. The resulting emissions are monitored by an external auditor, as they are subject to EU ETS I.

Scope 1 emissions were calculated by fully balancing the input and output flows with the carbon content contained therein over the entire calendar year for all production processes at our sites that generate emissions. The GHG emissions of the Alzchem Group are calculated in accordance with the guidelines of the GHG Protocol using the GHG calculation tool.

The by-product of the carbide production process, carbide furnace gas, is used again as an energy source in the subsequent production processes in Germany and Sweden and also as a raw material in Germany. Combustion of the carbide furnace gas produces, among other things, heating steam. Part of the gas is burned to produce highly concentrated CO<sub>2</sub>, which is used as a raw material in further production and ultimately precipitates as lime powder (calcium carbonate) so that it is not emitted into the environment. The emission factors for the carbide furnace gas and the lime powder are calculated from their chemical compositions. For all other fuels and propellants, the factor was taken from corresponding databases.

All climate-relevant gases were also considered. The emissions of CO<sub>2</sub>, nitrous oxide and refrigerants are included in the Scope 1 emissions listed. No other greenhouse gases are emitted.

Alzchem did not buy or sell any voluntary CO<sub>2</sub> certificates to offset Scope 1 emissions in the reporting year 2024.

Within the five production sites, only the production of quicklime at the Sundsvall plant in Sweden is subject to regulated EU emissions trading (EU ETS I). The share of EU ETS I emissions was therefore reported for the Sundsvall site and for the Group as a whole.

Disclosure requirement E1-6			
GHG emissions	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
Scope 1 greenhouse gas emissions [t CO <sub>2</sub> e]	105,382	102,919	-2.3%
a) Germany	54,611	51,066	-6.5%
e) Sweden	50,770	51,853	2.1%
Percentage of Scope 1 greenhouse gas emissions from regular emissions trading systems in %			
EU-ETS-I - Sweden [t CO <sub>2</sub> ]	32,552	34,296	5.4%
EU-ETS-I share Sundsvall	64%	66%	
EU-ETS-I share Alzchem	31%	33%	

The emissions from Scope 2 mainly comprise the emissions that are allocated to the electricity used for carbide production. As Alzchem has a high demand for electricity, the company buys the required electrical energy from suppliers on the electricity exchange. The electricity identification of the electricity actually supplied to our company is only communicated by our electricity supplier at the end of the following year. Therefore, as a precautionary measure, the electricity labeling of the previous year is assumed for the reporting year. Due to the increasing share of renewable energies in the German electricity mix, it can be assumed that the actual Scope 2 emissions are lower than the reported values. In the fiscal year 2024, green electricity certificates were procured for around 33% of the electricity purchased in Germany.

In order to calculate the market-related Scope 2 emissions, the individual electricity label for each location is used, taking into account purchased green electricity certificates.



The average electricity generation mix for Germany and Sweden is used to calculate the location-specific Scope 2 emissions for the German locations. No factors have yet been published for the reporting year 2024. The previous year's value is therefore used conservatively. This key figure is used to make a comparison at international level.

We do not have any information from the electricity supplier about the proportion of biogenic CO<sub>2</sub> emissions included in Scope 2. The proportion of steam purchased at the Waldkraiburg site is 0%, as this is generated exclusively using natural gas as a fuel.

Disclosure requirement E1-6			
GHG emissions	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
Scope 2 greenhouse gas emissions [t CO <sub>2</sub> e]			
Site-related Scope 2 GHG gross emissions [t CO <sub>2</sub> e]	238,628	170,932	-28.4%
Market-related Scope 2 GHG gross emissions [t CO <sub>2</sub> e]	463,464	151,845	-67.2%

We use values from the Ecoinvent database to calculate the Scope 3 emissions of our raw materials. If reliable product carbon footprint values are available from suppliers, these are given preference.

All 15 categories within Scope 3 were checked for their significance.

### 3.1 PURCHASED GOODS AND SERVICES

This category is the most important due to the large quantities of raw materials handled. However, the data was not collected in full. The services and other goods purchased were not classified as significant in comparison to the quantities of raw materials and play a subordinate role in relation to the raw materials.

### 3.2 CAPITAL GOODS

An initial assessment showed that this category only plays a subordinate role in relation to category 3.1 and is therefore not significant for us.

### 3.3 ACTIVITIES IN CONNECTION WITH FUELS

Alzchem has no activities in connection with fuels.

### 3.4 UPSTREAM TRANSPORTATION AND SALES

A considerable amount of raw materials is delivered by rail. However, an exemplary assessment showed that this category plays a subordinate role compared to category 3.1 and is therefore not significant for us.

### 3.5 WASTE GENERATION IN COMPANIES

The number of different types of waste is very high. Estimating the emissions in Scope 3 is therefore very complex. The significance cannot yet be assessed.

### 3.6 BUSINESS TRIPS

The amount of business travel is not significant for us compared to category 3.1.

### 3.7 COMMUTING EMPLOYEES

The majority of employees live in close proximity to their workplaces. Compared to category 3.1, this group is not currently of significant relevance to us. A detailed calculation for this category is not yet available.

### 3.8 UPSTREAM LEASED ASSETS

No major assets are leased. Compared to category 3.1, this category is not of material importance to us.

### 3.9 DOWNSTREAM TRANSPORTATION

Our products are sold to a large number of different customers worldwide. It is virtually impossible to accurately account for emissions in this category. However, this category is likely to be of minor importance in relation to category 3.1. According to the TfS Guideline, only a cradle-to-gate approach is therefore used in the chemical industry.





### 3.10 PROCESSING OF PRODUCTS SOLD

As in category 3.9, no reliable estimate can be made here. This category is therefore not significant for us.

### 3.11 USE OF PRODUCTS SOLD

Our products are used in a variety of applications. We do not currently have any information on the resulting emissions. The same reasoning applies as for category 3.9.

### 3.12 TREATMENT OF PRODUCTS AT THE END OF THEIR SERVICE LIFE

Many of our products serve as raw materials for the manufacture of other products. Due to this fact, emissions at the end of life cannot usually be derived. We therefore do not consider this category to be significant.

### 3.13 DOWNSTREAM LEASED ASSETS

No downstream assets are leased.

### 3.14 FRANCHISES

Alzchem does not operate a franchise.

### 3.15 INVESTMENTS

We are not aware of any significant investments in this category that would have an impact on our carbon footprint. We therefore also classify this category as not significant.

#### SIGNIFICANT SCOPE 3 GREENHOUSE GAS EMISSIONS [T CO<sub>2</sub>E]

Disclosure requirement E1-6 GHG emissions Scope 3		Base year	Reporting year	% [report/base]
Reporting obligation		2022	2024	
Significant Scope 3 greenhouse gas emissions [t CO <sub>2</sub> e]		339,727	315,720	-7.1%
Significant indirect Scope 3 GHG gross emissions [t CO <sub>2</sub> e]				
3.1) Purchased goods and services		339,727	315,720	-7.1%



### TOTAL EMISSIONS SCOPE 1-3

Disclosure requirement E1-6 GHG emissions Scope 1-3	Base year	Reporting year	% [report/base]
Reporting obligation	2022	2024	
Scope 1 greenhouse gas emissions [t CO <sub>2</sub> e]	105,382	102,919	-2.3%
Scope 2 greenhouse gas emissions (location-based) [t CO <sub>2</sub> e]	238,628	170,932	-28.4%
Scope 2 greenhouse gas emissions (market-related) [t CO <sub>2</sub> e]	463,464	151,845	-67.2%
Significant Scope 3 greenhouse gas emissions [t CO <sub>2</sub> e]	339,727	315,720	-7.1%
Total GHG emissions (site-related) [t CO <sub>2</sub> e]	683,737	589,507	-13.8%
Total GHG emissions (market-related) [t CO <sub>2</sub> e]	908,573	570,483	-37.2%

### GREENHOUSE GAS INTENSITY ON THE BASIS OF NET SALES

Please refer to section V. no. 1 of the consolidated financial statements for information on consolidated sales.

	Base year	Reporting year	% [report/base]
Greenhouse gas intensity	2022	2024	
Group sales [EUR thousand]	488,067	554,231	13.5%
<b>Location-based</b>			
Total emissions [t CO <sub>2</sub> e]	683,737	589,570	-13.8%
GHG intensity [t CO <sub>2</sub> e/EUR thousand]	1.40	1.06	-24.1%
<b>Market-related</b>			
Total emissions [t CO <sub>2</sub> e]	908,573	570,483	-37.2%
GHG intensity [t CO <sub>2</sub> e/EUR thousand]	1.86	1.03	-44.7%

Consolidated sales correspond to the definition in the IFRS consolidated financial statements of Alzchem Group AG.



### 11.2.3 ESRS E2 – POLLUTION

We describe the procedure for determining the significant effects, risks and opportunities in detail in the ESRS 2 IRO-1 chapter. As part of the procedure, all Alzchem Group AG sites and the upstream and downstream value chain were taken into account.

Consultations, particularly with affected communities, were not carried out in the area of pollution.

In the following, we provide detailed information on our material topics in the area of pollution as well as our policies, measures and targets in relation to our material impacts, risks and opportunities.

## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1

This disclosure requirement is described in detail in [ESRS 2](#).

### E2-1 – POLICIES RELATED TO POLLUTION

The following points were identified with regard to the main impacts, risks and opportunities in connection with pollution:

#### AIR POLLUTION

##### IMPACT:

Air pollution due to emissions from Alzchem's production facilities can potentially harm living organisms and plants, which has negative effects. To prevent this, legal limits for

the emission and emission of air pollutants are defined and must be complied with.

##### RISK:

The sanctions for non-compliance and the continuously tightening limit values cause additional costs.

##### OPPORTUNITY:

Low-emission production can develop into a significant competitive advantage, similar to the issue of CO<sub>2</sub> reduction.

##### POLICY:

In connection with the described impacts, risks and opportunities, Alzchem pursues the policy of continuous improvement of its environmental performance in the area of air pollution by applying the EMAS Regulation (EC No. 1221/2009). In addition, Alzchem has implemented a comprehensive program for self-monitoring of emitted air pollutants and proactively monitors developments in environmental legislation. This reduces the negative effects of the emission of air pollutants.

#### WATER POLLUTION

##### IMPACT:

Water pollution due to aqueous emissions from Alzchem's manufacturing processes can damage aquatic organisms and/or plants (negative impact). To prevent this, legal limits for the discharge of pollutants into water bodies are defined and must be complied with.

##### RISK:

The sanctions for non-compliance and the continuously tightening limit values cause additional costs.

##### OPPORTUNITY:

Production with low water emissions can offer a competitive advantage, similar to the issue of CO<sub>2</sub> emissions.

##### POLICY:

In connection with the described impacts, risks and opportunities, Alzchem also pursues the policy of continuous improvement of its environmental performance in connection with water pollution by applying the EMAS Regulation (EC No. 1221/2009). In addition, Alzchem has implemented a comprehensive program for self-monitoring of water pollutants emitted and proactively monitors developments in environmental legislation. This reduces the negative effects of the emission of water pollutants.

#### SOIL POLLUTION

##### IMPACT:

Soil pollution can damage living organisms and plants as well as bodies of water (negative impact). Alzchem owns areas with old deposits or former landfills for which soil pollution exists, the actual effects of which have not yet been determined.

##### RISK:

Soil pollution that has not been assessed can lead to unquantifiable remediation requirements.

##### POLICY:

In order to verify a possible or actual risk to living organisms, plants and bodies of water, potential contaminated sites at Alzchem are examined. This can either dispel or confirm the suspicion of a possible hazard. If confirmed, appropriate measures can be taken to eliminate the hazard.



## SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN

### IMPACT:

The use or manufacture of substances of concern or substances of very high concern can lead to significant environmental hazards and have a negative impact on health. Long-term exposure to these substances can pose significant health risks to humans and cause both chronic diseases and acute poisoning. Contamination of soil, water and air by these substances can damage ecosystems and impair biodiversity. Therefore, restricting the use of substances of concern or very high concern would have a positive impact on human health and environmental protection.

### RISK:

Changes in legislation, for example stricter regulations regarding the use of these substance classes, can lead to higher costs. New legal regulations could extend the authorization requirements for certain substances, which would entail additional administrative and financial burdens. Bans could make it necessary to adapt existing products or develop alternatives. If no replacement is found, this could lead to a loss of sales.

### OPPORTUNITY:

By avoiding these substances and developing safe and sustainable alternatives, competitive advantages can be achieved, which can ultimately also contribute to increased sales by opening up new markets.

### POLICY:

Product stewardship is an important element of sustainability and for Alzchem means not only fulfilling legal obligations but also assessing and transparently communicating health, safety and environmental risks associated with the handling and use of our products. This applies to the entire life cycle - from research & development through production, marketing and use by the customer to disposal.

Our comprehensive risk management policy includes technical, organizational and personnel protection measures to minimize exposure to substances of concern and substances of very high concern.

For products with hazardous ingredients, we fulfill our obligations under chemicals legislation by sending the relevant safety data sheet, including the associated marking and labeling for hazardous substances. Changes are automatically updated and passed on to all customers who have purchased the affected products from us in the last 12 months. Additional safety information that goes beyond the safety data sheet will be made available if required. Significant planned changes in hazardous substance management or in the evaluation of substances are communicated to customers by means of information letters in consultation with the relevant authorities. In addition, exposure scenarios for hazardous substances in excess of 10 tons per year are provided to ensure safe use for the customer. The Environment, Safety, Health and Quality (USGQ) department's annually published environmental statement provides comprehensive information and key figures for our neighbors.

Hazardous substance management, i.e. the handling of hazardous substances and mixtures, is coordinated at Alzchem Trostberg by the "Regulatory Affairs" department. This is

where the safety data sheets, hazardous substance labels and operating instructions for our products as well as for raw and auxiliary materials are created. The safety data sheets for the purchased chemical raw materials and auxiliary materials are also available there. This information is made available to all employees in the company via the database for safety data sheets ("AlzSDB") and via the "substance database" (list of substances per process and plant). In addition to the internal provision of information to product managers, laboratories and plants, all internally affected employees are actively informed by e-mail and external customers by sending out the updated safety data sheets in the event of changes, such as new information or a change in classification. The safety data sheets are created in the necessary languages for all legal areas of marketing and distributed automatically when they are updated. In addition, the necessary notifications for our products, e.g. PCN notification for mixtures in Europe, are carried out and the necessary approvals for the marketing of products in other regulated areas such as food, animal feed, pesticides and fertilizers are applied for and managed.

A REACH registration strategy is agreed with the respective product managers for each substance imported or manufactured in the EU. If necessary, the tonnage bands are adjusted, and the necessary tests are commissioned and submitted to the ECHA via the REACH dossier. The relevant product owner is also responsible for monitoring the quantities in the respective year.

In addition, the Product Safety department supports the production plants in the preparation and documentation of risk assessments for the various manufacturing processes and coordinates the necessary discussions on toxicology and occupational safety (so-called Tox-Asi Talk). In the Tox-



Asi Talk, protective and monitoring measures for each work step are defined and documented together with the respective production plant, occupational safety and the company doctor (e.g. extraction, PPE, organizational measures, measurements, workplace measurements and biomonitoring, documentation in the CM-register in accordance with TRGS410). Furthermore, the substance database provides the current classification of the chemical substances used (raw materials, auxiliary materials and products), which, together with the quantities maintained by the companies in accordance with GefStoffV and Major Accidents Ordinance, forms the basis for the hazardous substance register for each production plant.

As part of regular inspections, the authorities in the EU check compliance with obligations under chemicals legislation. In order to meet these requirements, we oblige our suppliers to confirm the REACH conformity of all substances supplied to us. In addition to the general registration obligation, REACH provides for an authorization procedure that can lead to the replacement or prohibition of the use of particularly hazardous substances (Substances of Very High Concern, SVHC). Substances that have already been registered are also regularly evaluated by the authorities. This may result in additional testing requirements, new risk management measures or even the inclusion of our products in the REACH authorization procedure.

If a substance used is included in the candidate list for "Substances of Very High Concern" (SVHC) drawn up by the European Chemicals Agency (ECHA), the affected product managers and companies are informed immediately, the necessary disclosure in the safety data sheet is coordinated and measures and changes in the handling of the respective substance are defined together with the company. Moni-

toring of updates to the ECHA SVHC candidate list for the substances used by Alzchem is carried out automatically via REACH-IT, additionally via the ECHA newsletters and distribution lists as well as via the chemical industry associations (VCI and CEFIC), which communicate updates promptly. When the SVHC list is updated, we always check whether these newly named substances are being handled correctly in the company and, in addition to updating and communicating via the safety data sheet, we coordinate the further procedure for handling or substitution with those responsible. We work continuously with product development and the respective product manager to reduce, substitute or completely avoid harmful substances in our production and our products.

The policies and measures described are applied at the German production sites. The Management Board is responsible for implementing the policies.

As part of the implementation of the policies, Alzchem has committed itself to compliance with the EMAS Regulation (EC No. 1221/2009) and undergoes annual certification/monitoring by external accredited environmental auditors. In addition, Alzchem is committed to the principles of the Responsible Care Initiative of the German Chemical Industry Association (VCI) and is a member of the Bavarian Environmental and Climate Pact.

There is currently no specific policy for replacing or minimizing the use of substances of very high concern or for phasing out substances of very high concern.

## E2-2 – ACTIONS AND RESOURCES RELATED TO POLLUTION

At the Trostberg site, there is a former landfill/old deposit of Alzchem. To determine the hazard potential of the old deposit, investigation programs have been carried out since 2020 in cooperation and coordination with the district office. These have identified contamination of the soil with various pollutants. Further detailed investigations were carried out to clarify a possible hazard with regard to water, soil and crops, and a policy for the future use and safeguarding of the area was drawn up together with the authorities. The area was cleared and partially renovated as part of the safeguarding process. In 2024, a photovoltaic system and employee parking spaces were built on this area. Additional charging stations for electric cars have been installed at the resulting employee parking spaces, which Alzchem employees can use free of charge until further notice.

These measures serve to eliminate the risk of hazards from the old deposits and to reduce emissions from employee vehicle traffic.

Capital expenditure of EUR 3.25 million was incurred for the conversion of the deposit/old deposit site into a photovoltaic system and employee parking spaces. This corresponds to 7% of total capital expenditure in 2024. No significant expenses will be incurred for operation and maintenance.

At the Schalchen site, treated waste water is discharged into the Alz canal. An additional separator was installed to minimize its discharge into the watercourse. This reduced the pollutant load by over 99% in 2024. Investment expenditure for the measures amounted to 156 thousand euros.

All measures relate to the company itself; the upstream and downstream value chain has not been considered.



Alzchem has taken various measures to improve the handling of substances of very high concern and substances of very high concern (SVHC) and to comply with legal requirements.

The safe handling and use of our products is a high priority for us. We ensure that our customers are provided with all the information required for seamless communication in the value chain right through to the end consumer. For us, product stewardship therefore also means fulfilling our human rights due diligence obligations and clearly assigning tasks and responsibilities for the raw materials and products we handle.

Alzchem complies with all applicable EU chemical legislation and national regulations so that the products are manufactured and tested in accordance with the provisions of the EU Chemicals Regulation with regard to the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).

Alzchem also ensures that all other requirements for marketing and manufacturing are met. This is ensured by the REACH registration (full registration/intermediate product) and by the provision of the Chemical Safety Report (CSR)

and the exposure scenarios for all applications of the substance within the EU along the entire supply chain. We also always ensure compliance with the applicable chemicals legislation in the country where our products are imported.

For jurisdictions outside the EU, registrations or listings for the relevant substances and applications are carried out in consultation with the product owner in accordance with the relevant local regulations. In addition, safety data sheets and identification labels are provided. To ensure this, Alzchem has implemented various processes and procedural instructions with regard to export, purchasing and sanctions list checks, such as the ECHA PIC tool in accordance with Regulation (EU) 649/2012, which regulates the export and import of defined hazardous chemicals (PIC stands for Prior Informed Consent). Automated checks also ensure that products cannot be shipped without authorization.

Safety guidelines for the use of our products are constantly kept up to date and made available to users in our safety data sheets at . We take our responsibility along the entire value chain seriously and therefore also ensure this through inspections. Monitoring and ensuring the quality of our

products and their suitability for specific applications are anchored in our specialist corporate functions and the respective divisions.

Substances of very high concern should, as far as possible, be replaced by less hazardous alternatives in order to minimize risks to people and the environment. This applies to all our production sites in Germany and Sweden as well as the upstream value chain

Another important step towards risk reduction involves training our employees in the safe handling of this class of substances. In addition, the regular review and updating of safety data sheets and the implementation of emergency plans are also essential measures.

Monitoring and reporting on the handling of substances of very high concern is also very important to ensure compliance and enable continuous improvement.



## KEY FIGURES AND TARGETS

### E2-3 – TARGETS RELATED TO POLLUTION

Taking into account the main negative effects, risks and opportunities, we have defined the following targets in connection with pollution:

Target	Category	Target value	Date	Origin
Reduction of NOx emissions, waste incineration	Air pollution	NOx < 100 mg/m <sup>3</sup> as annual mean value	12/31/2025	WI-BREF obligatory
Reduction of dust emissions Flare carbide plant Sundsvall	Air pollution	< 30 to	12/31/2024	Alzchem voluntary
Reduction of DCD pollution Schalchen water discharge	Water pollution	90%	12/31/2024	Alzchem voluntary

**THE REDUCTION OF NOX EMISSIONS** from waste incineration at the Trostberg site is achieved by installing a denitrification plant. There are therefore no interim targets. The target value of 100 mg/m<sup>3</sup> as an annual mean value is to be met consistently in 2025 after the installation of the denitrification plant. An annual average value for NOx is a new limit value that was not previously regulated. A corresponding reference value is therefore not available.

The target value was derived taking into account the legal requirements of the WI BREF (Waste Incineration Best Available Techniques Reference) of the EU and thus represents the state of the art in the denitrification of flue gases. When BREF documents are drawn up, the legislator involves the stakeholders it considers to be affected. The target value is to be achieved in the full-load scenario with otherwise unchanged waste incineration operation. The target supports the European Green Deal by reducing the air pollutants released. The NOx emissions from waste incineration are continuously measured and evaluated using approved measuring equipment and published annually at in accordance with Section 23 of the 17th BImSchV. This ensures continuous monitoring of target fulfillment. An associated freight value is not required according to WI-BREF.

The target was derived from the policy of applying the EMAS Regulation (EC No. 1221/2009) for the continuous improvement of Alzchem's environmental performance and is intended to reduce the negative impact of air pollutants on living organisms and/or plants.

**DUST EMISSIONS FROM THE FLARE OF THE CARBIDE PLANT** in Sundsvall should be reduced to less than 30 tons per year by the end of 2024. Carbide furnace gas that is inevitably generated during production is partially flared, resulting in dust emissions. The target value was set internally without the involvement of external bodies on the basis of existing operating experience and is based on an internally defined calculation/determination procedure. In the past, values of up to 45 tons per year have been emitted here. An annual value is determined for 2024 according to a defined procedure to check whether the target has been met. An unchanged continued operation of the carbide plant was assumed as a scenario. The target value was met with 16 tons in 2024 (annual load).

The target supports the European Green Deal by reducing the amount of air pollutants released. The target was derived from the policy of applying the EMAS Regulation (EC No. 1221/2009) for the continuous improvement of Alzchem's environmental performance and is intended to reduce the negative impact of air pollutants on living organisms and/or plants.

The **DCD INPUT** in Schalchen was to be minimized by installing an additional separator (demister). The aim was to reduce the input to the current state of the art by at least 90% by the end of 2024 compared to 2022 by installing the separator. The target value was determined on the basis of the possible separation capacity of a demister. An otherwise unchanged operation was used as a scenario. Achievement of the target is measured by analytical determination of the DCD content in the effluent in accordance with the relevant official specifications by approved laboratories. The target supports the European Green Deal by reducing water pollution.

An annual load was not determined.

The target was derived from the policy of applying the EMAS Regulation (EC No. 1221/2009) for the continuous improvement of Alzchem's environmental performance and is intended to reduce the negative impact of the discharge of water pollutants on aquatic organisms and/or plants.

No stakeholders were consulted when setting the targets.

No changes were made to the corresponding key figures or underlying data for the targets.

No targets have yet been defined for the effects, risks and opportunities of soil pollution or for the reduction or avoidance of substances of concern and substances of very high concern.



## E2-4 – POLLUTION OF AIR, WATER AND SOIL

Release to air according to E-PRTR

Pollutant	Annual freight			Determination
	2022 (kg/a)	2023 (kg/a)	2024 (kg/a)	
Ammonia (NH <sub>3</sub> ) Troostberg location	5,835	4,921	4,997	Measurement according to VDI 3878 (09/2017)

The annual load is determined using the analytically determined exhaust air concentrations and exhaust air volume flows multiplied by the annual operating hours of the emission sources. The measurements to determine the pollutant concentrations were carried out by internal analytics or by approved measuring points. These are accredited for this type of measurement by the German Accreditation Body (DAKKS).

All other air, water and soil pollutants do not exceed the threshold values according to E-PRTR.

Microplastics are not a significant issue for the Alzchem Group, as they are neither used nor produced.

## E2-5 – SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN

Substances of concern (SOC) are currently being discussed in various draft laws. A clear definition of which substances and classifications fall under this has not yet been bindingly established. The reporting obligations under the CSRD include the following definition:

Substances that

- (i) meet the criteria laid down in Article 57 and have been identified in accordance with Article 59(1) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council (32),
- (ii) are classified in Part 3 of Annex VI to Regulation (EC) No 1272/2008 of the European Parliament and of the Council (33) in one of the following hazard classes or hazard categories:
  - Carcinogenicity of categories 1 and 2,
  - Category 1 and 2 germ cell mutagenicity,
  - Reproductive toxicity categories 1 and 2,
  - endocrine disruption with an effect on human health - endocrine disruption with an effect on the environment,
  - persistent, mobile and toxic properties or very persistent, very mobile properties,
  - persistent, bioaccumulative and toxic properties or very persistent and very bioaccumulative properties,
  - Category 1 respiratory sensitization,
  - Category 1 skin sensitization,
  - chronically hazardous to water of categories 1 to 4,
  - damaging to the ozone layer,
  - specific target organ toxicant (repeated exposure) of categories 1 and 2,
  - specific target organ toxicant (single exposure) of categories 1 and 2 or
- (iii) have a negative impact on the reuse and recycling of materials in the product in which it is present, in accordance with the relevant Union product-specific ecodesign requirements.





The table below provides an overview of the total quantity of substances of concern and their main hazard classes.

Substances of concern (SoC)	Main hazard classes	Quantity in to
		<b>2024</b>
Total quantity generated, used or procured during production	Repr 1A and 2, STOT RE 1 and 2; Skin Sens. 1, Aquatic Chron 2 and 3; Aquatic Acut 1 (82.7% of SoC)	119,767
Total quantity the facilities as emissions, as products or as part of products or services	STOT RE 2; Skin Sens 1, Aquatic Chron 3	47,192
Quantity leaving the plants as emissions	not applicable	below threshold

Almost 50% of the total amount of SoC results from the CO gas generated during production, although this is reused internally in downstream production processes.

The EU Chemicals Strategy aims to define substances that meet certain criteria under Article 57 of Regulation (EC) No. 1907/2006 (REACH) as Substances of Very High Concern (SVHC), which are associated with particular risks to humans and the environment. These criteria include:

- Substances classified as carcinogenic, mutagenic or toxic for reproduction of categories 1A or 1B (CMR substances).
- Persistent, bioaccumulative and toxic (PBT): Substances that are not easily degradable in the environment, accumulate in organisms and have a toxic effect.
- Very persistent and very bioaccumulative (vPvB): Substances that are extremely poorly degradable and accumulate strongly in organisms.
- Other serious effects: Substances that have equally serious effects on humans or the environment due to other hazardous properties, such as endocrine disrupting chemicals.

The following table provides an overview of the total quantity of substances of very high concern and their main hazard classes.

Substances of very high concern (SVHC)	Main hazard classes	Quantity in to
		<b>2024</b>
Total quantity generated, used or procured during production	Equivalent level of concern acc. to Art 57 f, Toxic for reproduction (Art 57 c), PBT (Art 57 d), vPvB (Art 57 e)	107.4
Total quantity the facilities as emissions, as products or as part of products or services	Equivalent level of concern acc. to Art 57 f, Toxic for reproduction (Art 57 c), PBT (Art 57 d), vPvB (Art 57 e)	82.3
Quantity leaving the plants as emissions	not applicable	below threshold

In an annual risk assessment, the substances and products of Alzchem whose properties may result in further regulatory changes are evaluated by the Product Safety department and, where possible, risk mitigation measures are defined. Alzchem has implemented technical measures to minimize exposure to SVHCs and the associated health risks. This has been achieved, for example, through the use of closed systems and the provision of personal protective equipment. The training of employees in the safe handling of this substance class as well as the regular review and updating of safety data sheets and the implementation of emergency plans are further important measures for risk limitation.

In the fiscal year 2024, a project was initiated with the aim of identifying new business opportunities and supplying customers with substitutes for SVHCs.

To determine the key figures specified in ESRS 2-5, an internal survey is conducted annually as part of the internal SAP production controlling report with regard to the Substances of Concern (SoC).



The SVHC quantities in sales products are determined from the SAP sales module for the respective year per substance. The quantities of SVHC raw materials purchased are queried via the Purchasing department.

Due to the confidentiality of the data, especially for exclusive customer products, no external validation has taken place.

## E2-6 – ANTICIPATED FINANCIAL EFFECTS FROM POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES

We do not currently expect any significant financial effects in connection with pollution. The retrofitting/upgrading of facilities that will become necessary on an ongoing basis due to changes in environmental legislation will be incorporated into the ongoing budgeting process in good time.

## 11.2.4 ESRS E3 – WATER AND MARINE RESOURCES

We describe the procedure for determining the significant impacts, risks and opportunities in detail in [chapter ESRS 2 IRO-1](#). As part of the procedure, all sites of Alzchem Group AG as well as the upstream and downstream value chain were taken into account. Water resources were identified as material for Alzchem, but marine resources were not.

Consultations, particularly with affected communities, were not carried out in the area of water and marine resources.

In the following, we provide a detailed description of our policies, measures and targets relating to our material impacts, risks and opportunities in the area of water and marine resources.

### MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

#### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1

This disclosure requirement is described in detail in [ESRS 2](#).

#### E3-1 – POLICIES RELATED TO WATER AND MARINE RESOURCES

Water, a vital resource for humans, is becoming increasingly scarce due to rising global water consumption and climate change. On the other hand, the sufficient availability of water as a cooling and process water resource plays an important role for Alzchem in many production processes.

The following material impacts, risks and opportunities were identified in connection with water and marine resources:

### WATER CONSUMPTION

#### IMPACT:

High water consumption can lead to regional and/or supra-regional water shortages (negative impact). Alzchem uses large quantities of groundwater at its German sites for cooling, which can also lead to high water consumption.

#### RISK:

There is a risk that the authorities will introduce limits on permissible consumption.

#### OPPORTUNITY:

In contrast, we see a potential competitive advantage in production with low water consumption, similar to a low CO<sub>2</sub> footprint.

#### POLICIES:

In connection with the described impacts, risks and opportunities, Alzchem pursues the policy of continuous improvement of its environmental performance in the area of water consumption by applying the EMAS Regulation (EC No. 1221/2009). In addition, Alzchem already takes water consumption into account during product development and the optimization of manufacturing processes and thus aims to reduce the negative effects.



## WATER WITHDRAWAL

### IMPACT:

High withdrawal volumes of water can lead to regional and/or supra-regional water shortages (negative impact). Alzchem withdraws large quantities of groundwater at its German sites.

### RISK:

There is a risk that the authorities will reduce the permitted withdrawal quantities and/or levy withdrawal fees.

### OPPORTUNITY:

In the case of production with low extraction volumes, we see the opportunity of lower dependence on limited natural resources and possible cost savings due to non-payment of extraction fees.

### POLICIES:

In connection with the described impacts, risks and opportunities, Alzchem pursues the policy of continuous improvement of its environmental performance in the area of water withdrawal by applying the EMAS Regulation (EC No. 1221/2009). To this end, Alzchem has implemented an environmental program to reduce water withdrawal. As part of the program, Alzchem's water use is systematically examined, and potential savings are identified. The aim is to reduce the amount of water withdrawn. This reduces the risk of an official limit or the financial impact of the introduction of withdrawal charges.

## WATER DISCHARGE

### IMPACT:

By returning extracted water to the receiving watercourse, water consumption is greatly reduced and the amount of water in the receiving watercourse is increased again (positive effect). However, the discharge of large quantities of water can cause damage to aquatic life and plants in the event of unwanted contamination or excessive thermal stress (negative effect).

### RISK:

Excessive thermal stress or contamination may result in damage to aquatic organisms and/or plants.

### POLICY:

In connection with the described impacts, risks and opportunities, Alzchem proceeds as follows: An aquatic ecology report was prepared for the discharge of cooling water at the German sites. Among other things, this serves as a basis for determining and defining the permissible thermal load so that no damage to aquatic life and plants occurs. The discharged water is monitored analytically so that any unwanted contamination of the discharged water is detected. This is intended to prevent Alzchem from being obliged by the authorities to carry out complex and cost-intensive remedial measures due to excessive thermal loads or contamination.

There are no potentially affected stakeholders who require support in implementing the policies.

None of Alzchem's sites are located in a water risk area or in an area with high water stress.

The Chief Production Officer is responsible for implementing the policies.

As part of the implementation of the policies, Alzchem has committed itself to compliance with the EMAS Regulation (EC No. 1221/2009) and undergoes annual certification/monitoring by external accredited environmental auditors. In addition, Alzchem is committed to the principles of the Responsible Care Initiative of the German Chemical Industry Association (VCI) and is a member of the Bavarian Environmental and Climate Pact.

## E3-2 – ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

A number of specific measures have been defined at all German sites to save cooling water.

Scope of the main measures:

- Installation of water-saving regulators
- Optimization of operating parameters of water consumers
- Multiple use of cooling water

The measures taken are of a preventive nature, as no actual damage can be assumed or has occurred due to the high availability of water at the Alzchem sites.



Overall, the defined measures should support the target defined under [E3-3](#) of a total cooling water withdrawal of less than 30 million m<sup>3</sup> at the German sites in 2024.

The measures were not associated with any significant operating expenditure (OpEx) or capital expenditure (CapEx).

The measures are not directly related to the upstream or downstream value chain.

## KEY FIGURES AND TARGETS

### E3-3 – TARGETS RELATED TO WATER AND MARINE RESOURCES

Taking into account the material negative impacts, risks and opportunities, we have defined the following targets in connection with water and marine resources:

Water withdrawal at the German sites is to be reduced from the base year 2022 (33.9 million m<sup>3</sup>) to a maximum of 30 million m<sup>3</sup> per year by the end of 2024. This target was defined without reference to the specific water consumption per ton of product manufactured and should therefore be achieved regardless of production volumes. No external stakeholders were actively involved in defining the target. No ecological thresholds were taken into account when setting the target.

At 27.2 million m<sup>3</sup>, the target value of 30 million m<sup>3</sup> for 2024 was undershot. This means that the savings exceeded the target by 9%.

Total water withdrawals at the German sites are monitored using online volume flow measurements and compared with historical data on an aggregated basis. This enables ongoing analysis of trends and significant changes as well as a permanent comparison of progress with the original plans.

The thermal load should be limited for the discharge of water taken for cooling purposes at the German sites. The

discharge temperature should not exceed 24 °C throughout the year. This target was defined in accordance with the water ecology report on the discharge of cooling water. Both the requirements of the EU Water Framework Directive and its implementation in national law (Surface Waters Ordinance) were taken into account when preparing the water ecology report.

The discharge temperature is measured and recorded online.

No target was defined for Alzchem's water consumption (see explanations under [E3-4 Water consumption](#)).

The topic of marine resources is not material for Alzchem and is not considered here.

No targets relating to water resources have yet been defined for the Sundsvall site.

None of Alzchem's sites are located in a water risk area or in an area with high water stress.

### E3-4 – WATER CONSUMPTION

Water consumption for the purposes of this reporting in accordance with the ESRS standard is defined as "the volume of water that is brought within the boundaries of the company (or plant) during the reporting period and is not discharged into water bodies or passed on to third parties". At Alzchem, this corresponds to the difference between the volume of water withdrawn and the volume of water discharged. The difference is about 1% of the withdrawal volume, so that this is not material for us and is not reported here in detail.

## E3-5 – ANTICIPATED FINANCIAL EFFECTS FROM WATER AND MARINE RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES

We are making use of the transitional period to disclose the expected financial impact of significant risks and opportunities in connection with water and marine resources and are not currently reporting on this.

### 11.2.5 ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

We describe the procedure for determining the material impacts, risks and opportunities in detail in [chapter ESRS 2 IRO-1](#). As part of the procedure, all locations of Alzchem Group AG as well as the upstream and downstream value chain were taken into account. Resource inflows, including resource utilization, as well as resource outflows in connection with products and services and waste were identified as significant for Alzchem.

Consultations, particularly with affected communities, were not carried out in the area of resource use and the circular economy.

In the following, we provide a detailed description of our policies, measures and targets in relation to our material impacts, risks and opportunities in the area of resource use and the circular economy.



## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

### DISCLOSURE REQUIREMENT RELATED TO ESRs 2 IRO-1

This disclosure requirement is described in detail in [ESRS 2](#).

### E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The following material impacts, risks and opportunities were identified in connection with the use of resources and the circular economy:

#### RESOURCE INFLOWS INCLUDING RESOURCE UTILIZATION

##### IMPACT:

High consumption and/or ineffective use of resources can lead to increased costs and limited availability of resources (negative impact).

##### RISK:

Ineffective use and/or high consumption could lead to increased production costs and possibly to a loss of competitiveness.

##### OPPORTUNITY:

With high resource efficiency, cost advantages in production can lead to an improvement in competitiveness.

##### POLICY:

In connection with the described impacts, risks and opportunities, Alzchem pursues the policy of optimizing produc-

tion processes in terms of yield and resource utilization. In particular, these aspects are already taken into account during product development. The efficient use of resources, as envisaged in the policy, protects the environment.

As a contribution to sustainable procurement, we use recycled methanol obtained from waste streams and purchased methanol to supply Alzchem's own waste water treatment plant with carbon.

The policy aims to prevent waste as part of the waste hierarchy.

The Chief Production Officer is responsible for implementing and monitoring the policy.

#### RESOURCE OUTFLOWS IN CONNECTION WITH PRODUCTS AND SERVICES

##### IMPACT:

Products that are not designed to be recycled become waste at the end of their life and thus pollute the environment (negative impact).

##### RISK:

Manufactured intermediate products that are further processed by our customers into non-recyclable products may only be sold to a limited extent in future.

##### OPPORTUNITY:

With recyclable products, only some of the resources (e.g. energy, labor) are wasted and have to be replaced in new production. This means that products can be manufactured very efficiently and cost-effectively and do not have to be disposed of at the end of their service life.

##### POLICY:

In connection with the described impacts, risks and opportunities, Alzchem pursues the following policy: We optimize our product portfolio with regard to recyclable products that can be manufactured with as little waste as possible and do not become waste at the end of their service life. A circular economy, as envisaged by the policy, reduces the amount of waste and thus reduces the environmental impact.

The policy is aimed at the sustainable use of resources and is implemented by the market divisions and monitored by the core team responsible for the product. A significant proportion of Alzchem end products are used in agriculture, human nutrition and animal nutrition. The outflow of resources resulting from product sales is fed back into the biological cycle and does not have to be disposed of as waste at the end of its life.

The policy aims to prevent waste as part of the waste hierarchy.

The Chief Production Officer is responsible for implementing and monitoring the policy.

#### WASTE

##### IMPACT:

The disposal/disposal of waste pollutes the environment (negative impact).

##### RISK:

Improper handling of waste and residual materials damages the environment and can lead to sanctions by the authorities and a loss of reputation.



#### OPPORTUNITY:

Residual materials can be recyclable materials that can be reused (by-products). This saves resources and reduces manufacturing costs.

#### POLICY:

In connection with the described impacts, risks and opportunities, Alzchem pursues the following policy: In its NCN "Verbund production", Alzchem uses residual materials from the production of calcium carbide via calcium cyanamide and dicyandiamide to manufacture other products (e.g. CO gas from the carbide furnaces in Hart for the production of DCD at the Schalchen site and cyanamide at the Trostberg site). Waste can therefore be avoided. Part of the corporate strategy is to further close these cycles. The reduction or avoidance of waste volumes targeted by the policy contributes to environmental protection by reducing the volume of waste disposal. As part of the corporate strategy, the policy is monitored by the Alzchem management team.

Alzchem has voluntarily obtained certification as a waste management company (EfB). An audit is carried out annually by an external approved expert. This minimizes the risk of waste disposal not complying with legal requirements.

The policy aims to prevent waste as part of the waste hierarchy.

The Chief Production Officer is responsible for implementing and monitoring the policy.

#### E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Alzchem has already taken the following measures in connection with resource utilization and recycling management: Alzchem's waste management at the German sites is a certified waste management company (EfB). This does not apply to the production site in Sundsvall/Sweden, as the EfB is a German regulation. As part of the EfB at the German sites, the company operates an organized waste collection system with separate collections. This means that waste can be disposed of by type and used for recycling or recovery if necessary. This is an optimization of waste management in line with the waste hierarchy. It is a support and not a remedial measure.

To avoid waste, the filter dust generated during carbide production at the Sundsvall/Sweden site is fed back via the hollow electrode of the carbide furnace.

The resulting waste is already taken into account during product development and the possibility of recycling is investigated. By constantly improving chemical syntheses, the yield is increased, and the amount of waste products is reduced at the same time. In addition, the future viability of existing products is examined and evaluated by the market divisions and their core teams.

Alzchem participates in external collection and return systems, e.g. for IBCs, drums and other packaging, which are reconditioned for reuse after emptying. All measures have been introduced on a permanent basis and will be maintained in the future.

No significant operating expenses or investments are required for the measures.

#### KEY FIGURES AND TARGETS

##### E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Taking into account the main impacts, risks and opportunities, we have defined the following targets in connection with resource use and the circular economy: As part of Alzchem's integrated management system (IMS), targets for the area of resource use and circular economy are also defined in a multi-year program. These are approved by the Management Board and their implementation and target achievement are regularly reviewed.

The current target program for 2024 to 2026 currently includes the following topics relating to the use of resources and the circular economy: By using hydrogen, which is a by-product of a production process, the natural gas consumption of the waste incineration plant (WIP) at the Trostberg site is to be reduced by at least 400,000 m<sup>3</sup> per year. The aim is to reduce the inflow of primary raw materials by saving natural gas. The target was set voluntarily on the basis of the hydrogen generated during current production. The target value of 400,000 m<sup>3</sup> of natural gas saved per year is calculated by measuring the volume flow of the hydrogen produced, converted using the calorific value ratio of natural gas to hydrogen. The target value is defined as an absolute value of 400,000 m<sup>3</sup> per year, as the actual amount of natural gas consumed per year can fluctuate greatly and it is therefore not meaningful to define a percentage saving. For comparison: In 2023, AGV's natural gas consumption was around 940,000 m<sup>3</sup>.

The technical measures were implemented as planned in 2024, and hydrogen has already been in use since the end of 2024. A comparison between the target and the performance actually achieved can only be made for the year



2025. Capital expenditure of EUR 1 million was required to make the hydrogen usable.

No other stakeholders were included in the definition of the target.

There is no specific target for 2024 in connection with the prevention of waste.

The targets currently set do not relate to the expansion of a circular product design and material usage rate.

The aim of using hydrogen, which is a by-product of a production process, supports the policy and target of integrated production.

#### E5-4 – RESOURCE INFLOWS

Significant resource inflows at Alzchem relate to all purchased raw materials. In 2024, a total of 244,133 tons of raw materials were purchased in Germany and 79,337 tons in Sundsvall/Sweden to manufacture the products. These are procured worldwide. Products from one location can also be used as raw materials for further production at the same or other locations.

The raw materials purchased are mainly organic and inorganic basic chemicals and intermediate products as well as coke, lime and electrical energy. In addition, fine chemicals, auxiliary materials and additives are purchased externally to a lesser extent.

Alzchem uses 0% biological materials in its production.

The quantities of inflows are determined by inventory management in the SAP system. No significant assumptions were made when disclosing the key figures.

Externally sourced, secondary materials are not used in production. However, internally generated by-products and residual materials are reused on a large scale in the company's own production facilities. This means that external inflows can be avoided (integrated production). By-products and residual materials used internally are not included in either the recycling or reuse quotas. The corresponding quantities are determined via inventory management in SAP. The resource inflows are validated by the environmental auditor as part of the annual environmental declarations in accordance with EMAS.

#### E5-5 – RESOURCE OUTFLOWS

In total, Alzchem produced 487,701 tons of product at its production sites in Germany and 35,234 tons in Sundsvall/Sweden in the reporting year 2024. However, some of the products manufactured at the sites are further processed at other sites and only then delivered to customers as end products. A large proportion of the products delivered are also further processed by our customers and are not delivered directly from us to the end customer. A product can be used in very different applications. Depending on the end

product of our customers, this can result in different shelf lives, repair capabilities or recycling options.

An important part of our products is used in agriculture, human nutrition or animal feed. These products are designed to be returned to the biological cycle through application in agriculture or consumption by humans or animals. These include in particular the products Perlka®, Creapure® and Creamino®. As a result, no recycling rate can be specified for these products, or the recycling rate is 0%.

In the case of chemical products, it is not possible to compare the shelf life of the products placed on the market with the industry average. The shelf life of the manufactured materials generally determines the maximum storage stability until further processing or consumption by humans or animals.

A reparability in the sense of a repair of defective products can therefore not be specified.

A recyclable proportion of products cannot be determined, as the products are either returned to the biological cycle or are first processed into end products by our customers.

The data on resource outflows is recorded in the ERP system at Alzchem. As part of the annual environmental statement, the resource outflows, including the total amount of waste, are validated by the environmental verifier.



## OVERVIEW OF WASTE GENERATION IN GERMANY 2024

<b>Total waste</b>	<b>54,708 to</b>
of which:	
for utilization	13,164 to
for elimination	41,544 to
<b>Total amount of hazardous waste</b>	<b>46,413 to</b>
<b>Total amount of radioactive waste</b>	<b>0 to</b>
<b>Hazardous waste for recycling</b>	<b>7,049 to</b>
of which:	
Preparation for reuse	0 to
Recycling	0 to
Other utilization	7,049 to
<b>Non-hazardous waste for recycling</b>	<b>6,115 to</b>
of which:	
Preparation for reuse	0 to
Recycling	1,383 to
Other utilization	4,732 to
<b>Hazardous waste for disposal</b>	<b>39,364 to</b>
of which:	
Combustion	39,358 to
Landfilling	6 to
Other disposal	0 to
<b>Non-hazardous waste for disposal</b>	<b>2,180 to</b>
of which:	
Combustion	1,878 to
Landfilling	302 to
Other disposal	0 to
<b>Total amount of non-recycled waste</b>	<b>53,325 to</b>
<b>Proportion of non-recycled waste in total waste generation</b>	<b>97%</b>

The reported waste volumes are mainly production-specific waste, such as mother liquors, reaction and distillation residues, and non-production-specific waste, such as construction waste and municipal waste.

For waste from Germany, the volumes from January to November are based on the waste volumes actually generated according to the waste disposal companies. For December, the waste volumes reported to by the waste disposal companies are taken into account.





## OVERVIEW OF WASTE GENERATION SUNDSVALL/SWEDEN 2024

<b>Total waste</b>	<b>4,510 to</b>
of which:	
for utilization	3,271 to
for elimination	1,239 to
<b>Total amount of hazardous waste</b>	<b>867 to</b>
<b>Total amount of radioactive waste</b>	<b>0 to</b>
<b>Hazardous waste for recycling</b>	<b>3.9 to</b>
of which:	
Preparation for reuse	0 to
Recycling	3.9 to
Other utilization	0 to
<b>Non-hazardous waste for recycling</b>	<b>0 to</b>
of which:	
Preparation for reuse	0 to
Recycling	0 to
Other utilization	0 to
<b>Hazardous waste for disposal</b>	<b>863 to</b>
of which:	
Combustion	0 to
Landfilling	0 to
Other disposal	863 to
<b>Non-hazardous waste for disposal</b>	<b>3,267 to</b>
of which:	
Combustion	0 to
Landfilling	3,267 to
Other disposal	0 to
<b>Total amount of non-recycled waste</b>	<b>4,506 to</b>
<b>Proportion of non-recycled waste in total waste generation</b>	<b>100 %</b>

The waste is residue from the production of calcium carbide.

## E5-6 – ANTICIPATED FINANCIAL EFFECTS FROM RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In accordance with ESRS E5-6, in the first three years we only report qualitative information on the expected financial impact of risks and opportunities in connection with resource use and the circular economy, as it is not yet feasible to provide quantitative information.

Alzchem is an energy-intensive company. Alongside lime and coke, electricity is one of the three basic raw materials used at the beginning of Alzchem's NCN "Verbund production". The term "energy-intensive" therefore essentially refers to the consumption of electrical energy. Electricity as a raw material is therefore an essential component of the manufacturing costs for Alzchem's products. However, the share of electricity in the manufacturing costs decreases the further the individual products progress along the NCN "Verbund production". At the end of NCN "Verbund production" or outside the NCN chain, the share of electricity in manufacturing costs is significantly lower. Products from the Basics & Intermediates segment are very electricity-intensive in their production, whereas production in the Specialty Chemicals segment requires less electricity. Electricity prices could rise again compared to the 2024 level, remain stable or fall. Precise forecasts are not possible. Alzchem is therefore exposed to the risk of rising or fluctuating electricity prices. As electricity prices are an integral part of the product calculation, Alzchem can only counter this risk in the first step by increasing prices but may have to reduce them again if electricity prices fall. Alzchem therefore only sets prices for a very short-term period in close consultation with customers. Increasingly, price escalation clauses are being agreed with customers that take into account spot electricity prices, among other things. Alternatively, longer-term price commitments are offered on the basis of back-to-back transactions. Alzchem also continuously reviews developments on the electricity markets to determine whether a hedging strategy makes economic sense.

In addition to lime, coke and electrical energy as the most important raw materials for Alzchem's product portfolio, a number of other chemical raw materials are required for the production process. The market prices for lime, coke and energy as well as other chemical raw materials are subject to considerable fluctuations. In addition to these important basic raw materials, the Group also procures a few chemical raw materials from Asia. Supply chain disruptions, unexpected interruptions to production and a lack of reliability on the part of suppliers are latent risks that management must always take into account. Despite the strict pursuit of a "multiple sourcing strategy", certain supplier dependencies cannot be completely ruled out, which further increases the complexity of the supply chain process.

The Alzchem Group operates a stable NCN family tree with the key products calcium carbide, fertilizer Perlka®, cyanamide, dicyandiamide, guanidine nitrate, nitroguanidine and other high-quality derivatives, such as DYHARD®, Creapure® and Creamino®. The company strives



to consistently exploit opportunities for growth through a combination of diversification, market penetration and market development. In addition to traditional products, the company continuously invests in the development of new products and the further development of existing products.

Alzchem supplies various end markets with a wide range of products. This high level of diversification permanently supports very balanced sales and earnings growth with foot-holds in many different market segments and industries. To date, the Group has always succeeded in offsetting or even overcompensating for economic or regional sales fluctuations in one sector through growth in another segment or country.

Alzchem sells its products in diversified markets that follow global developments, have the potential for stable growth and will therefore contribute to Alzchem's positive business development. This essentially relates to important global topics such as population growth, healthy ageing and climate change mitigation.

In the area of recycling management, there is a latent financial risk not only for Alzchem due to rising disposal costs for the main waste streams of the main products. On the opportunity side, however, there is also a high savings potential if it continues to be possible to recycle waste streams internally or externally. This can reduce both disposal costs and raw material costs.

## 11.3 SOCIAL (S)

### 11.3.1 ESRS S1 – OWN WORKFORCE

#### STRATEGY

##### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-2

Alzchem relies on its employees as a key success factor and, in addition to an attractive remuneration system, also offers job security, collegial behavior and the opportunity to help shape professional development. Principles of conduct such as reliability, fairness, trust, responsibility and quality are the benchmark for cooperation within the company, but also in contact with customers and suppliers.

The people in the company – and due to the very high proportion of employees as defined by standard S1 – are the main pillar of Alzchem. Non-employees as defined by this standard are also taken into account but are only represented in a very small proportion.

Over many decades, Alzchem and its predecessor organizations have succeeded in retaining their employees despite some significant cuts to the company structure and the associated changes in ownership. The Alzchem Group is regarded as a very family-oriented, employee-oriented and appreciative employer, where many families have had their roots for generations and decades. To ensure that this long-standing trend is not permanently damaged by external influences or developments in society as a whole, Alzchem focuses very strongly on the needs of its employees. As determined in the materiality assessment in 2023,

these are issues that are directly related to employment relationships, such as fair remuneration, internal training opportunities, degrees of freedom in the performance of tasks, secure jobs with regard to long-term predictability for employees as well as personal health and retirement provisions. Social conditions within the company were also examined, which at Alzchem are characterized by equal opportunities, inclusion, diversity and representation of interests. Furthermore, factors such as work-life balance, leisure activities, flexible work locations (home office) and catering are important to round off an employment relationship in terms of an attractive overall package. Measures and policies are not implemented unilaterally by management but are developed jointly in an intensive coordination process between management and employee representatives.

The interests, viewpoints and rights of our employees are taken on board and supported by the employee representatives on the one hand and reflected by management out of their own interests on the other and transferred into operational practice via policies. This employee-oriented approach is an important part of our social business model.

Above all, there are people with their duties, needs and rights – above all their human rights, which Alzchem takes very seriously and respects, nurtures and sustainably upholds every day in its business operations. Human rights play an important role in our actions, which is made clear by our declaration of principles on dealing with human rights developed in 2024. They have been firmly established in our corporate culture for many years and are therefore part of our corporate strategy and business model.



## DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-3

The material impacts, risks and opportunities, which were identified and assessed in accordance with the principle of double materiality ([ESRS 2 IRO-1](#)) and have been supported or prevented over many years and decades through collective agreements and various internal regulations such as policy statements and in day-to-day operations through company agreements, are anchored in everyday practice and are therefore part of the corporate culture, corporate strategy and business model. The effects, risks and opportunities relating to the relevant topics can be found in the [IRO overview in ESRS 2 SBM 3](#).

Realistically, it must be recognized that significant effects on the workforce, as well as significant risks and opportunities for the company, are not influenced by bold wishful thinking, but primarily by daily life and exemplifying values that are deeply rooted in the strategy and corporate culture. In 2024, as part of a strategy update, the promotion of a fair and diverse corporate culture and new strategic target areas were defined that affect Alzchem's employees, i.e. have a social and employee-related focus, which is described in more detail in [S1-5](#). In order to correctly assess Alzchem's approach to key topics, it is necessary to understand our policies and measures, which are explained in detail in [S1-1](#) and [S1-4](#).

We would like to note at this point that all of Alzchem's policies are designed to increase employee satisfaction, convince employees to work with us in the long term, prevent employee turnover, secure the company's reputation at a high level in the long term and continue to be able

to recruit new employees as needed on the labor market. Starting points for this are provided by 16 important topics that are specified in ESRS Standard S1 and were identified as essential as part of our materiality assessment, taking into account dual materiality (see [S1-1](#)). The implementation of these topics, particularly with a focus on fairness, equity and transparency, has contributed to the development of our corporate culture for many years. We are therefore proud to report that addressing the impact on employees and the risks and opportunities for the company has been an integral part of our corporate strategy and business model for many decades and did not have to be derived from necessity.

Alzchem does not identify any material risks from the effects and dependencies in connection with the workforce that emanate from its original business activities, but only material opportunities to maintain and further improve the high level of many social and workforce-related issues. It is therefore not possible to speak of a relationship between actual material risks and opportunities in order to derive potentially critical trends for the future from the perspective of stakeholders or shareholders. The EcoVadis sustainability certification in 2024, which was awarded a platinum medal, proved that this is not just wishful thinking: the labor and human rights section was awarded 90 out of a possible 100 points, with no social weaknesses or significant risk factors, and therefore played a major role in the excellent overall result.

## THE COMPANY'S WORKFORCE AND SIGNIFICANT EFFECTS

The general disclosures in accordance with ESRS 2 relate to all persons in the company's workforce. They may therefore be equally affected by material impacts of the company. In this context, the following general disclosures are intended to contribute to a better understanding of the report:

- a) Alzchem defines employees as persons with employment contracts with a company of the Alzchem Group (persons employed by Alzchem). As can be seen from [S1-6](#), this is by far the largest group of people. In some places in this report, the term "employee" is also used synonymously, which is understood more intuitively in generally binding language usage.
  - a) In addition, Alzchem counts the following groups of people as non-employees (see [S1-7](#)):
    - Persons from temporary employment,
    - Persons from independent companies who provide services on behalf of Alzchem on our factory premises or at our locations within the framework of contracts for work and services and who are under contract with the respective service provider,
    - Consultants and self-employed persons who provide services for Alzchem on their own account.
  - b) There are no significant negative effects on employees with regard to child and forced labor, as Alzchem only operates production sites in Germany and Sweden and is not active in regions susceptible to this, such as developing countries. The sales companies in the United Kingdom



(UK), China and the USA are also not affected by these impacts, as only highly qualified employees are employed there due to the specific range of tasks and these activities are not subject to any risk in this regard. In addition, the sales companies do not pose any risks to people or the environment.

Workers in the value chain are a particular focus and are considered separately in [ESRS S2](#).

- c) and d) The company's health management, occupational health and safety and high occupational safety standards, which offer a relatively safe working environment (see [S1-1](#) and [S1-14](#)), have a significant positive impact on all of the company's employees, including non-employees. In the event of work-related injuries, which are nevertheless considered a significant and potential risk, workers at the German production sites are cared for around the clock by the company's own medical service, assistance is guaranteed to those affected as quickly as possible and, if necessary, further treatment is provided in nearby hospitals. The same applies to environmental and fire incidents, which are dealt with by the company's own fire departments. The site in Sweden is also covered by a medical service and a fire department through external cooperation.

Further training and skills development are seen as a key opportunity to use appropriate policies and measures to provide employees with the necessary professional qualifications and leadership skills and to ensure the company's process capability. In addition, various policies and measures are used to increase the attractiveness of the company as an employer in order to recruit

new employees and retain permanent staff for as long as possible.

- e) Alzchem has not identified and does not expect any material impacts on the workforce that may result from transition plans to reduce negative impacts on the environment and to implement more environmentally friendly activities. Further information is provided in [S1-2](#).
- f) and g) As described in [S1-1](#), Alzchem has not identified any activities that would pose a significant risk of incidents of forced or forced labor or child labor.

## MINORITIES

In the broadest sense, minority groups such as employees with disabilities or underrepresented ethnic groups and gender groups could potentially be at risk, which is prevented as far as possible through the implementation of binding legal requirements and also through company-specific regulations and measures. The materiality assessment did not identify any specific groups of people at risk.

## RISKS

Alzchem does not recognize any risks in the sense of effects emanating from certain groups of people, nor any dependencies on certain groups of people that could have lasting negative consequences for parts of the company's workforce or even widespread negative consequences. Very homogeneous employee structures, a very uniform understanding of fairness and justice as well as a very loyal yet self-confident attitude of the employees towards the company help to uncover and prevent unfavorable developments. Alzchem greatly appreciates the willingness of the workforce to participate in the development of the

company and to positively support and implement change measures. This is particularly evident in the fact that our employees focus on the "big picture" and all sites "pull together". Alzchem sees this very positive basic attitude as an opportunity to further develop the company together with its employees and to position itself securely for the future.

## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

### S1-1 – POLICIES RELATED TO OWN WORKFORCE

As part of an analysis based on the principle of double materiality ([ESRS 2 IRO-1](#)), 16 material topics (hereafter in bold and capital letters) were analyzed with regard to significant impacts, risks and opportunities that are supported by the company, i.e. by the top level of the hierarchy, and supported by relevant policies. The implementation of the policies and their suitability are regularly reviewed and are subject to a monitoring process. Feedback from employees, the most important stakeholders, is taken very seriously. The employee representatives are particularly important here, as they are very familiar with the wishes and expectations of the workforce and may experience the development of dissatisfaction at an early stage. When fundamentally revising existing policies, in certain cases selected employees are integrated via workshops during the conception phase in order to benefit from the wealth of practical experience and achieve pragmatic results.

We would like to point out that the analysis identified a large number of positive impacts, but only a few signifi-



cant actual negative impacts, as a high level of corporate social standards has been developed over many decades with extensive policies and measures. The risks described are mostly only potentially present if the policies mentioned in [S1-1](#) and the measures described in [S1-4](#) were to fail to have the desired effect.

The focus of our analysis is on Alzchem's workforce, i.e. mainly from an internal perspective. In principle, the very positive effects on the workforce also have positive effects on people outside the company, i.e. also on society in the respective region. A reliable employer with high social standards offers good opportunities for jobs, long-term basic provision for many families, promotion of regional development and economic prosperity. Negative social effects on society, i.e. people outside the company, are not known.

## 1. WORKING CONDITIONS:

With a high proportion of permanent employment contracts, Alzchem has been contributing to the **SECURE EMPLOYMENT** of its employees for many years as part of its corporate culture (see [S1-6](#)), which opens up a significant opportunity for the company to achieve a high level of employee satisfaction, long-term cooperation and thus long-term loyalty to the company. A high proportion of fixed-term employment contracts would otherwise result in a high proportion of "at-risk employees", who would feel a great deal of uncertainty about their employment contract situation and would most likely only be available to the company temporarily under the current labor market conditions, as they would quickly reorient themselves professionally out of their own interest.

Alzchem promotes flexible **WORKING TIME** through to trust-based working hours and also part-time working relationships – in favor of employees and their needs in accordance with operational framework conditions and possibilities on the basis of company agreements. Without modern flexible working hours and thus without individual scope for personal and family matters, Alzchem would not be competitive and employee satisfaction would be much lower. Part-time employment contracts also help to secure jobs for employees who, for various reasons, are unable to work full-time. In addition, this concession offers the company the opportunity to retain this group of employees by utilizing their professional know-how and personal skills. Alzchem does not allow part-time employment in Germany for tactical or business reasons, but mostly at the request of the employees, taking into account company and legal regulations. Employee turnover risks due to unfulfilled working time expectations can thus be excluded more effectively. Incidentally, the proportion of part-time employees in the Alzchem Group is very low. On-call working relationships and other types of working models whose disadvantages clearly lie with the employees are not used at Alzchem (see [S1-6](#)).

An up-to-date and competitive remuneration policy in the form of **ADEQUATE WAGES** is both an important component of recruitment measures and a significant opportunity to retain employees in the long term. Alzchem sees this point as one of the core elements for a healthy relationship between employee and employer. A relationship characterized by mistrust in the event of suspicion of inadequate payment or even exploitative remuneration, which unfortunately still exists in some sectors today, would not lead to long-term cooperation based on mutual respect. For this reason, Alzchem is committed to the continuous payment of living wages at all locations worldwide through the Declaration of Principles on Human Rights. Our employees ben-

efit not only from the statutory minimum wages in Germany and, at the international locations, from the respective national regulations to ensure an adequate standard of living, but also from above-average and generous industry remuneration policies through collective bargaining agreements via memberships in employers' associations in the chemical industry in Germany and Sweden. In Germany, we operate in accordance with the provisions of the federal collective wage agreement for the chemical industry and special internal company regulations; in Sweden, we also operate in accordance with collective wage agreements. Overall, these policies secure our jobs, bind employees to the company, make the employer more attractive, strengthen its reputation and competitiveness and prevent employee turnover due to dissatisfaction with core elements of the employment relationship (see [S1-16](#)).

Active **SOCIAL DIALOG** is also important to Alzchem for long-term employee satisfaction, through which employee interests, wishes and needs are incorporated into corporate decisions and working conditions are developed in a modern way. Without social dialog, good and cooperative cooperation across all hierarchical levels of the company would be severely jeopardized, which would have a long-term negative impact on the workforce and thus lead to a deterioration in productivity (see [S1-4](#) and [S1-8](#)).

Alzchem **PROMOTES FREEDOM OF ASSOCIATION AND THE FORMATION AND EXISTENCE OF WORKS COUNCILS**. At our German sites, we cultivate target-oriented, cooperative and appreciative collaboration with employee representatives to develop co-determination and non-co-determination company regulations that are in line with both our social values and business challenges - without ideological differences, which is certainly not a matter of course. Alzchem invests a great deal of energy in maintaining this level in the



long term and has concluded partnerships with the Mining, Chemical and Energy Industrial Union (IG BCE) at its German sites via a social partner agreement and a collective agreement on the formation of a company-wide works council. Without this constructive cooperation, co-determination processes would be much more difficult, inefficient and less beneficial for employees.

Alzchem respects **RIGHTS TO INFORMATION, CONSULTATION AND CO-DETERMINATION** not only on the basis of legal obligations, but also in the social and corporate interest. Taking these issues into account creates a high level of employee satisfaction, as these processes ensure that important and central issues relating to the realization of attractive working conditions are better included and become more of a focus for the company and are therefore more likely to be incorporated into corporate decisions. Without considering and actively practicing these topics, management would be less aware of many employee perspectives, wishes and needs.

The organization in employers' associations, which represent our interests in **COLLECTIVE BARGAINING**, for example, also helps to secure and improve the working conditions of employees and keep them at a high level and attractive in comparison to the rest of the industry. Collective bargaining agreements at the production sites in Germany and Sweden have been very successful in this respect for many decades. **THE PROPORTION OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS** is very high at Alzchem (see [S1-8](#)). Without collective agreements and collective bargaining coverage, freedom of association, the formation of works councils, support for trade union member-

ship, industry development by specialists from employers' associations and trade unions and without consideration of information, consultation and co-determination rights, a sustainable, competitive and contemporary development of working conditions in a cross-industry comparison would hardly be possible or would be much more difficult, which would make the working conditions and ultimately the employer less attractive. Through its strategic positioning, Alzchem creates a good basis for employee satisfaction and competitiveness on the labor market.

**WORK-LIFE BALANCE** is also a very central argument for recruiting and retaining employees. For many applicants and employees, a good work-life balance is at least as important as an appropriate and good salary. Alzchem grants vacation at all locations at least in accordance with national law. Granting only minimum vacation in accordance with legal requirements would be neither up to date nor a competitive attitude, which would severely impair employee satisfaction and fuel the employee turnover rate. As all major industries in Germany grant more than the statutory leave entitlement, we are competitive with our regulations on additional leave under collective agreements. With further collectively agreed leave entitlements and company regulations on flexible working hours, Alzchem contributes to the realization of work-life balance. Statutory regulations on maternity protection, parental leave, care leave and collectively agreed provisions on leave for personal and family reasons as well as company offers of kindergarten and crèche places round off this topic for all employees in the German plants (see [S1-15](#)) and ensure satisfaction with the working conditions. Failure to comply with legal obligations would result in legal consequences for the company and damage its reputation.

**HEALTH AND SAFETY** issues are generally very important, as the effects can be both spontaneous and gradual. Activities in production plants in the chemical industry and in associated internal technical service areas are prone to danger and generally involve a higher risk of injury than administrative tasks. Alzchem has been countering the potentially high risk in chemical industry companies for many years with policies to ensure that the health of employees, including non-employees such as temporary workers and contractors, is not jeopardized and is maintained throughout their working lives. This primarily includes an Integrated Management System (IMS) adopted by the Management Board, which covers the topics of medical health care, health protection in the workplace, proactive occupational safety and accident prevention and plant safety at the German sites. It is essential for Alzchem that the safety and health of the workforce is the highest good and that this approach is established in the management structures in the form of procedures in order to continuously optimize these topics. Systematic risk assessments form the foundation for the safe production of our services and products.

The production site in Sweden has its own management system for this area.

Due to the very comprehensive policies and measures that we pursue as a responsible employer in line with our duty of care, the impact on our workforce is relatively low. For many years, there have been no fatal accidents at work in the production plants, and the number of reportable accidents at work and work-related illnesses is also relatively low (see [S1-14](#)). Without these policies, the risks associated with hazardous activities, particularly in production companies in



Germany and Sweden, would be much more pronounced and would have a negative impact on employee satisfaction, significantly increase the employee turnover rate and substantially increase the costs of continued remuneration.

## 2. EQUAL TREATMENT AND EQUAL OPPORTUNITIES FOR ALL

The fair treatment of all employee groups, including **GEN- DER EQUALITY**, e.g. in terms of career and development opportunities and **EQUAL PAY FOR EQUAL WORK**, is a high priority for Alzchem. This fair pay regardless of gender, but also the consistent application of regulations agreed with employee representatives in the form of company agreements at the German sites, so that no other factors such as sympathy, emotions, generosity towards certain people, etc. play a role in determining pay, but only qualitative requirements. This means that the topic of remuneration is implemented fairly in a cross-comparison. In practice, these less superficial issues are very important, as they harbour a risk potential if they are not implemented appropriately and can place a heavy burden on the corporate culture and trust in the organization, which can lead to a high level of dissatisfaction among affected employee and gender groups and, in the worst case, can jeopardize industrial peace. The very low gender pay gap at the German locations is evidence of good implementation in operational practice (see [S1-16](#)).

With our policies for **TRAINING AND SKILLS DEVELOPMENT**, we ensure that our employees receive the qualifications required to competently fulfill their operational tasks and that the company is securely positioned for the future. In addition to professional qualifications, this also includes leadership skills as well as regular feedback meetings implemented

for the majority of employees and performance and career assessments as part of employee appraisals, which contribute to a transparent assessment of performance and development prospects with long-term employee loyalty to the company on the one hand and highlight corrective measures, if necessary, on the other (see [S1-13](#)). In particular, we would like to emphasize at this point that we prevent the shortage of skilled workers with the help of company training measures, also in cooperation with external partners.

A lack of performance transparency and development prospects would cause dissatisfaction among employees and a high risk of declining motivation and career reorientation. Conspicuous qualification deficits would have a significant negative impact on the process capability and competitiveness of the company as well as the job security that has existed at Alzchem for many decades. In the medium term, neglecting these issues would deprive us of the agility of a medium-sized chemical company.

Alzchem stands by its employees and, where possible, provides jobs for employees with health restrictions. This also includes the **EMPLOYMENT AND INCLUSION OF PEOPLE WITH DISABILITIES** (see [S1-12](#)). We not only see this as a social obligation, but also actively live responsibility and appreciation. This attitude secures the jobs of affected employees and our reputation as a socially responsible company. Without compliance with the quota for severely disabled employees, German legislation would require the payment of a compensatory levy, which has been insignificant at Alzchem for many decades.

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Alzchem values respectful interaction with one another. That is why there is no room for **VIOLENCE AND HARASSMENT IN THE WORKPLACE** at our company. No incidents of this kind were reported in the reporting year (see [S1-17](#)). However, if employees at the German sites feel that their basic or human rights have been violated or harassed, they can confidentially turn to various channels within the company, such as the Works Council, Human Resources, the company doctor, the company bullying officers or the Compliance Manager. Anonymous reports can be submitted to a whistleblower hotline, also from locations outside Germany, without which particularly sensitive violations of human rights would hardly become known. Our company agreement on the topic of “cooperative behavior in the workplace and dealing with bullying” offers various starting points for de-escalation through to the punishment of perpetrators and is described in more detail later in this chapter. In this way, we create the opportunity for an open and sensitive corporate culture that legitimizes the disclosure of violations of this kind and takes away the fear of negative consequences for those who report them.

Without consistent pursuit of these policies, a negative trend reversal would creep in, which we are resolutely countering through close cooperation with employee representatives in our operational HR work in order to prevent potential risks such as a violent and harassing working environment,



the associated damage to the company's reputation and a high employee turnover rate. This gives us the chance to uncover incidents that might not have come to light in the past or would have come to light much later.

The whistleblower hotline has been used very rarely to date. Information in this regard has also not been received via the other channels.

**DIVERSITY** is not only used as a modern term at Alzchem but is also actually lived in practice. For example, the proportion of women at divisional head level / in the management team (highest management level below the Management Board) across all Alzchem Group sites is around 29% (12/31/2024), while the proportion of women in the company as a whole is around 18% (12/31/2024). Accordingly, women are already more strongly represented at the top management level below the Management Board than the average for the company as a whole, indicating a clear trend towards gender diversity (see [S1-9](#)). We see this development as an opportunity to enrich traditionally male-dominated management structures with diverse influences, in particular female leadership and management skills, and to make business decisions on a holistic basis. To this end, the basis for the promotion of women was created several years ago in cooperation with the IGBCE via the "Charter of Equality". A constant or even declining trend would not only torpedo our self-image, but would also suggest fewer development opportunities for women, damage the company's modern reputation and make internal and external recruitment measures more difficult.

The distribution within age groups is also an important indicator of diversity. Alzchem deliberately places a strong focus on all age groups, an age distribution that is as even

as possible and healthy social and entrepreneurial development. There are currently neither underrepresented nor overrepresented age groups whose skills and experience would be lost to the company over time or would break away in the short term, but there is a slightly higher proportion of middle-aged employees who represent a healthy basis (see [S1-9](#)). It is particularly important to reach all age groups from a social point of view, especially to take account of wishes and needs in typical life phases and thus achieve an even age distribution in the long term, which, from the company's point of view, can achieve the long-term and successful integration of all employees of all ages. If this does not succeed, under- or over-represented age groups can have a negative impact on employee satisfaction and the mood in the company in the medium and long term if they do not feel sufficiently valued or included. This can lead to risks and even a reduction in the stability of the company if large age groups are lost that cannot be compensated for by younger groups and whose experience is no longer available.

### 3. OTHER WORK-RELATED RIGHTS

Alzchem is not aware of any cases of human rights violations in connection with **CHILD LABOR** or even **FORCED LABOR** (see [S1-17](#)), i.e. no employees are employed whose age falls under the definition of children according to national law or who are employed by Alzchem against their will under threat of punishment. Our production sites in Germany and Sweden are not susceptible to these issues, as they are subject to strict legal regulations prohibiting child and forced labor. The same applies to the other locations due to the relevant

legal provisions and the sales activities carried out there, which require extensive specialist knowledge and appropriate professional training and cannot be performed using human rights violations.

No opportunities therefore arise from these topics and potential risks continue to be consistently prevented with policies and measures. A contrary practice involving the unlawful employment of children or the use of forced labor with human rights violations would be unimaginable in our civilized corporate culture and would lead to a severe loss of reputation for the company as well as criminal proceedings by the state. Further information on these topics is presented in detail in the following text within [S1-1](#).

Alzchem not only respects the personal rights of its employees but also protects relevant personal data of employees at the German locations in accordance with the statutory provisions of the General Data Protection Regulation and the Federal Data Protection Act, which is only collected for a specific purpose and used exclusively for official matters. Other personal data that is not necessary for the fulfillment of employment contract obligations or the proper administrative management of employment relationships, e.g. due to tax and social security requirements, is neither collected, processed nor used. Internal regulations in the form of procedural instructions and published declarations on data protection and information security ensure that employees handle data correctly and inform them of their rights and obligations. Our internal **DATA PROTECTION** and information security officers keep a watchful eye on sensitive company processes and provide support in the development of company agreements relating to data protection and/or information security. We are not aware of any breaches





of data protection regulations and obligations. They would not only violate the personal rights of employees but also destroy trust in the management and the company, which would damage the company's reputation in the long term and lead to a high employee turnover rate, enormous difficulties in recruiting new employees, reduced competitiveness and high fines.

## HUMAN RIGHTS POLICY

Alzchem complies with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises for its workforce.

In the "Alzchem Group AG Human Rights Policy Statement", we position ourselves as follows: We regard the protection of human rights as a central element of our corporate responsibility. We base our commitment to respecting human rights on the United Nations Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We are committed to respecting the internationally recognized human rights in these declarations and to upholding them in our business activities and along our value chains. This includes, in particular, the prohibition of child and forced labor, the prohibition of all forms of human trafficking, slavery and discrimination, and the strengthening of freedom of association. We are also committed to compliance with occupational health and safety, the ongoing payment of appropriate living wages and the prohibition of pollution, forced eviction and the use of security forces if their use entails the risk of human rights being disregarded or restricted. We are also guided by the United Nations Guiding Principles on Business and Human Rights.

This policy statement illustrates our commitment to respecting human rights, as already reflected in other company policies and in particular in our corporate guidelines, our Supplier Code of Conduct and our USGQ policy on environment, safety, health and quality (Integrated Management System/IMS). The principles set out here apply to the business activities of all companies in the Alzchem Group and their employees. In addition, we also expect our suppliers and other business partners to commit to complying with the principles set out here and to implement appropriate processes to respect human rights. This also means that our partners will provide information on how the above principles are adhered to when requested to do so by Alzchem.

Alzchem treats its employees, employees from temporary employment and employees of commissioned companies (contractors / external companies) deployed on the plant premises in accordance with the above-mentioned principles without restriction. To achieve these targets, the Alzchem Group has established a Compliance Management System (CMS), which serves to prevent and limit damage, to detect and terminate violations of rules and to fulfill legal obligations. The CMS also extends to the "Corporate Guidelines", which the Alzchem Group has implemented in order to summarize the corporate policy principles and standards with which all Alzchem employees must be familiar. They provide guidance on basic legal and ethical obligations and give Alzchem employees the necessary security for correct behavior in their day-to-day work.

## HUMAN TRAFFICKING, FORCED LABOR AND CHILD LABOR

Forced labor, slavery, human trafficking and child labor are non-existent at all Alzchem sites in Germany and abroad. In

this respect, Alzchem complies with the above-mentioned guiding principles and guidelines as well as all legal obligations in the respective countries, e.g. from the German Basic Law, General Equal Treatment Act, Youth Employment Protection Act, and is also certified annually by the BME (Federal Association of Materials Management, Purchasing and Logistics) via the BME Code of Conduct.

All employment relationships at the German sites are based on legally verified written employment contracts and are largely based on the collective agreements of the chemical industry. Our employee representatives (works council) also ensure that all personnel measures are implemented in accordance with the law. Our trainees also have a minimum age of 15 years. For all recruiting measures, age is recorded and compared with the identity card or other identification documents.

This topic is also covered in regular compliance training sessions on our corporate guidelines and is therefore part of our corporate strategy.

Similar conditions apply at our plant in Sweden. Employment contracts there are subject to the collective agreements of the Swedish chemical industry.

## ELIMINATION OF DISCRIMINATION AND HARASSMENT / PROMOTION OF EQUAL OPPORTUNITIES

Alzchem pursues the target of consolidating a corporate culture that is characterized by cooperative behavior in the workplace. All employees are called upon to help create a working environment characterized by mutual respect. These contents and targets, which are clearly aimed at preventing discrimination and harassment, are described in the



corporate guidelines against the background of “Doing the right thing”, with which the company’s employees must familiarize themselves.

The policy of diversity at Alzchem is characterized by a very positive and open attitude – not only because of the prohibition of discrimination in the sense of the German Basic Law, the General Equal Treatment Act, the International Human Rights Charter, etc., but also in particular with regard to equal opportunities for all genders, employees with disabilities and nationalities, who together contribute with their strengths, skills and also their uniqueness to the economic and social development of our company in terms of tolerance, openness, integration, self-image, but also modernity, corporate culture, etc. Alzchem values the diversity of people as an enrichment and as a cornerstone for a sustainable corporate culture.

Together with the IGBCE (German Mining, Chemical and Energy Industrial Union) and the Works Council, Alzchem took a clear position several years ago with the joint written declaration “Charter of Equality” and committed itself, among other things, to equal career development opportunities and equal pay for women and men and set the target of developing more women in management positions. In addition, Alzchem is committed to the principles of social partnership. A social partner agreement was signed to support the social partnership culture in the company.

For employees who suffer from serious physical, health or psychological limitations, Alzchem offers social jobs in various areas of the company that enable them to be deployed in a way that is suitable for them. In this context, the HR department, employee representatives, representatives for severely disabled employees, supervisors and the company doctor work very closely with the Inclusion Office, the specialist integration service and the social psychiatric service,

among others, in order to provide targeted support for affected employees.

## DISCRIMINATION

No employee, job applicant or business partner may be disadvantaged or favored on the grounds of race or ethnic origin or national descent, skin color, gender, religion, political opinion or ideology, disability, age, sexual identity or social background. Any kind of harassment and discrimination is prohibited and will not be tolerated in our company. Values such as human dignity, tolerance and respect are fundamental values of an open, pluralistic society. They are enshrined in the German Basic Law and consequently guide our entrepreneurial thinking and actions as well as our corporate culture.

## POLITICAL COMMITMENTS IN RELATION TO INCLUSION

According to German legislation, companies are obliged to employ at least 5% severely disabled employees in accordance with Section 154 (1) SGB IX. For many years, Alzchem has employed significantly more employees in Germany, with a rate of over 7%, who are considered severely disabled or equivalent to severely disabled people in accordance with Section 2 of the German Social Code (SGB) IX. Although no persons with disabilities were employed in the companies outside Germany in the reporting year in accordance with the respective national law, we are also open to the employment of employees with health restrictions there.

## PROCEDURE FOR THE PREVENTION OF DISCRIMINATION

Employees who see the above-mentioned basic principles at risk for themselves with regard to harassment, hostility, discrimination, sexual harassment, bullying or the like may

raise these critical points with the Works Council, the HR department, the company doctor, the company bullying officers, the compliance manager or via the whistleblower hotline – anonymously if desired – for examination.

As part of individual case reviews, appropriate operational measures such as counseling, instruction or warning meetings are conducted, or support is offered by external crisis services. In particularly sensitive or even advanced cases, measures under employment law such as transfers and warnings or even dismissals may be considered.

Our employees are informed about the procedure and the respective contact persons in regular and mandatory compliance training sessions (“Doing the right thing”/company guidelines). In addition, employees can use the Alzchem intranet (“Globe”) to gain detailed insight into the procedures agreed with the employee representatives, which are, for example, depicted in the company agreement on the topic of “cooperative behavior in the workplace and dealing with bullying”.

## S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS’ REPRESENTATIVES ABOUT IMPACTS

### COOPERATION BASED ON TRUST

Alzchem attaches great importance to integrating the interests of its employees into day-to-day operations. To this end, a trusting cooperation between management, employee representatives and the Human Resources (HR) department is maintained at all sites in order to make the framework conditions as attractive as possible for employees and to minimize work-related risks.



## PERSPECTIVES OF THE COMPANY'S WORKFORCE

Alzchem takes the opinions of its employees seriously and values constructive feedback. An intensive exchange between the Management Board, employee representatives and the HR departments leads to transparency with regard to the wishes, needs and views of the workforce, which are included in business decisions. In addition, employee satisfaction is determined through constant dialog, e.g. via employee surveys.

a) At the German sites, employee interests are primarily represented by works councils elected by the employees. The basis for this is the Works Constitution Act. Many issues relating to operational framework conditions and social matters, such as working hours, vacation principles, prevention of accidents at work, company pay structure and company suggestion schemes, which have a direct impact on employees, are subject to co-determination and can only be implemented in company practice following negotiations between the employer and the works council and subsequent recording in company agreements. In principle, similar regulations apply to executive employees who are represented by the spokespersons' committee in accordance with the Spokespersons' Committee Act.

At our plant in Sundsvall, the usual Swedish regulations on employee representation apply, i.e. the interests of the employees, including all effects on the workforce, are represented by trade union representatives in the company. In contrast to Germany, negotiations are usually conducted at local level without legal requirements. In the sales companies in the United Kingdom, China and

the USA, no interest groups have been formed due to the small number of employees.

b) b) At the locations in Germany, employees are informed twice a year by the Works Council at works meetings about operational changes and current issues. In addition, the Management Board informs employees about the financial situation and current developments on a quarterly basis. At these events, employees are explicitly encouraged to put questions to the Works Council or the Management Board. Questions can also be submitted anonymously in advance. At our site in Sweden, employees are also informed at regular intervals, in particular by the management. The same applies to the USA and China.

In Germany, the employer side negotiates with the employee representatives as required on current issues and issues requiring co-determination. In addition to informal coordination meetings, an average of up to five rounds of negotiations are held per month on various topics. In Sweden, negotiations with trade union representatives are conducted in a very pragmatic manner, as Swedish legislation only stipulates limited formal processes in this regard.

c) Negotiations with employee representatives at operational level are delegated to the Human Resources department at the German locations with regard to issues that primarily affect all employees. The written approval of issues subject to co-determination (e.g. in the form of works agreements) is primarily given by the Management Board member responsible for HR issues and the head of the HR department as well as the chairmen and deputy chairmen of the employee representative bod-

ies. Overarching strategic decisions are controlled by the Management Board. Where possible, the employee representatives are involved in information processes in good time.

In Sweden, the processes at location level are very similar, but adapted to the number of employees.

d) The topic of human rights is deeply rooted in the corporate culture of the Alzchem Group. At a global level, the "Declaration of Principles for Dealing with Human Rights of Alzchem Group AG" applies to all locations (see [S1-1](#)), which is available in German and English.

At the German locations, agreements on fair conduct in the workplace were concluded with employee representatives several years ago in order to continue to ensure a respectful working environment and to initiate appropriate countermeasures based on agreed regulations in the unlikely event of personal or human rights violations.

Written agreements with employee representatives are generally accessible to all employees in Germany via the company intranet ("Globe"). Employees are informed of the conclusion of new agreements, including brief information on their content, via Globe messages.

These issues are also taken into account in Sundsvall. A corresponding site guideline ensures a clear stance against the above-mentioned negative effects.

e) The company has been conducting regular employee surveys every 1 to 3 years since 2023, most recently in Germany in the third quarter of 2024. The results are taken seriously, any need for improvement identified is analyzed and measures are implemented in collaboration with



the company committees and via project groups set up specifically for this purpose.

In Sundsvall, employee surveys are carried out every five years, whereby important feedback from employees at such a small location is always part of day-to-day business and is generally requested every three years during employee appraisals. An international employee survey is currently being planned for 2025 at the Sundsvall and Atlanta sites, which will be managed by the German headquarters.

The financial resources required to implement the above-mentioned topics are provided by the company. The personnel resources are available in the Management Board, the legal department, the works council and the HR department.

Alzchem is convinced that overarching strategic measures such as the climate roadmap developed by the company to reduce CO<sub>2</sub> emissions have no negative impact on the workforce. This means that there are no negative consequences for employees in this context, such as job losses due to downsizing measures or the like. On the contrary, it can be assumed that new strategies will safeguard competitiveness and thus jobs on the one hand, and that new jobs with new qualitative requirements will even be created as a result of changed requirements, which could offer further development opportunities for potentially affected employees. The Works Council was informed about this topic as part of the information and approval process for the climate roadmap.

## INSIGHTS INTO THE VIEWS OF THE WORKFORCE

In order to identify the interests and needs of particularly marginalized groups of people at the German sites and to improve working conditions through suitable measures, the company works closely with the Works Council and, in particular, with the representative body for severely disabled employees. In addition, the commitment of the youth and trainee representatives helps to ensure that the wishes and needs of these groups of people are also taken into account.

As described above, Swedish law provides for fewer formal obligations. Issues arising from the above description are analyzed, discussed and implemented in Sundsvall in a very practice-oriented manner in cooperation with trade union representatives, the HR and USGQ (Environment, Safety, Health and Quality) departments and the external health cooperation partner mentioned above.

## S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS

### PROCESS

a) As a matter of principle, Alzchem deals openly with criticism and takes incidents that have a negative impact on the company's workforce or individuals very seriously and tries to develop appropriate remedial measures to prevent recurrence. This is not only in line with Alzchem's general attitude, but also with the requirements of 6.1 of the OECD Guidelines.

If negative effects occur, the consequences are analyzed to determine whether they are individual cases or incidents with a broad impact. In the case of individual cases, the company develops individually tailored measures to eliminate the identified effects. In the case of effects on a larger group of people, comprehensive policies are developed in the form of company agreements, which are coordinated with the employee representatives and the Management Board in order to eliminate the identified risky issues for the future by means of strategic measures. Regular subsequent reviews help to verify the effectiveness of the measures (see [S1-1](#)). We would like to emphasize that in 2024 there were no known significant negative impacts on employees caused by Alzchem in its corporate role.

b) If employees at the German sites feel disadvantaged due to company regulations, discover gaps in regulations or grievances or simply recognize a need for improvement, they can confidentially contact the works council/spokespersons' committee, the representative body for severely disabled employees, the HR department, the compliance manager (including the external whistleblower hotline), the harassment officer, the company doctor, the data protection officer, the information security officer, the trade unions or even the Management Board directly. The information provided is analyzed and evaluated in appropriate committees and remedial measures are created that are incorporated into generally binding regulations, such as company or procedural instructions or company or spokesperson committee agreements.

The above-mentioned contact persons are not only designated and set up as channels by the company but also have the necessary technical expertise to assess is-



sues and, above all, to take appropriate remedial measures themselves or, if necessary, in cooperation with other channels.

In Sundsvall, the processes and channels described in [S1-2](#) apply in this respect.

The whistleblower hotline can also be contacted from locations outside Germany. The sites in Sweden, China and the USA have a site manager and also an HR department or a person responsible for HR issues to whom concerns can be raised.

- c) Regardless of the incoming channel, complaints relating to employee matters are forwarded to the HR department and the employee representatives or addressed directly there. This ensures that employee-related issues do not trickle down to the specialist departments or are dealt with there in an uncoordinated manner but are instead dealt with by contact persons with the relevant specialist expertise. The specialist departments are involved accordingly in further processing.
- d) At the German locations, regular training courses are held on the topic of "Doing the right thing/Corporate Guidelines", which are combined with a mandatory examination. New employees complete this training in the first few days after starting work. During this training, the procedures are explained, and the company contacts are named.

In Sundsvall, similar training courses were held for the management level in 2018. All employees at the China site were trained by our legal department in 2023. Training for employees in the UK and USA is planned for 2025.

- e) The channels cooperate on a professional basis, not automatically, but if required or necessary in later process steps. The success of remedial measures is determined through feedback from those affected, whistleblowers or other persons involved. At the same time, the performance and reliability of the channels are evaluated.

### KNOWLEDGE OF PROCEDURES AND PROTECTION OF WORKERS

In addition to the online compliance training in Germany, including tracking the participation rate, the international locations are informed about the company guidelines and made aware of the whistleblower hotline. The site managers are instructed separately by our legal department. The level of awareness of the procedures is checked via random inquiries at the locations.

The above-mentioned channels have the task of protecting personal and human rights and protecting employees from retaliation. To date, no reports of retaliation have been received by the Compliance Manager, via the whistleblower hotline or other channels.

Under German legislation, employees are protected by the Whistleblower Protection Act (see Directive (EU) 2019/1937/Whistleblower Directive and [ESRS G1-1](#)) and employee representatives are protected by the Works Constitution Act and the Spokespersons' Committee Act in addition to the Whistleblower Protection Act. At this point, Alzchem would like to emphasize that a very respectful approach is maintained not only with the employees, but also with the employee representatives.

### S1-4 – TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

#### MEASURES AND RESOURCES / IMPACT ON THE COMPANY'S WORKFORCE

Information in this chapter is intended to help familiarize you with measures and means that Alzchem has used or planned in 2024 to achieve and promote positive impacts on the workforce, especially on employees, and to reduce potential negative impacts.

In 2024, no actual significant negative effects on the company's workforce were identified, meaning that no acute measures had to be implemented spontaneously or in an emergency scenario.

Although agreements are usually concluded for a limited period, they have a long-term perspective in terms of content. The fixed term ensures that the agreements are regularly reviewed and adapted to current conditions and requirements at the end of the term.

The following measures at the German sites support the implementation of the 16 key topics, including the corresponding material impacts, risks and opportunities, which have already been described in section S1-1 and in ESRS 2. These impacts, risks and opportunities are therefore not listed again. The focus of reporting is on the German plants, as around 96% of employees work there.



## WORKING TIME

- Company agreement on uniform 24-hour shift operation in order to standardize previous shift models and framework conditions (term: 5 years from 01/01/2025)

## ADEQUATE WAGE

- Company and spokesperson committee agreement to adjust the remuneration of on-call services in order to continue to ensure appreciative and competitive remuneration for these special services (term: 5 years from 01.07.2024)

## SOCIAL DIALOG

- In 2024, the **MEET AND EAT** program was launched by the company management. At regular dinners, employees can discuss important topics with representatives of top management in a relaxed atmosphere. This opens up the opportunity for topics that are important to employees to be heard by management and also to be taken into account in future management decisions, as well as to clarify issues that are currently important to employees.

## WORK-LIFE BALANCE

- Company agreement to continue the flexibilization of the workplace in order to continue to offer flexible working models and promote work-life balance (term: 5 years from 01/01/2025).

## HEALTH PROTECTION AND SAFETY

- As part of our **OCCUPATIONAL HEALTH MANAGEMENT (OHM)**, we have entered into a long-term cooperation with a regional health insurance company to offer health programs on selected topics, particularly for our employees in production.

- In 2024, Alzchem was audited and successfully recertified at its four production sites in Germany by the Trade Supervisory Office / the Government of Upper Bavaria according to OHRIS (Occupational Health and Risk Management System) with regard to process-related risks, occupational safety-compliant behaviour, compliance with safety rules, taking warnings seriously, reporting near-accidents and deriving improvements, inspections, safety also for contractors, existence of an emergency organization prepared for emergencies, etc. The certificate is valid until May 14, 2027, and confirms once again that Alzchem has had a functioning **occupational health and safety management system** for many years, the absence of which would not only be associated with major reputational damage but would also indicate major gaps in occupational and plant safety as well as high potential risks for our employees.

## FURTHER TRAINING AND SKILLS DEVELOPMENT

- In 2024, a new and intensive focus was also placed on the leadership skills of top management with the "Management Learning Journey" management program. In addition, a new management training program for shift leaders, i.e. for managers from the production area, was developed in 2024 and will be launched in 2025. Ultimately, the aim is to strengthen leadership skills on a broader level and, through the intended positive effects, to increase employee satisfaction within the company and improve cooperation across all hierarchical levels.

Many measures already exist for all core topics from [ESRS 2 IRO-1](#) not mentioned above (see [IRO table in ESRS 2 SBM 3](#)), meaning that no new or further activities were necessary in 2024.

## REVIEW OF THE MEASURES

In order to review the success of the above-mentioned measures and, if necessary, to gain new insights into potential negative effects, regular employee surveys have again been conducted at the German locations since 2023. The aim is to determine the satisfaction of our employees with regard to various topics such as mood, leadership, communication, team climate, identification with the company, work content/work organization, further development and careers. Based on the results, the general conditions for employees are to be improved in order to keep them motivated in the company for as long as possible and at the same time reduce the risk of employee turnover to a minimum. Due to the importance and sensitivity of this topic, the Management Board, as the highest and most important management body, decided to conduct employee surveys on a regular basis again. Increasing employee satisfaction strengthens the company's reputation and facilitates recruitment activities.

One of the very important results of the employee survey in 2023, with a participation rate of over 80%, was the topic of leadership. As a result, new management guidelines were developed and adopted in spring 2024. Important aspects include motivating and developing, dealing openly with mistakes, contributing strengths and ideas, respecting diversity, strengthening trust in employees, maintaining clear, appreciative, targeted and timely communication, giving regular feedback, encouraging active listening and respecting opinions, transparent communication, living values, promoting health and safety, regular self-reflection and requesting feedback, creating space for creativity and innovation, and much more.



## SIGNIFICANT RISKS AND OPPORTUNITIES / DEPENDENCIES

Over many decades, Alzchem has built up a very social and employee-oriented corporate culture, which is characterized by the policies described in [S1-1](#) and thus reduces the probability of significant risks to a minimum, so that these only potentially exist and currently have no influence on business operations. Alzchem does not currently see any exposed dependency factors on its workforce. The most realistic potential material risk is nevertheless the dangers of the production plants, which are fundamentally present in the manufacture of chemical products and are recognized as system-inherent risk factors but are reduced to a minimum by the management systems already described. The involvement of company safety committees and working groups on occupational safety, plant safety and company health management have long been essential for this. Risk assessments, operating instructions, employee training, the inspection of machines, apparatus and other work equipment, the systematic processing of safety incidents and the performance of safety audits, the installation of an overarching incident management system, the provision of workers with appropriate personal protective equipment and procedural instructions to ensure plant safety and medical health care to ensure health protection in the workplace round off our package of health and safety measures.

Alzchem does not currently see any significant opportunities in relation to individual core topics, as no need for improvement has been identified in any material topic, which was impressively confirmed by a platinum medal in August 2024 as part of the aforementioned sustainability certification by EcoVadis. From a meta perspective, Alzchem faces the challenge of maintaining the current level of the 16 core topics and improving them where necessary in order

to sustainably secure and improve employee satisfaction, corporate reputation and the associated attractiveness as an employer. The core targets are to retain employees in the company in the long term, to prevent or limit employee turnover and to continue to be able to recruit personnel from the external labor market in line with our expectations despite changing conditions.

### PREVENTION OF SIGNIFICANT NEGATIVE EFFECTS

Alzchem strives at all times to critically review management decisions and identify potential risk factors in good time in order to avoid any significant negative impact on the company's workforce. This includes, in particular, very close and constructive cooperation with employee representatives on an equal footing.

## KEY FIGURES AND TARGETS

### INFORMATION ON KEY FIGURES

The key figures (S1-6 to S1-17) listed in the section on the company's workforce were largely taken from the company's internal IT-based HR information systems and are reproducible and reliable over many years using established evaluation definitions. The report does not contain any estimates in this section, with the exception of training hours at the UK and US locations.

No checks have been carried out by external bodies. However, a high level of data quality is ensured with the help of internal checking routines and plausibility checks. The key figures presented in table form are specified in more detail in the footnotes in order to make them more comprehensible and transparent for the reader. Chapters [S1-6](#) and [S1-7](#)

further specify the basic information that applies to the following chapters.

### S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Targets are used to consider the absolutely most important core issues, i.e. the excerpt from the main effects on the company's workforce and the resulting risks as well as the most important opportunities for the company. Therefore, the analysis is reduced to a few target bundles. By naming the topics to which the targets contribute, a link can also be established to the material impacts, risks and opportunities:

All of the targets listed below are formulated on either a qualitative or quantitative basis and should be subject to an annual progress review. In the case of quantitative targets, this is done by evaluating data material; qualitative targets are checked either on a random basis, e.g. during internal audits, or through topic-oriented queries.

### FURTHER TRAINING AND SKILLS DEVELOPMENT / DIVERSITY

- In spring 2024, a new Alzchem strategy was developed at the German sites on behalf of the Management Board with the involvement of the management team with the slogan "We ACT now. We ACT together. We ACT on science" was developed. The focus of the most important social and employee-related topics is on leadership, special care for our teams and an appreciative and diverse corporate culture. In this way, we are responding to the changed framework conditions and seizing the opportunity to position



Alzchem as a strong company for the future and are taking the results of the employee survey from 2023 very seriously.

The main new targets cover the following areas:

#### LEADERSHIP:

The management guidelines newly developed and adopted as part of the strategic orientation are to be implemented and actively lived in the organization. Guided constructive reflection is important to us here.

In 2025, a new management development program will be launched to increase the qualifications of shift supervisors, i.e. operational managers in the production area.

#### PERSONNEL MANAGEMENT:

We want to actively address the challenges of demographic change in order to continue to fill our operational positions with suitable personnel in the best possible way and on a permanent basis. Overarching demographic analyses (planned for 2025), special needs analyses and measures in the specialist areas are intended to make future requirements transparent. In addition, the topic of specialist careers is to be established, which will offer an alternative path to traditional management careers throughout the company in order to find suitable personnel for exceptionally high-quality and challenging topics and to realize appreciative, individually adapted development opportunities.

The aforementioned targets were already tackled in 2024 and are to be implemented by the end of 2026. Interim and progress reviews are to take place in 2025.

Another employee survey was conducted in fall 2024 with a participation rate of 60%. Compared to the previous year's survey, the overall satisfaction index improved by almost 4 points to around 73 points (69 points in 2023).

The above-mentioned topic of leadership was rated 3.6 points higher than in the 2023 survey, which is partly due to the implementation of the new leadership guidelines. A particularly strong improvement of 6 points to 74.6 points in terms of identification with the company indicates a high level of employee satisfaction with the corporate strategy and business model. Following a final screening of the survey results, new measures and targets may be derived at divisional level in spring 2025.

#### HEALTH PROTECTION AND SAFETY

The following targets were set for 2024 in the annual target agreement meetings for employees at the German plants:

- A long-term target is to reduce the sickness rate at the German sites to < 5%. Back in 2023, a new policy entitled "welfare talk" was developed, introduced and rolled out via training for all company managers in order to reduce significant negative effects on employees and increase the company's chance of lower continued remuneration costs. Ultimately, the sickness-related absence rate in 2024 was 5.0% (excluding sickness-related absences during continued remuneration).
- The reduction of accidents at work and work-related injuries as well as improved processing of incidents, including the derivation of measures to minimize the risk of recur-

rence, are declared targets of the company management in the area of health and safety.

- Per year, <= 39 external medical treatments should be necessary (including non-employees), and <= 3 plant safety incidents should occur. Alzchem generally pursues the vision of 0 accidents. The targets set were last defined for 2024 but have a longer-term perspective at this level. In fact, 57 external medical treatments were necessary in 2024 (including non-employees), and 3 plant safety incidents were recorded at the German sites.
- At the site in Sweden, the health and safety targets are zero lost time accidents, a maximum of 10 safety incidents and at least 15 investigations of identified hazardous situations per year. In fact, there was 1 lost-time accident at the site in Sweden in 2024. 10 safety incidents were within the targets, and 15 investigations of identified hazardous situations were carried out.

No further targets relating to material topics in accordance with [ESRS 2 IRO-1](#) have been defined, as Alzchem has optimized the potential for impacts on the workforce and the potential for material risks for the company through policies and measures over many decades at the German sites to such an extent that these are now only of minor importance. The same applies to significant opportunities.

No overarching Group targets relating to social issues have been agreed to date beyond the declaration of principles for dealing with human rights at Alzchem Group AG mentioned in [S1-1](#).





## PROCEDURE FOR SETTING TARGETS

In principle, targets are set by the Management Board in collaboration with the heads of Strategic Corporate Development, Human Resources, Controlling & Accounting and Innovation Management and then submitted to the Supervisory Board for approval. Target achievement is reviewed on an annual basis. Depending on the degree of target achievement, appropriate measures are derived, and demand-oriented adjustments are made if the targets are not or only partially achieved.

Targets are subject to constant review in terms of relevance and topicality. Changes in framework conditions can have an impact on the definition of targets and make adjustments necessary.

The relevant and agreed company targets are explained in detail at annual kick-off events for managers and then included in the annual target agreement meetings for employees.

The achievement of quantitative targets is usually determined from personnel information systems, while the achievement of qualitative targets is largely determined from regular employee surveys and appraisal interviews.

The results on safety issues are recorded on an ongoing basis, processed in the Safety Steering Committee and the Occupational Health and Safety Committee and published internally in monthly reports as "Safety Performance". Improvement measures are also derived on an ongoing basis and current events are announced. In addition to specialists from specialist departments, employee representatives are also involved here, contributing to the development of proposals for target formulations.

## S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

Around 96% of the Alzchem Group's employees work in Germany. As none of the locations outside Germany (Sweden, the United Kingdom, China and the USA) employ 50 or more people and the number of employees does not simultaneously amount to at least 10% of the total number of employees of the company, no separate evaluations are prepared for these countries. In this case, a note regarding "insignificance" is made in the relevant table (analogous to [S1-8](#)).

The figures for these companies are otherwise included in the total figures for the "Alzchem Group". Despite the low number of employees in all countries outside Germany, Alzchem carries out regional evaluations for continents with regard to contractual relationships, whereby the sales companies in China and the USA act as the sole representatives of a region (continent).

## EMPLOYEES

### EMPLOYEES BY GENDER - ALZCHEM GROUP

Gender	Female	Male	Other genders <sup>2</sup>	Not specified	Total
Total number of employees <sup>1</sup>	313	1,439	0	0	1,752
Proportion of employees by gender	17.9 %	82.1 %	0%	0%	

<sup>1</sup> Status: 12/31/2024 (number of persons)

<sup>2</sup> Gender as specified by the employees themselves

### AVERAGE NUMBER OF EMPLOYEES BY GENDER - ALZCHEM GROUP

Gender	Female	Male	Other genders <sup>2</sup>	Not specified	Total
Average total number of employees <sup>1</sup>	302	1,425	0	0	1,727

<sup>1</sup> Average numbers for 2024 (number of persons / 12-month average)

<sup>2</sup> Gender as specified by the employees themselves

### EMPLOYEES BY COUNTRY WITH AT LEAST 50 EMPLOYEES AND AT LEAST 10% OF THE TOTAL NUMBER OF EMPLOYEES IN THE COMPANY - ALZCHEM GROUP

Germany	Female	Male	Other genders <sup>3</sup>	Not specified	Total
Total number of employees <sup>1/2</sup>	300	1,380	0	0	1,680

<sup>1</sup> Status: 12/31/2024 (number of persons)

<sup>2</sup> Due to immateriality, no other countries besides Germany are mentioned

<sup>3</sup> Gender as specified by the employees themselves



## EMPLOYEE / TYPE OF CONTRACT

### EMPLOYEES BY TYPE OF CONTRACT AND GENDER – ALZCHEM GROUP

Type of contract by gender	Female	Male	Other genders <sup>2</sup>	Not specified	Total
Total number of employees <sup>1</sup>	313	1,439	0	0	1,752
Employees with permanent employment contracts	254	1,280	0	0	1,534
Proportion of employees with permanent employment contracts	14.5%	73.1%	0%	0%	87.6%
Employees with fixed-term employment contracts	59	159	0	0	218
Proportion of employees with fixed-term contracts	3.4%	9.1%	0%	0%	12.5%
On-call staff	0	0	0	0	0
Proportion of on-call staff	0%	0%	0%	0%	0%
Full-time employees	183	1,357	0	0	1,540
Proportion of full-time employees	10.4%	77.5%	0%	0%	87.9%
Part-time employees	130	82	0	0	212
Proportion of part-time employees	7.4%	4.7%	0%	0%	12.1%

<sup>1</sup> Status: 12/31/2024 (number of persons)

<sup>2</sup> Gender as specified by the employees themselves

### EMPLOYEES / TYPE OF CONTRACT BY REGION – ALZCHEM GROUP

Type of contract by region	Europe	Asia	North America	Total
Total number of employees <sup>1</sup>	1,731	6	15	1,752
Employees with permanent employment contracts	1,513	6	15	1,534
Employees with fixed-term employment contracts	218	0	0	218
On-call staff	0	0	0	0
Full-time employees	1,519	6	15	1,540
Part-time employees	212	0	0	212

<sup>1</sup> Status: 12/31/2024 (number of persons)

## EMPLOYEES / EMPLOYEE TURNOVER

### EMPLOYEE TURNOVER – ALZCHEM GROUP

	Average total number of Employee <sup>1</sup>	Resignations from the Alzchem Group in 2024	Employee turnover rate
Employee turnover	1,727	134	7.8%

<sup>1</sup> Average numbers for 2024 (number of persons / 12-month average)



## METHODOLOGY / BACKGROUND INFORMATION

The numbers of employees listed in the tables are to be understood as headcounts. Percentages have been rounded to one decimal place. Most evaluations refer to the end of the reporting period, in this report to December 31, 2024. In exceptional cases, annual averages based on a 12-month average were used to determine data trends over an entire annual period, such as in the case of determining the average number of employees (S1-6), employee turnover (S1-6), average training hours (S1-13), average health and safety training (S1-13) and the proportion of eligible employees who have taken family leave (S1-15). For a better understanding, the relevant information is provided at the end of the tables.

Evaluations of employees in this and all subsequent chapters (S1-6, S1-8 to S1-13 and S1-15 to S1-16) are obtained directly from the SAP personnel information system for the German plants, and for the sites outside Germany via a business warehouse solution from SAP, into which the employee data is imported. The total figures for the Alzchem Group are then determined from both applications.

An exception is the determination of the data on the number of departures (S1-6), the number of call-off employees (S1-6), collective agreement coverage (S1-8), employee disabilities (S1-12), performance and career assessment and training hours (S1-13), in each case in relation to the international locations, which are reported manually via standardized queries, evaluated centrally for this report outside the HR information systems and then included in the overall calculation.

No checks have been carried out by external bodies. However, a high level of data quality is ensured with the help of internal checking routines and plausibility checks. The key figures presented in table form are specified in more detail in the footnotes in order to make them comprehensible and transparent for the reader.

### S1-7 – CHARACTERISTICS OF NON-EMPLOYEES IN THE UNDERTAKING'S OWN WORKFORCE

The following table provides information on the number of non-employees. It is very clear here that the number of non-employees is very low and not significant compared to the number of

employees mentioned in S1-6. The reason for this is that Alzchem does not outsource any core competencies and only in certain cases makes use of support services to maintain business operations or, in rare cases, purchases special competencies that the organization does not have.

### NON-EMPLOYEES OF THE COMPANY – ALZCHEM GROUP

Non-employees	Temporary employment	Contracts for work (external services)	Self-employed (consultants etc.)	Total
Total number of non-employees <sup>1</sup>	15	216	14	245

<sup>1</sup> Status: 12/31/2024 (number of persons)

## METHODOLOGY / BACKGROUND INFORMATION

The figures for non-employees presented in tabular form are based on the number of employees at the end of the reporting period, i.e. as of December 31, 2024. For a better understanding, the relevant information is provided at the end of the respective tables. Due to the very low numbers, there is no need to make a statement on the employee turnover of this group of people.

Evaluations of non-employees from temporary employment are obtained directly from the SAP personnel information system for the German plants, whereas

Non-employees from work contracts and self-employed persons must be reported manually by Purchasing and the Legal department.

Evaluations from the international locations are reported manually for all three groups of non-employees and processed outside the HR information systems and fed into an overall evaluation.

No checks have been carried out by external bodies. However, a high level of data quality is ensured with the help of internal checking routines and plausibility checks. The key figures presented in table form are specified in more detail in the footnotes in order to present them in an understandable and transparent manner for the reader



## S1-8 – COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

As can be seen in the following table, around 97% of employees will be covered by collective agreements in 2024:

### EMPLOYEES WITH COLLECTIVE BARGAINING COVERAGE – ALZCHEM GROUP

	Total number of employees <sup>1</sup>	Employees with collective bargaining coverage	Proportion of employees with collective bargaining coverage
Collective bargaining coverage	1,752	1,695	96.7%

<sup>1</sup> Status: 12/31/2024 (number of persons)

The following regulations on collective agreements apply to employees in the European Economic Area:

In Germany, all employees are generally subject to the relevant collective agreements of the chemical industry. The only exceptions are the small number of executive employees as defined by the Works Constitution Act, who are not covered by collective agreements but are treated similarly in many respects.

Both the trade union IGBCE and the employers' associations VBCI and BAVC represent the employee and employer sides in collective bargaining in order to do justice to the interests of all sides in terms of social dialog. We would particularly like to point out at this point that our Works Council Chairman is a permanent member of the Bavarian Chemicals Collective Bargaining Commission (IGBCE) and the Federal Chemicals Collective Bargaining Commission (IGBCE).

The employees at the Sundsvall plant are subject to the collective agreements of the chemical industry in Sweden (IKEM).

The following table shows the collective bargaining coverage and social dialog in terms of employee representation for employees in the countries of the European Economic Area (EEA).

Employees in non-EEA countries are not subject to collective bargaining and are not represented by employee representatives.

As only Germany has a significant number of employees within the meaning of this standard, i.e. the number of employees is at least 50 and their share is at least 10% of the total number of employees, no other countries or regions are shown. As of December 31, 2024, collective bargaining coverage in Germany was 97.9% (all employees except senior executives and board members) and workplace representation (social dialogue) was 99.8% (all employees except board members).

### COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOG – ALZCHEM GROUP

Breakdown by groups	Collective agreement coverage		Social dialog
	Employees <sup>1</sup> EEA countries <sup>2</sup>	Employees <sup>1</sup> non-EEA countries <sup>3</sup>	Representation at the workplace EEA countries <sup>2</sup>
80% - 100%	Germany		Germany

<sup>1</sup> Status: 12/31/2024 (number of persons)

<sup>2</sup> Only countries with at least 50 employees and a share of at least 10% of the total number of employees (insignificance threshold)

<sup>3</sup> No employees in non-EEA countries/regions with at least 50 employees and a share of at least 10% of the total number of employees (de minimis threshold)

### EMPLOYEES WITHOUT COLLECTIVE BARGAINING COVERAGE

Employees in Germany who are not covered by collective bargaining agreements (see [S1-8](#)) are, without exception, employed in management positions with a high level of responsibility and correspondingly high pay and comprise only around 2% (12/31/2024, senior executives and board members). Special company or individual contractual regulations often apply to this group of employees, which far exceed the requirements of collective agreements in terms of working and employment conditions, in cases many times over.

### EUROPEAN COMPANY REPRESENTATIONS

There is no agreement on a European works council or similar European bodies, as the employee share of the companies in the European Economic Area outside Germany is only just under 3% (12/31/2024).



## S1-9 – DIVERSITY METRICS

It is important to Alzchem to consider all genders in management positions as well, not only to comply with formal diversity principles, but also in particular to utilize gender-specific perspectives for the benefit and well-being of the company and at the same time to enrich the corporate culture.

Alzchem attaches great importance to a balanced age distribution in order to be able to maintain business operations even in challenging times. In addition to fresh young talent, Alzchem also needs experienced middle-aged employees and also benefits from the extensive expertise of older employees who have many decades of experience.

### GENDER DISTRIBUTION AT THE TOP MANAGEMENT LEVEL

#### GENDER DISTRIBUTION ON THE FIRST AND SECOND MANAGEMENT LEVELS BELOW THE SUPERVISORY BOARD – ALZCHEM GROUP

	Female	Male	Other genders <sup>3</sup>	Not specified	Total
Number of employees <sup>1</sup> at the first level = Management Board	0	4	0	0	4
Proportion of employees at the first level = Management Board	0%	100%	0%	0%	
Number of employees at the second level = division manager <sup>2</sup>	6	15	0	0	21
Proportion of employees at the second level = division manager	28.6%	71.4%	0%	0%	

<sup>1</sup> Status: 12/31/2024 (number of persons)

<sup>2</sup> Including management team

<sup>3</sup> Gender as specified by the employees themselves

## DISTRIBUTION BY AGE GROUP OF EMPLOYEES

Age groups	Under 30	30 to 50 years	Over 50 years	Total
Number of employees <sup>1</sup>	424	770	558	1,752
Proportion of employees	24.2%	43.9%	31.8%	

<sup>1</sup> Status: 12/31/2024 (number of persons)

## S1-10 – ADEQUATE WAGES

Alzchem grants all its employees in the EEA area adequate wages in accordance with the applicable reference values. Thanks to the collective bargaining agreement, wage is granted in Germany that is well above the statutory minimum wage. Although there is no statutory minimum wage in Sweden, the requirements of collective agreements are also met there. This also applies to simple unskilled jobs.

Outside the EEA, Alzchem operates sales offices exclusively in the United Kingdom, China and the USA. There, due to the professional requirements, customary market remuneration for sales employees is granted at industry standard. This means that not only is an appropriate standard of living made possible for the employees here, but also wages are paid that are above the national reference values.

## S1-11 – SOCIAL PROTECTION

The Alzchem Group grants all employees at all locations comprehensive coverage against loss of earnings due to significant life events with regard to the following criteria, either due to legal requirements and/or against the background of company regulations in the respective countries:

- Illness
- Unemployment from the time the employee works for the company
- Occupational accidents and disability
- Parental leave
- Retirement



## S1-12 – PERSONS WITH DISABILITIES

Alzchem attaches great importance to equal opportunities for all employees, explicitly including persons with disabilities. In Germany, this includes people who are considered severely disabled or equivalent to severely disabled people in accordance with § 2 SGB IX. In close cooperation with the company's representative body for severely disabled employees, the Inclusion Office, the specialist integration service and the social psychiatric service, we work together to find suitable jobs for affected employees or design them to meet their needs.

Legislation in Sweden also places great emphasis on equal opportunities for employees with disabilities, which is actively practiced at the Sundsvall site under the watchful eye of management and trade union representatives.

The following table lists all employees of the Alzchem Group who are considered to be persons with disabilities according to the regulations and definitions of their country:

### EMPLOYEES WITH DISABILITIES – ALZCHEM GROUP

	Total number of employees <sup>1</sup>	Employees with disabilities <sup>2</sup>	Proportion of employees with disabilities
Employees	1,752	120	6.8%

1 Status: 12/31/2024 (number of persons)

2 Disabilities by definition and significance in the respective countries

## S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS

The entire range of Alzchem employees benefits from extensive training and further education programs. These include not only training courses that expand specialist or management skills but also training courses that deal with the topics of health and safety in order to minimize work and health risks in the long term. A special training program is provided for employees of external companies that provide services on our factory premises (contractors = non-employees).

In annual employee appraisals, the performance, behavior, needs and wishes of all employees are reflected upon and individual development plans are drawn up for particularly high-performing and talented employees. Discussions of this kind are held throughout the Alzchem Group, and at least every three years at the site in Sweden.

### PERFORMANCE AND CAREER ASSESSMENTS

#### NUMBER/PROPORTION OF EMPLOYEES WITH REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS BY GENDER – ALZCHEM GROUP

Performance and career assessment	Female	Male	Other genders <sup>2</sup>	Not specified	Total
Total number of employees <sup>1</sup>	313	1,439	0	0	1,752
Number of employees with regular annual performance and career appraisals	310	1,409	0	0	1,719
Proportion of employees with regular annual performance and career appraisals	99.0%	97.9%	0%	0%	98.1%

1 Status: 12/31/2024 (number of persons)

2 Gender as specified by the employees themselves



## TRAINING HOURS

### AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE BROKEN DOWN BY GENDER – ALZCHEM GROUP

Training hours	Female	Male	Other genders <sup>3</sup>	Not specified	Total
Average total number of employees <sup>1</sup>	302	1,425	0	0	1,727
Number of training hours <sup>2</sup>	5,159	23,534	0	0	28,693
Average training hours	17.1	16.5	-	-	16.6

<sup>1</sup> Average numbers for 2024 (number of persons / 12-month average)

<sup>2</sup> Training hours in 2024

<sup>3</sup> Gender as specified by the employees themselves

As the health and safety of its employees is particularly important to Alzchem, an additional evaluation was created to provide an overview of training courses on this specific topic:

### AVERAGE NUMBER OF HEALTH AND SAFETY TRAINING COURSES – ALZCHEM GROUP

Health and safety training	Ø Total number of employees <sup>1</sup>	Number of health and safety training courses <sup>2</sup>	Ø Number of health and safety training courses per employee
Employees	1,727	21,993	12.7

<sup>1</sup> Average numbers for 2024 (number of persons / 12-month average)

<sup>2</sup> Number of health and safety training courses in 2024

## METHODOLOGY / BACKGROUND INFORMATION

All training hours recorded in our HR information systems by 27.01.2025 and clearly attributable to 2024 are included in the evaluation. Training hours reported at a later date are no longer taken into account for the reporting year.

The average number of health and safety training courses is proactively presented above and beyond the reporting obligations in order to take account of our core topic of health and safety as part of [ESRS 2 IRO-1](#) and to provide transparency for international sustainability certifications. This often involves short training courses in the form of company briefings or e-learning.

## S1-14 – HEALTH AND SAFETY METRICS

Alzchem maintains a management system at its German sites that covers health and safety and is certified in accordance with OHRIS (Occupational Health and Risk Management System).

The management system in Sundsvall (Sweden) also covers health and safety and is certified to ISO 45001.

The sales companies in the United Kingdom, China and the USA are not included in this section as they are not subject to any particular risk.

Compliance with the requirements of our management systems (including occupational safety management systems) is ensured through internal audits. OHRIS is certified by the authorities, ISO 45001 by external certifiers. In addition to employees, the management systems also cover non-employees. In the following evaluations, the external workforce only includes workers from temporary employment agencies. They are not reported separately due to their small number and low proportion.

For the reporting year 2024, the following key figures are to be reported on the basis of headcount for the production sites in Germany and Sweden (key figures are determined in accordance with definitions under national law)

- The management systems described above cover 100% of the workforce at the production sites in Germany and Sweden.
- There were no fatalities as a result of work-related injuries and work-related illnesses.
- A total of 35 reportable accidents at work were reported, which corresponds to a rate of 14.5 (number of cases / hours worked x 1 million).



- d) A notifiable work-related illness has occurred.
- e) There were 2,043 days lost due to accidents at work and work-related illnesses.

No workers are employed at the locations who are not part of the company's population, such as workers in the value chain.

## S1-15 – WORK-LIFE BALANCE METRICS

As a matter of principle, Alzchem grants all employees the right to time off work for family reasons on the basis of statutory, collectively agreed and company regulations that are applicable at the respective locations and in the member states. In this way, Alzchem fully meets the needs of its employees for work-life balance.

### TIME OFF WORK / LEAVE FOR FAMILY REASONS

According to the definition of this standard, leave for "family reasons" means the following reasons for time off work:

- a) Maternity leave
- b) Paternity leave
- c) Parental leave
- d) Vacation for family caregivers

According to this definition, 100% of Alzchem Group employees are entitled to family leave. In China, however, d) does not apply due to a lack of legal regulations.

## USE OF FAMILY LEAVE

### PERCENTAGE OF ELIGIBLE EMPLOYEES WHO TOOK LEAVE FOR FAMILY REASONS BY GENDER – ALZCHEM GROUP

Family vacation	Female	Male	Other genders <sup>3</sup>	Not specified	Total
Average number of employees <sup>1</sup> entitled to family leave	302	1,425	0	0	1,727
Number of eligible employees who have exercised their entitlement to family leave <sup>2</sup>	40	95	0	0	135
Proportion of eligible employees who have exercised their entitlement to family leave	13.2%	6.7%	–	–	7.8%

<sup>1</sup> Average numbers for 2024 (number of persons / 12-month average)

<sup>2</sup> Number in 2024 (number of persons)

<sup>3</sup> Gender as specified by the employees themselves

### USE OF FAMILY LEAVE – ALZCHEM APPROACH

Since the standard evaluation in the above table is of little significance with regard to sustainability and an appreciative approach to "family leave", Alzchem also evaluates the population of all employees who, according to the above definition, explicitly belonged to the group in 2024 who had children or were caring for relatives in that year.

According to this approach, 103 employees were entitled to claim in 2024, of which 99 employees actually used the entitlement. The high implementation rate of around 96% does not only clearly show that Alzchem offers a very appreciative basis for work-life balance throughout the company, but also that the eligible employees are happy to take advantage of the offer.





### PERCENTAGE OF ELIGIBLE EMPLOYEES WHO BECAME PARENTS (CONDITION 1) OR ACCEPTED A CARE ASSIGNMENT (CONDITION 2) IN 2024 AND TOOK LEAVE FOR FAMILY REASONS, BROKEN DOWN BY GENDER – ALZCHEM GROUP

Family vacation	Female	Male	Other genders <sup>2</sup>	Not specified	Total
Number of employees <sup>1</sup> with entitlement to family leave (condition 1 or 2 fulfilled)	23	80	0	0	103
Number of eligible employees who have exercised their entitlement to family leave	23	76	0	0	99
Proportion of eligible employees who have exercised their entitlement to family leave	100%	95.0%	–	–	96.1 %

<sup>1</sup> Number in 2024 (number of persons)

<sup>2</sup> Gender as specified by the employees themselves

### S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

Employees at the German sites and the site in Sweden are paid in accordance with collective agreements for the chemical industry (VBCI/BAVC and IKEM), which provide for gender-neutral remuneration.

In Germany, gender-neutral function evaluations are carried out for tariff employees on the basis of the Federal Collective Agreement on Remuneration (BETV) via an evaluation commission with equal representation. Alzchem has also agreed a binding set of rules for gender-neutral and competitive salary determination and development with the employee representatives for non-tariff employees and executives. In addition, there is also an evaluation committee with equal representation, which ensures gender-neutral and uniform evaluation and classification of functions.

### GENDER PAY GAP

The gender pay gap is calculated in accordance with this standard using the following formula:

$$\frac{(\text{Ø gross hourly earnings of male employees} - \text{Ø gross hourly earnings of female employees}) \times 100}{\text{Ø gross hourly earnings of male employees}}$$

### GENDER PAY GAP – ALZCHEM GROUP (GERMAN SITES)

	Ø gross hourly earnings of male employees <sup>1</sup>	Ø gross hourly earnings of female employees <sup>1</sup>	Diff. Ø gross hourly earnings of male and female employees	Gender-specific pay gap according to the above formula
Gender pay gap	32.43 €	31.95 €	0.48 €	1.5%

<sup>1</sup> Status: 12/31/2024

The evaluation shows that the gender pay gap at Alzchem is very small at the German sites and that the fair pay described above is actually practiced.

### RATIO OF HIGHEST ANNUAL TOTAL REMUNERATION TO THE COMPANY MEDIAN

The ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration of all employees (excluding the highest-paid individual) was 44.4 on the reporting date of December 31, 2024, and is calculated using the following formula

$$\frac{\text{Annual total remuneration for the highest-paid person in the company}}{\text{Median of annual total remuneration for employees (excluding the highest-paid person)}}$$



## RATIO OF ANNUAL TOTAL REMUNERATION – ALZCHEM GROUP (GERMAN SITES)

	Annual total remuneration for the highest-paid person in the company <sup>1</sup>	Median of annual total remuneration for employees (excluding the highest-paid person) <sup>1</sup>	Ratio of annual total remuneration according to the above formula
Remuneration ratio	3,188,000 €	71,881 €	44.4

<sup>1</sup> Status: 12/31/2024

### METHODOLOGY / BACKGROUND INFORMATION

To determine the gender pay gap and the ratio of annual total remuneration, only the remuneration of employees at the German locations who were in an active employment relationship on the reporting date of December 31, 2024, and were employed for the entire year 2024 was taken into account.

Entries during the year, employees with unpaid absences of three or more months, trainees and employees in marginal employment were not included in these evaluations as they would have greatly distorted the results. For the sake of simplicity, the salaries of employees outside Germany were not included in this analysis, as they would not have had a significant impact due to the small number of employees.

## S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

In 2024, there were no known work-related incidents of harassment and discrimination or related complaints within the Alzchem Group workforce, nor any serious incidents related to human rights such as forced labor, human trafficking or child labor. As a result, no remedial measure had to be taken, and no fines or compensation payments had to be made.

### METHODOLOGY / BACKGROUND INFORMATION

At the German locations, the compliance manager and the company harassment officers were interviewed. At the sites outside Germany, the respective site managers were asked for information using a standardized survey form.

The Compliance Manager also provides information on incidents at national or international level that are reported via the whistleblower hotline.



## 11.3.2 ESRs S2 – WORKERS IN THE VALUE CHAIN

### STRATEGY

#### DISCLOSURE REQUIREMENTS IN CONNECTION WITH ESRs 2 SBM-2

Our materiality assessment has shown that “responsibility in the supply chain” is a material topic. As a manufacturer of specialty chemicals, Alzchem is mainly active in the B2B sector. We have therefore focused all the social aspects required by the standard on the upstream value chain in particular.

Alzchem obtains information about the interests of workers in the value chain mainly through discussions and audits with suppliers. In the ESRs S2 topic area, the following interests are of particular relevance:

- **Quality and reliability:** Alzchem pays particular attention to ensuring that raw material suppliers meet the highest standards and are reliable.
- **Sustainability:** We attach great importance to sustainable practices and social responsibility among our suppliers in order to meet the growing demands of our customers for ecologically and ethically manufactured products.
- **Compliance and risk management:** Ensuring that all legal and regulatory requirements are adhered to in order to minimize legal risks and strengthen trust in our suppliers.

Our primary concern is the protection of these areas. This protection comprises four different levels, which are also reflected in the central topics of the ESRs S2 area:

- Social dialog
- Health protection and safety
- Training and skills development and
- Child and forced labor

Transparency with regard to the workforce within our supply chain is of great importance to us and our customers. In the reporting year 2024, our operational departments increasingly received questionnaires from customers regarding the sustainability aspects of our supply chain. A significant proportion of these inquiries concerned working conditions along our value chain, particularly with regard to compliance with human rights. Safeguarding human rights, particularly in the upstream value chain, is a key component of our protection policy. To this end, Alzchem collects relevant information and actively promotes dialog with its suppliers in order to understand their perspectives and incorporate them into our business strategies. In the following, we explain how we deal with the material topics we have identified and their impacts, risks and opportunities. We do this by implementing policies, measures and targets.

#### DISCLOSURE REQUIREMENT RELATED TO ESRs 2 SBM-3

To fully comply with the requirements of ESRs S2, Alzchem has conducted a comprehensive analysis of the material impacts, risks and opportunities related to labor along the value chain. These were identified and assessed in accordance with the principle of double materiality (see [ESRS 2 SBM-3, IRO-1](#)).

The following impacts, risks and opportunities were identified for the four material topics of ESRs S2, including social dialog, health and safety, training and skills development, and child and forced labor, which are in line with and anchored in the strategy and business model of Alzchem Group AG:

#### SOCIAL DIALOG

The impact analysis has shown that significant grievances or poor working conditions can go undetected due to a lack of or inadequate communication. This could lead to health problems and lower job satisfaction, which in turn can affect productivity and the quality of work. Misunderstandings and conflicts could occur more frequently, resulting in errors and inefficient work processes. A social dialog with employees in the value chain makes it possible to clearly communicate Alzchem’s values and expectations. This contributes to clarity in cooperation and helps to avoid misunderstandings.

Insufficient social dialog entails the risk of violating labor law regulations and damaging our reputation. This could have legal consequences and affect the trust of our suppliers and business partners. In addition, production downtime at Alzchem could lead to a loss of sales as raw materials may not be available.

Through social dialog with employees in the value chain, we as a company can contribute to the continuous improvement of working conditions at our suppliers. This leads to higher employee satisfaction and productivity. In addition, open communication promotes trust and transparency and leads to more stable and long-term business relationships. Furthermore, potential conflicts can be identified and re-



solved at an early stage and help to minimize legal and reputational risks for Alzchem.

These opportunities show that social dialog not only helps to improve working conditions for employees in the value chain but also brings economic benefits for our company.

### HEALTH PROTECTION AND SAFETY

Health and safety in the workplace contribute to employee satisfaction in the value chain and promotes strong retention. A lack of health and safety awareness can lead to higher accident rates, which in turn creates an unsafe working environment and has a negative impact on productivity and worker satisfaction in the value chain. Health and safety incidents involving employees in the value chain can result in both legal and reputational risks. In addition, supply interruptions due to accidents can result in lost sales.

### TRAINING AND SKILLS DEVELOPMENT

A lack of training and insufficient skills development can pose an increased safety risk, for example through unsafe actions or a lack of motivation. This could have a negative impact on product quality, which could lead to a loss of sales and a loss of competitiveness for the supplier.

Targeted training and further education measures enable employees to expand their skills and knowledge, thereby increasing the company's competitiveness and securing jobs at the same time. The continuous proof that our suppliers provide training and further education to expand employee skills strengthens the relationship of trust and can help to win new customers.

### CHILD AND FORCED LABOR

Child labor, forced labor and other forms of human exploitation are not tolerated, which has a positive impact on society. Children working in exploitative conditions are often exposed to poor and dangerous working environments, which can lead to physical and mental health problems. Child labor also prevents access to education, which significantly limits their chances for a better future. Forced labor and child labor reinforce social inequalities as they often affect the poorest and most disadvantaged communities. Involvement in child and forced labor would have significant ethical implications for our company. It calls into question the moral integrity of the entire supply chain and can undermine consumer trust in brands and products. Incidents involving child or forced labor within the value chain would pose a significant legal and reputational risk to Alzchem.

A strong commitment against child and forced labor and for fair working conditions can significantly improve reputation and strengthen customer loyalty. By adhering to high ethical standards, the company can differentiate itself from its competitors, which can lead to an increase in sales. Avoiding child and forced labor also reduces the risk of scandals and protects against potential financial and legal consequences.

The risks of child and forced labor are mainly present in regions affected by poverty, weak legal systems and a lack of education. This applies first and foremost to raw material suppliers from Asia. We take great care to ensure that no raw materials are purchased from sources that pose an increased risk of child or forced labor. Alzchem does not source any specific raw materials that have potential risks associated with child labor or forced labor.

In the upstream value chain, this mainly affects the employees of our raw material suppliers who are directly involved in the extraction of chemical raw materials. Alzchem's business activities are predominantly focused on the B2B sector, which means that our main business partners are industrial companies that purchase our products for further processing or resell them to end customers. Private customers (B2C) who purchase our products for personal use are an exception at Alzchem.

Alzchem is not aware of any adverse effects that are widespread, systematic or related to individual incidents.

All identified material risks and opportunities do not affect any specific groups of employees in the upstream value chain and are limited to them.

## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

### S2-1 – POLICIES RELATED TO VALUE CHAIN WORKERS

Alzchem applies various policies to manage its material impact on the workforce in the value chain and the associated risks and opportunities.

In the course of the materiality assessment, it was determined that the topics of social dialog, health and safety, training and skills development as well as child and forced labor for workers in the upstream value chain are of central importance for Alzchem.



A fundamental prerequisite for cooperation with our business partners is that they share our values. A key aspect for Alzchem is social dialog with employees along the upstream value chain at the beginning of the business relationship.

As part of the social dialog, we explain our values and requirements to our suppliers. We create clarity in order to avoid misunderstandings.

The impact analysis has shown that significant grievances or poor working conditions can go undetected due to a lack of or inadequate communication. This could lead to health problems and lower job satisfaction, which in turn can affect productivity and the quality of work. Misunderstandings and conflicts could occur more frequently, which can lead to errors and inefficient work processes. Insufficient social dialog entails the risk of violating labor law regulations and damaging our reputation. This could have legal consequences and affect the trust of our suppliers and business partners. In addition, production downtime at Alzchem could lead to a loss of sales as raw materials may not be available. To avoid this, we train employees in the value chain to communicate our values and expectations.

Through social dialog with employees in the value chain, we as a company can contribute to the continuous improvement of working conditions at our suppliers. This leads to higher employee satisfaction and productivity. In addition, open communication promotes trust and transparency and results in more stable and long-term business relationships. Furthermore, potential conflicts can be identified and resolved at an early stage. This helps to minimize legal and reputational risks for Alzchem.

These opportunities show that this policy not only helps to improve working conditions for workers in the value chain but also brings economic benefits for our company.

As part of our materiality assessment, we have also determined that the health and safety of workers in the value chain is of key importance to Alzchem. We therefore ensure that our suppliers and service providers provide a safe, healthy and hygienic working environment and take the necessary occupational health and safety measures to prevent accidents and damage to health (see Alzchem Code of Conduct for Suppliers). Internationally recognized occupational safety standards must be observed, and continuous improvement of working conditions must be ensured, for example through safety training for employees. This policy aims to prevent occupational accidents and work-related illnesses.

Health and safety in the workplace contribute to the satisfaction of employees in the value chain and promote strong loyalty to the company. Health and safety are fundamental to Alzchem and part of our Code of Conduct. We explain this in our training courses for suppliers.

A lack of health and safety awareness can lead to higher accident rates, which in turn creates an unsafe working environment and has a negative impact on productivity and worker satisfaction in the value chain. Health and safety incidents involving employees in the value chain can result in both legal and reputational risks. In addition, supply interruptions due to accidents can result in lost sales.

The training and skills development of workers in the value chain has been identified as another key issue for Alzchem. Alzchem ensures that its suppliers and business partners regularly train their employees and promote their skills development.

A lack of training and insufficient skills development can pose an increased safety risk, for example through unsafe actions or a lack of motivation. This could have a negative impact on product quality, which could lead to lost sales, delivery failures and a loss of competitiveness for the supplier. Through targeted training and further education measures, workers in the value chain can expand their skills and knowledge, thereby increasing the company's competitiveness and securing jobs at the same time.

The continuous proof that our suppliers carry out training and further education to expand employee competence strengthens the relationship of trust and can contribute to the acquisition of new customers for both Alzchem and our suppliers.

In the course of the materiality assessment, we recognized that the issue of child and forced labor among workers in the value chain is of material importance. Child labor, forced labor and other forms of human exploitation are not tolerated, which has a positive impact on society. Children working in exploitative conditions are often exposed to poor and dangerous working environments, which can lead to physical and mental health problems. Child labor also prevents access to education, which significantly limits their chances for a better future. Forced labor and child labor reinforce social inequalities as they often affect the poorest and



most disadvantaged communities. Involvement in child and forced labor would have significant ethical implications for our company. It calls into question the moral integrity of the entire supply chain and can undermine consumer trust in brands and products. Incidents related to child or forced labor within the value chain would pose a significant legal and reputational risk to Alzchem.

A strong commitment against child and forced labor and for fair working conditions can significantly improve reputation and strengthen customer loyalty. By adhering to high ethical standards, the company can set itself apart from its competitors, which can lead to an increase in sales. Avoiding child and forced labor also reduces the risk of scandals and protects Alzchem from potential financial and legal consequences. To counteract all these effects and the associated risks, we require all our direct suppliers and service providers with whom we maintain a business relationship not to use forced labor or child labor. Violations will be considered an exclusion criterion for supplier approval and will result in immediate termination of the business relationship.

As part of contract negotiations, the purchasing department is responsible for ensuring that business partners agree to and fulfill our requirements (see supplier self-disclosure, Alzchem Code of Conduct). This is monitored by the Purchasing department as part of the CSR risk analysis and CSR audits, which serve, among other things, to ensure compliance with human rights due diligence obligations.

All of these policies serve to avoid legal and reputational damage and at the same time increase our attractiveness as an employer and business partner, which in turn can lead to higher sales.

Responsibility for compliance with the human rights obligations described here (child and forced labor), social dialogue, health and safety as well as training and skills development lies with our Management Board and the Compliance Officer, who also ensures the implementation of our human rights strategy within his organization as Human Rights Officer.

We base our commitment to respecting human rights on the United Nations Universal Declaration of Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

The link between business and respect for human rights is an essential part of our corporate responsibility, is also anchored in our strategy and is in line with the expectations of our stakeholders. The entry into force of the German law on corporate due diligence in supply chains ("Lieferkettensorgfaltspflichtengesetz") further underlines these efforts.

As a globally active specialty chemicals group, Alzchem is aware of its responsibility in the business environment, especially towards the workers in the value chain. As a member of the Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (BME), Alzchem is committed to the BME Code of Conduct and thus indirectly to the principles of the UN Global Compact. In accordance with the principles of Responsible Care®, the International Labor Organization (ILO) and other CSR guidelines, we expect our suppliers and business partners to comply with national and international laws and regulations for the protection of the environment, health, product safety and compliance with minimum social standards.

Alzchem was audited by "Together for Sustainability" (TfS), an initiative of the chemical industry, with regard to the sustainability of global supply chains and evaluated with regard to the improvement of ecological and social standards. In addition to environmental protection, the focus was also on labor and human rights, business ethics, occupational safety and responsible procurement.

In our upstream value chain, the qualification and evaluation of suppliers prior to entering into business relationships and during ongoing collaboration form the core of our sustainable supplier management. Potential suppliers are required to submit a detailed self-assessment, which is carefully evaluated before qualification as a new supplier and subsequently leads to an assessment at . The supplier information includes a range of topics including compliance with human rights (prohibition of child and forced labor), appropriate working conditions and supplier management. Before a new supplier is qualified, this self-assessment is always carefully evaluated.

In addition to the supplier self-disclosure within our procurement process, we introduced training for suppliers in the fiscal year 2023, including with regard to our expectations in terms of respecting human rights. We would also like to expressly point out the establishment of a whistleblower hotline for workers throughout the value chain, which can be contacted in the event of any violations (including anonymously).

All Alzchem suppliers are classified into three categories from A to C on the basis of self-disclosure and, if applicable, audits. A supplier is only qualified if it is classified in categories A or B. Suppliers with a classification of C are initially



not considered in order to avoid potential risks. Measures are then jointly defined with C-rated suppliers in order to implement improvements with regard to the impact on human rights, safety or minimum social standards. If suppliers have particularly serious deficiencies and no improvement can be identified, we reserve the right to terminate the cooperation.

Alzchem has already drawn up a new Code of Conduct for business partners, suppliers and service providers in 2021, which is based on the principles of the UN Global Compact. It defines requirements for working conditions, respect for and protection of human rights, environmental protection, health and safety, training and skills development, social dialog, product safety and quality, social standards such as fairness in wages, working hours and social benefits, as well as business ethics and fair competition. A prerequisite for a business relationship is that our suppliers recognize the requirements for our sustainability standards in the Code of Conduct or guarantee compliance with their own code of conduct that fully complies with our guidelines. They are also required to communicate the content of the Code of Conduct to their employees and to pass it on to their upstream value chains. We also expect them to monitor compliance. Clear exclusion criteria for cooperation here are also human rights violations in relation to child labor, forced labor and human trafficking. This applies to the entire upstream and downstream value chain.

Alzchem's policies on the prohibition of child and forced labor, health and safety, social dialogue, training and skills development in relation to the upstream value chain are in line with internationally recognized standards such as Responsible Care®, the OECD Guidelines for Multinational Enterprises, the International Labor Organization (ILO) and other CSR

guidelines, including the United Nations Guiding Principles on Human Rights.

To date, no cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines have been reported to us.

For information on the key aspects of the strategies relating to our own employees, please refer to the disclosures in ESR S1 in this non-financial (Group) statement.

## S2-2 – PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

It is essential for Alzchem to convince our suppliers that we insist on compliance with international standards on sustainability issues such as respect for human rights, occupational health and safety. Through our questions (social dialog) as part of the self-disclosure, personal or online explanations of our values and requirements for our suppliers (see Partnership for Sustainability) or through audits with credible representatives on site, we gain a direct insight into the situation of the local workforce and their satisfaction, for example whether the necessary occupational health and safety is provided or whether working hours are observed. Furthermore, the information on the prohibition of child and forced labor, health and safety as well as training and skills development is reviewed and evaluated as part of the audit.

The involvement of our business partners and suppliers generally takes place before the start of a business relationship and begins with the acceptance of our Code of Conduct and, for our suppliers, additionally with the help of the supplier self-assessment. The respective responsible persons in the Alzchem Purchasing department (Trostberg Purchasing or the local purchasing organization) explain our

guidelines for sustainable cooperation with regard to human rights, procedures for CSR audits and health and safety as well as the consequences of deviations or violations to all relevant suppliers (focus on non-OSCE countries) as part of the social dialogue by the end of 2025. This is done either online or in person. Both the responsible purchasers in Germany and in the respective country organizations were trained accordingly beforehand. Corresponding regulations apply to our consumers and customers in the downstream value chain.

Operational responsibility for the procurement of raw materials lies with the Supply Chain Management (SCM) department, whose management reports directly to the responsible member of the Management Board (in this case the Chairman of the Management Board). This department coordinates procurement across the Group in consultation with the business divisions, defines corresponding purchasing guidelines and promotes and monitors sustainable action by our suppliers.

Alzchem has concluded a global framework agreement on respecting human rights for employees throughout the value chain.

As part of an annual CSR risk assessment (criteria: CSR rating, approval of Alzchem Code of Conduct, damage potential for Alzchem), all non-OSCE suppliers (China/India) are reviewed and, if necessary, also audited (online or on-site). This is done taking into account the respective country risk (focus on non-OSCE countries) and the expected damage potential for Alzchem. An assessment is then carried out, if necessary, with a definition of necessary measures. Progress with regard to the implementation of the agreed measures is documented in the purchasing database.



The impressions gained from on-site CSR audits as part of the social dialog and the answers from the supplier self-disclosure form on the specific questions regarding particularly vulnerable workers (e.g. female workers, workers with disabilities) in the value chain are documented and then subjected to an assessment by the Purchasing department. If necessary, measures are derived from this and their implementation is followed up.

### S2-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

Alzchem maintains a trusting working relationship with its suppliers. We expect our partners to comply with internationally recognized human rights standards and to respect our Code of Conduct, which is part of our purchasing conditions. In the event of violations, employees along the value chain have the opportunity to submit complaints anonymously via our whistleblower system.

To ensure compliance with human rights, Alzchem appointed a Human Rights Officer (Compliance Officer) in 2023 and opened up the existing anonymous whistleblower system for relevant information. This system is available to all employees within the upstream value chain and was introduced both online and in face-to-face training sessions. Potential human rights violations can be reported directly to the Human Rights Officer by e-mail or telephone. Reports can also be submitted anonymously if desired (see also [ESRS G1 Corporate Policy](#) in this non-financial (Group) statement).

All reports received are checked and forwarded by our legal department to the purchasing department for a detailed investigation. In justified cases, appropriate measures are then taken.

As no reports have been received via our whistleblower system to date, we assume that our measures to comply with human rights standards are effective and have a positive impact on employees in the value chain.

Alzchem's Compliance Officer is responsible for the technical effectiveness of these channels, which is reviewed several times a year. The Supply Chain Management (SCM) department, in close coordination with the Compliance Officer, is responsible for taking immediate action in the event of any complaints. In the event of justified complaints, corrective measures must be defined and implemented immediately in order to put an end to violations of human rights. This is done as part of on-site audits. Responsibility for monitoring, implementing and ensuring the effectiveness of these corrective measures lies with supply chain management.

In 2024, there were no reports of problems or violations relating to human rights issues in our value chain.

Alzchem provides all direct suppliers along the value chain with comprehensive guidelines that contain detailed information on reporting violations, for example in the area of human rights (including child and forced labor) or health and safety. These provisions are explained by the responsible employees in Purchasing either via online training or in person. In order to avoid retaliation against whistleblowers within the value chain, human rights violations can be

reported anonymously via an external reporting office. The employees of this office are obliged to maintain confidentiality and treat the identity of the whistleblower, and the information provided confidentially, including towards Alzchem. In addition, it is planned to provide the whistleblower with written feedback on the processing status and measures taken via the whistleblower hotline after a complaint has been submitted.

### S2-4 – TAKING ACTION ON MATERIAL IMPACTS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES

Social dialog is a key issue for us. By communicating with workers in the value chain, we create clarity in our collaboration and can thus avoid misunderstandings. In 2023, we therefore launched training programs to communicate Alzchem's principles and expectations to our raw material suppliers in countries outside the OSCE, both online and in person. As part of the training courses, suppliers are informed about our guidelines for cooperation (topics in these training courses include our Code of Conduct including child and forced labor, health and safety as well as training and skills development, explanations on conducting CSR audits). We conducted 3 training courses in the reporting year 2024. To date, 18 non-OSCE suppliers have been trained. At the end of 2024, we had 60 suppliers from non-OSCE countries.





The aim of this initiative is to create trust and transparency and to lay the foundations for a long-term business relationship in which potential conflicts are identified and resolved at an early stage. Working conditions can also be continuously improved through this social dialog. This will help us to avoid loss of trust with business partners, which could lead to loss of sales and termination of the business relationship. Our measures also minimize legal and reputational risks.

All employees in the purchasing department receive regular training on sustainability and compliance issues, including our Code of Conduct (which defines our requirements for our suppliers in terms of working conditions, respect for and observance of human rights, environmental protection, health and safety, training and skills development for workers, social dialog, product safety and quality, social standards such as fair wages, working hours and benefits, business ethics and fair competition). In 2024, all employees in the purchasing department received training on sustainability issues (in person every three years). Compliance training takes place every two years for employees in Purchasing, with everyone attending a face-to-face event in 2023.

The employees of our Chinese subsidiary and our external representative in India were specially trained to carry out online CSR audits. This training took place last year either on site in China or online.

Another important issue for Alzchem is child and forced labor. A basic prerequisite for working with Alzchem is that our suppliers share our values. We therefore expect them to either recognize our Code of Conduct or to submit their own

Code of Conduct that is in line with Alzchem's expectations. Exclusion criteria for cooperation with a supplier are the disregard or violation of human rights and the use of child and forced labor. As part of the qualification process, suppliers who provide unclear or dubious information in these areas are not approved. There were no such cases in the reporting year.

By adhering to high ethical standards, we want to set ourselves apart from our competitors, which can lead to an increase in sales. Our strong commitment to combating child and forced labor as well as fair working conditions for workers in the value chain can significantly improve our reputation and strengthen customer loyalty. These measures reduce reputational risks and protect us from potential financial and legal consequences.

Another key issue is the health and safety of workers in the value chain. A basic prerequisite for cooperation with Alzchem is that our suppliers share our values. We therefore expect them to either recognize our Code of Conduct or to submit their own Code of Conduct that is in line with Alzchem's expectations. Part of our Code of Conduct is occupational health and safety. We expect our suppliers to ensure a safe and healthy working environment and to take the necessary measures to prevent accidents and damage to the health of their employees.

With this initiative, we aim to ensure that our suppliers take the health and safety of their employees seriously and drive them forward. This will increase the satisfaction of employees in the value chain and promote loyalty to their company. For Alzchem, this means increased supply security combined with the avoidance of lost sales and a gain in reputa-

tion. At the same time, these measures will help us to avoid or reduce health and safety incidents among workers in the value chain.

Equally important is the issue of training and skills development for employees in the value chain. This essential topic is also part of our Code of Conduct, which we expect our suppliers to recognize (or to submit their own Code of Conduct with congruent values). We require our suppliers to promote the professional skills of their employees at all levels through appropriate training and further education measures. This increases their competence and knowledge. This has a positive effect on job security and contributes to the increasing competitiveness of our suppliers.

With this measure, we strengthen the relationship of trust and can contribute to winning new customers. Inadequate training and qualification opportunities for workers in the value chain can have a negative impact on product quality. This reduces the risk of lost sales and protects us against the loss of our competitiveness.

Alzchem requires a so-called supplier self-disclosure from current and potential suppliers as part of the supplier qualification process. This serves to identify potential or actual negative effects on workers in the upstream value chain at an early stage. This self-disclosure includes, among other things, the recognition of our Code of Conduct or the submission of our own code (components include our key topics of social dialog, health and safety of workers in the value chain, training and skills development of workers in the value chain and child and forced labor), which must be fully in line with our values. In addition, we require information on



working conditions and human rights (confirmation of the ban on child labor and the ban on forced labor).

In the reporting year 2024, the acceptance rate of the Alzchem Code of Conduct or an equivalent code of conduct from our suppliers increased from 81% in 2023 to 85%.

Suppliers who have not yet recognized our Code of Conduct will be contacted by our purchasing department to obtain their consent. Suppliers who do not agree to our Code of Conduct and cannot present an equivalent Code of Conduct will no longer be considered in the future.

Based on the results of the supplier self-assessment and its evaluation by the purchasing department, a categorization into classes A, B and C is carried out. This determines whether a company is approved as a supplier or retains its approval. Suppliers that fall into category C are not approved and can only be considered if a CSR audit confirms that the necessary minimum requirements have been met. The assessment is documented and subsequently communicated to the respective supplier.

Since 2022, Alzchem has carried out an annual CSR risk analysis. In 2024, the Alzchem procurement guideline stipulated that regular CSR risk analyses are to be carried out for suppliers from non-OSCE countries. In addition to economic risks, human rights aspects are also taken into account.

In the reporting year, we identified a need for adjustment (no deviations; recommendations were made) in the areas of social and corporate governance as part of CSR audits at our suppliers. The recommendations have since been implemented by our suppliers and we have already seen im-

provements in these areas, which has a positive impact on employees along the value chain.

A supplier database is used to monitor the implementation of measures. It is also possible to block non-compliant suppliers in the ERP system if necessary.

In the reporting year, Alzchem adopted a declaration of principles for dealing with human rights. This declaration sets out principles of conduct which make it clear that Alzchem does not only orient its business activities towards economic interests but also feels committed to value-oriented business conduct. This includes respect for human rights and compliance with environmental due diligence obligations - primarily by Alzchem and its employees, but also by its business partners.

To date, no relevant human rights issues or incidents have been identified in our entire supply chain.

## KEY FIGURES AND TARGETS

### S2-5 – TARGETS RELATED TO MANAGING SIGNIFICANT NEGATIVE IMPACTS, ENHANCING POSITIVE IMPACTS AND MANAGING SIGNIFICANT RISKS AND OPPORTUNITIES

As part of the materiality assessment, in which the impacts, risks and opportunities for workers in the value chain were examined with the significant involvement of the Purchasing & Raw Materials department, the topics of human rights (child and forced labor), social dialogue, health and safety as well as training and skills development were identified as material for Alzchem. We set ourselves specific targets in these areas, which are listed below and are intended to contribute to our identified material impacts, risks and opportunities. In some cases, the various targets described also contribute simultaneously to our various material topics.

Through social dialog with employees in the value chain and our Code of Conduct, we as a company can contribute to the continuous improvement of working conditions at our suppliers. This enables us to reduce legal, reputational and financial risks (loss of sales). In our Code of Conduct, we cover our key topics of human rights (child and forced labor), health and safety, training and skills development. By having our suppliers accept the Code of Conduct, we ensure that our suppliers identify with our values and will comply with our requirements.

For 2024, we had set ourselves the target of having at least 85% of all raw material suppliers recognize our Code of Conduct (or a comparable Code of Conduct of their own, if available). Progress was continuously monitored and ver-



ified by the purchasing database. With a recognition rate of 85%, we have fully achieved our target. We intend to continue this positive trend in the coming year.

In addition, our non-OSCE suppliers are trained in the principles and guidelines on sustainability aspects, which cover our material topics of social dialogue, health and safety, training and skills development as well as child and forced labor. The aim of the training is to raise the awareness of these suppliers to deal with our material topics, among others, in order to implement improvements in their own company and at their suppliers. These trainings can be conducted either in person or online.

As part of the social dialog, we have been conducting CSR audits (both online and on-site audits) since 2022. Alzchem aims to subject the raw material suppliers from non-OSCE countries listed in the CSR risk analysis to a CSR audit in the medium term. The CSR audits are aimed at verifying the classification from the supplier assessment and identifying suppliers that pose a high risk with regard to our material topics of social dialogue, health and safety, training and skills development, and child and forced labor. The prioritization of CSR audits is determined by the CSR risk analysis.

In the reporting year 2024, a total of eight CSR audits were carried out as part of the social dialog, thus achieving the target of eight audits. Further CSR audits are planned for the coming year. Progress is continuously monitored and reviewed by the purchasing database.

### 11.3.3 ESRS S4 – CONSUMERS AND END-USERS

#### STRATEGY

##### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-2

As a manufacturer of specialty chemicals, Alzchem is mainly active in the B2B sector and therefore rarely has direct contact with end-users. Alzchem obtains information about the interests of consumers and end-users primarily via its business partners. The following interests are primarily relevant in the area of ESRS S4:

- **Quality and reliability:** Our partners take particular care to ensure that our products meet excellent standards and are reliable in order to guarantee end customer satisfaction.
- **Providing innovative products and services that meet the changing needs and expectations of end-users is a key focus for business partners.**
- **Our business partners are placing increasing emphasis on sustainable practices and social responsibility in order to meet the growing expectations of consumers for environmentally friendly and ethically manufactured products.**
- **Our B2B business partners strive to build long-term relationships with their customers by understanding and meeting their needs.**
- **Compliance and risk management:** It must be ensured that all legal and regulatory requirements are met in order to reduce legal risks and strengthen consumer and/or end user confidence.

Our main concern is therefore to safeguard these interests. Protection comprises three different levels, which are also reflected in our key topics in the ESRS S4 area:

- Data protection,
- Health protection and safety and
- Responsible marketing.

Ensuring human rights in our downstream value chain is an integral part of our approach to protection. Alzchem provides relevant information and actively encourages dialog with consumers and end-users to understand their perspectives and concerns and integrate them into its business strategy. Furthermore, Alzchem does not make misleading representations, conceal relevant information or use information that could mislead business partners. In the following, we explain how we address the material topics we have identified and their significant impacts, risks and opportunities through policies, measures and targets.

##### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-3

In order to fully meet the requirements of ESRS S2, Alzchem has carried out an analysis of the material impacts, risks and opportunities in relation to consumers and end-users. These were identified and assessed according to the principle of double materiality (see [ESRS 2 SBM-3](#), [IRO-1](#)).

The following impacts, risks and opportunities have been identified for the three key topics of ESRS S4 (data protection, health and safety and responsible marketing):



## DATA PROTECTION

The protection of third-party data, including customer and end user information, is of paramount importance to Alzchem and forms a central part of the corporate strategy and business model. The company has robust and redundant IT infrastructures, backup mechanisms, virus protection, access controls and encryption technologies. These systems to ensure data protection and information security are continuously reviewed, regularly updated and expanded as required. Employees also receive regular training on information and data protection. The importance and possibility of whistleblowing is also addressed and the tools available for reporting data protection breaches are explained.

Alzchem faces significant reputational risks and potential fines if information security incidents or data breaches occur in the handling of customer data and business partner information.

## HEALTH PROTECTION AND SAFETY

Alzchem provides its business partners, customers and end-users with comprehensive product information, including safety data sheets with hazard statements, technical data sheets, application instructions and advice on any protective equipment required. A lack of comprehensive product knowledge can lead to potential health risks for consumers and end-users. Conversely, customers are clearly more willing to buy when they are well informed. The future development of more environmentally friendly products that are safer to use and less hazardous to health also contributes to this. All these factors also strengthen the

trust between Alzchem and its business partners, customers and end-users.

## RESPONSIBLE MARKETING

Responsible marketing is particularly important for Alzchem as a specialty chemicals company in order to gain the trust of business partners, customers and the public and to be successful in the long term. Responsible marketing and clear, customer-oriented communication ensure that business partners receive truthful information about our products. This considerably strengthens customer confidence in our products. In contrast, unethical or misleading marketing strategies can lead to disinformation and deception of customers and business partners. This can cause serious reputational damage to our company and thus result in the loss of customers and business opportunities.

Implementing and maintaining ethical marketing practices can require significant financial and human resources. If competitors pursue less stringent practices and thereby save costs in the short term, this could lead to a competitive disadvantage for Alzchem.

Responsible marketing strategies offer the opportunity to strengthen both the reputation and the sustainability of Alzchem. This includes fair and transparent pricing that clearly reflects the value and quality of our products.

Alzchem's business activities are predominantly in the B2B sector, i.e. our main business partners are industrial companies that purchase our products for further processing or resell them to an end customer. Private customers (B2C) who buy our products for personal use are the exception at Alzchem.

In principle, all consumers and end-users can be affected by negative impacts, regardless of characteristics such as age or gender.

All identified material risks and opportunities do not affect specific groups of consumers or end-users and are not limited to them.

## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

### S4-1 – POLICIES RELATED TO CONSUMERS AND END-USERS

Alzchem applies various approaches and strategies to manage its material impacts on consumers and/or end-users and the associated risks and opportunities. In the course of the materiality assessment, the topics of health and safety, data protection and responsible marketing practices for consumers and end-users were identified as being of key importance to Alzchem (see [ESRS 2](#)).

Thoroughly informing customers and end-users about our products is essential for building long-term business relationships. A lack of awareness of health and safety aspects in connection with our products could lead to improper use and thus to health risks.

Even though, as a B2B supplier of specialty chemicals, we are rarely in direct contact with consumers or end-users, we attach great importance to providing our business partners with comprehensive information on the safe handling of our products. This in turn enables them to inform their own customers accordingly.



To manage these impacts and the associated risks and to fulfill our commitment to product stewardship, we provide our customers and end-users with comprehensive product information, meaningful product labels, safety data sheets and application recommendations for the safe handling, use and disposal of our products. Our policy also includes conducting comprehensive safety assessments for all products in order to identify and minimize potential risks for consumers and/or end-users. As part of its business activities, the respective business unit is responsible for ensuring that these documents are made available to and acknowledged by the business partner.

Alzchem also sees the development and marketing of safe and sustainable products that pose a reduced risk to people and the environment as a key way of retaining customers and attracting new ones.

Our materiality assessment has highlighted that the protection of personal data, both of our direct business partners and of consumers and end-users, is of key importance to Alzchem and represents a critical legal and reputational risk. We consider fines and reputational damage to our business partners caused by breaches of data protection laws or policies to be a significant risk.

Alzchem is expressly committed to data protection and compliance with data protection laws and regulations in relation to consumers and end-users. For this reason, a comprehensive data protection policy has been established. Our data protection policy includes a structured data protection organization with clearly defined responsibilities and their

contact details, including the data protection officer. To optimize data protection management, the information security systems used are continuously monitored, reviewed, regularly updated and expanded as required. In addition to organizational measures, technical measures have also been implemented to ensure data security, such as back-up strategies, effective virus protection and encryption solutions to protect against unauthorized access. In addition, employees receive regular training on information and data protection.

With its data protection policy, the Alzchem Group aims to ensure that all personal data is treated securely and confidentially. In addition, data processing should be lawful, transparent and traceable. Only necessary data is collected and processed.

The monitoring process of our data protection policy includes conducting internal audits to check compliance with data protection guidelines. It also includes documenting data protection measures, reporting to the Management Board and continuously reviewing and updating technical and organizational measures.

The data protection officer is responsible for implementing and monitoring the data protection guidelines. Our comprehensive data protection policy not only helps us to comply with legal requirements, but also strengthens the trust of customers, consumers and end-users in our company.

Another important sustainability issue for Alzchem is the adoption of and adherence to responsible marketing prac-

tices. This means establishing principles for ethical behavior in all marketing activities, including transparency, honesty and fairness, as well as integrating environmental and social sustainability aspects into our marketing strategies. Misleading or unethical marketing can lead to disinformation and deception of customers and business partners. This could significantly affect the trust of our customers and business partners and ultimately lead to a loss of customers and business opportunities. In addition, Alzchem could suffer competitive disadvantages if competitors adopt less stringent practices and thereby reduce costs in the short term.

By using responsible marketing methods, we have the opportunity to provide our customers and business partners with comprehensible, truthful information with the aim of meeting their needs and expectations - without misleading or manipulative tactics. This plays a key role in strengthening customer confidence in our products and promoting the reputation and sustainability of our company. We also ensure compliance with all relevant laws and regulations in order to minimize legal risks. Alzchem provides the necessary financial and human resources for this. The process for monitoring our policies for responsible marketing practices includes conducting internal audits to check compliance with ethical and legal standards in marketing, as well as setting up channels for customer feedback (whistleblower hotline) to promote continuous improvement.

These policies on the sustainability topics that are essential for Alzchem help us not only to fulfill legal requirements, but



also to gain the trust and loyalty of our customers, consumers and/or end-users and to be successful in the long term. The areas of application of these policies extend across the entire value chain, i.e. both upstream and downstream processes, and apply globally. The Management Board is responsible for the implementation of these policies.

As a globally active company, Alzchem has a duty to respect and protect human rights along the entire value chain. For this reason, we check whether the companies within the Alzchem Group as well as our suppliers and customers comply with the human rights of consumers and end-users.

The basis of our human rights due diligence can be found in the Human Rights Policy Statement in force since April 2024, in our corporate guidelines and in the Alzchem Code of Conduct. The company also applies the principles contained therein to business partners, consumers and end-users to ensure that their rights are also respected. These documents are available to all relevant stakeholders, including customers, consumers and end-users, on our website. Human rights due diligence also plays a central role in our sustainable business strategy and is linked to specific targets. To achieve these targets, the Alzchem Group has implemented a Compliance Management System (CMS). This system serves to prevent and limit damage, detect and end breaches of human rights and ensure compliance with legal regulations. The Management Board and the Supervisory Board are informed about this once a year and more frequently in the event of any breaches. The CMS also includes the corporate guidelines that the Alzchem Group has implemented in order to bring together the corporate policy principles and standards.

Alzchem uses various methods to ensure that human rights are respected throughout the supply chain. These include

internal guidelines and codes of conduct that set out clear requirements for respecting human rights. These documents are made available to employees, suppliers and business partners. In addition, due diligence checks are carried out to identify and assess potential risks with regard to human rights. This includes checking whether suppliers and business partners comply with human rights standards. Both external and internal audits are carried out to ensure that human rights are respected. We also provide training for employees and suppliers to raise awareness of human rights and ensure that all parties involved understand their importance and requirements. With the help of complaints mechanisms such as a whistleblower hotline, employees, suppliers and other stakeholders can also report human rights violations anonymously. In addition, we attach great importance to regular reporting on our measures and progress in the area of human rights as part of our sustainability reporting in order to ensure transparency. These initiatives enable us to monitor compliance with human rights and ensure that we fulfill our commitment in this regard.

We are in continuous dialog with our customers and consumers in order to jointly tap into new innovation and growth potential and to be able to respond better and faster to their needs. This also includes human rights due diligence.

Our human rights initiatives and policies are largely based on the following national and international guiding principles for business and human rights:

- UN Guiding Principles on Business and Human Rights
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles and Rights at Work

#### • International Charter of Human Rights

There are currently no known cases of consumers or end-users of our products not complying with these guiding principles.

With regard to respect for human rights in relation to our workforce and workers along the value chain, reference is also made to [ESRS S1](#) and [S2](#) as well as [ESRS G1](#).

## S4-2 – PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

Our customer management system (Customer Relationship Management - “CRM”) helps us to maintain and intensify customer and consumer relationships. This system provides support for sales, for example in direct correspondence with the relevant contact persons. Regular surveys of our customers and consumers as well as audits on services, safe handling and the quality of our products are generally carried out by our sales department. Suggestions or measures derived from these are implemented promptly and their realization is also followed up.

Our experts also advise or train our direct customers and consumers on our products and their areas of application at least once a year, usually by telephone, email, online or at trade fairs. In the case of potential new customers, this takes place at an early stage, even before the customer relationship has been established, in order to ensure both the safe and professional use of our products and to rule out any potential risks to health or the environment. We are also in contact with our customers on topics including the identified material IROs, which have already been explained in this chapter as part of the reporting obligation in accordance with S4-1.



In addition to the division head, who is responsible for the respective operational business, the Management Board is responsible for ensuring that the results are integrated into the corporate policy.

### S4-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

If Alzchem identifies significant negative impacts on consumers and/or end-users, there are various approaches and procedures to initiate countermeasures and monitor their effectiveness. First, negative impacts on consumers and end-users are identified through internal audits, customer feedback or external reports. After a thorough assessment of the severity and extent of these impacts, the priorities and urgency of the remedial measures are determined. This is followed by detailed planning of specific actions to address the negative impacts, which may include product changes, recalls, compensation or other corrective actions. The necessary resources (financial, human, technological) are made available to effectively implement the measures. The planned actions are implemented with clear responsibilities and timetables. Transparent communication with the affected consumers and end-users about the measures implemented and their progress is crucial. The implementation of the remedial measures is continuously monitored to ensure that everything is going as planned. At the end, feedback is obtained from the affected consumers and end-users to assess their satisfaction with the measures. These methods and procedures ensure that negative im-

pacts are addressed effectively and that ongoing efforts are made to optimize processes.

In addition to our contact form and the option of contacting the Compliance Officer, we have implemented a whistleblower hotline with an external reporting office to further strengthen our compliance system. This system allows both internal and external stakeholders, including customers, consumers and end-users, to report their concerns, needs or reports of violations and incidents. This communication platform ensures the secure and confidential transmission, recording and processing of reports. If required, these reports can also be submitted anonymously. If a report is not made anonymously, the identity of the whistleblower will be kept completely confidential and Alzchem will ensure that all whistleblowers are protected from retaliation.

Alzchem uses various methods and strategies to ensure the availability of communication channels in its business relationships. Regular surveys are used to proactively gather feedback on customer satisfaction, which helps to identify and address potential issues at an early stage before they develop into formal complaints. In addition, Alzchem offers training for its employees to strengthen their competence in dealing with complaints and to teach them the importance of effective complaint management. These measures ensure that complaints are taken seriously and dealt with efficiently, ultimately improving business relationships and the satisfaction of all parties involved.

In order to effectively track and process complaints and ensure the efficiency of the complaints channels (e.g. whistleblower hotline), all incoming complaints are systemat-

ically recorded in order to track their processing status. This system enables us to recognize patterns and recurring problems. We monitor the type and frequency of complaints through regular reporting and analysis. This helps us to identify trends and take preventative measures. The implementation of feedback loops, in which customers are informed about the progress and results of their complaints, helps to increase transparency and trust. Our employees receive ongoing training on how to handle complaints professionally and the importance of effective complaint management.

In addition, it is important for us to involve stakeholders such as customers, consumers and external partners in the development and evaluation of complaints procedures. This is done through surveys, focus groups or regular meetings.

External audits and certifications are carried out to check the effectiveness of the complaints channels and ensure that they comply with best practice. In addition, we regularly conduct customer satisfaction surveys to gather feedback on the efficiency of the complaints channels and identify possible improvements

By implementing these measures, we ensure that our complaints channels work efficiently and are constantly being developed.

Details of the procedures for reporting and reviewing concerns, needs or violations, as well as policies to protect against retaliation for individuals who use these procedures, are set out in [ESRS G1-1](#) reporting.



#### S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

To ensure that Alzchem remains future-proof, reliable information technology, cyber and cloud security and data protection are essential. Data protection and information security are therefore an integral part of our business processes and the basis for cooperation with our business partners. The protection of our business partners' data is of the utmost importance to us. To ensure this, Alzchem Group AG has implemented an information security management system (ISMS) that is certified in accordance with ISO standards 27001 and 27019. This regulation applies to all German sites with the exception of the Waldkraiburg site, to which ISO 27019 does not apply. In the case of direct business relationships in the upstream and downstream value chain, this is covered by the Code of Conduct.

To increase awareness of consumer and end-user data protection, various e-learning courses, training sessions and phishing simulations were held to support our employees in 2024. Mandatory training courses on information security, data protection and compliance are held every two years to ensure that the guidelines and procedures are understood. The mandatory participation of all Alzchem employees and the passing of certain training tests prove this.

Alzchem thus ensures compliance with legal requirements such as the General Data Protection Regulation (GDPR) and the Federal Data Protection Act (BDSG) and protects the personal data of its business partners from unauthorized collection, processing and disclosure. Transparency is also guaranteed and those affected are informed about which data is collected and processed and for what purpose. These measures are applied globally along the entire value chain.

The following measures were also implemented in the reporting year 2024 in connection with health and safety: Alzchem is continuously committed to ensuring that its products do not pose a risk to people or the environment when used responsibly and correctly. A comprehensive safety and risk assessment enables us to offer business partners, customers and end-users safe products that comply with the applicable regulatory requirements. Our business partners and/or end-users receive detailed information on product safety, for example through training courses and information sheets. These measures apply both to our own employees, particularly in the production plants, and to customers and end-users in the downstream value chain. They have already been fully implemented and are applied worldwide.

Alzchem is committed to responsible marketing practices to meet the expectations of its business partners, consumers and end-users. As a company operating predominantly in the B2B sector, we are fully aware of our influence and the resulting responsibility and have implemented the following measures: Our marketing materials show our products authentically and avoid any form of deception. We focus on

clear and transparent communication to ensure that consumers and business partners can make informed decisions.

Our marketing strategies and measures comply with all relevant legal requirements, including regulations on advertising, data protection and consumer rights. We also ensure that all marketing activities comply with the applicable advertising guidelines. These measures have already been fully implemented and apply to all employees in the areas of marketing and sales and are applied worldwide.

Our marketing strategies and policies also demonstrate our commitment to sustainability and reducing our environmental footprint. We also attach great importance to proper, transparent, comprehensive and understandable communication regarding sustainable practices, in particular training on antitrust law.

To date, no serious human rights issues or incidents have been reported by customers, consumers and/or end-users at Alzchem.

Specific specialist functions from various departments are responsible for managing the key issues for Alzchem in relation to customers and consumers, such as data protection, health and safety and responsible marketing practices. In the area of data protection, the IT manager and the data protection officer bear the main responsibility. Product safety officers are responsible for managing health and safety documents for customers and consumers. The heads of the various operational areas are responsible for ensuring compliance with responsible marketing practices.





## KEY FIGURES AND TARGETS

### S4-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

No specific targets were set in the reporting year 2024 with regard to the key topics of data protection, health and safety and responsible marketing practices. Nevertheless, it is important for Alzchem to monitor and evaluate the effectiveness of the measures and policies in these important areas of sustainability. This is achieved through customer feedback, for example in direct discussions at trade fairs or via our contact forms. Quantitative indicators such as the number of data breaches or the frequency of inquiries due to insufficient user information can also provide valuable insights into the perception and acceptance of our policies and measures. Long-term trends and developments can be observed through continuous data collection and analysis.

These methods and approaches provide a reliable basis for transparently monitoring and evaluating the effectiveness of sustainability policies and measures.

## 11.4 GOVERNANCE (G)

### 11.4.1 ESRS G1 – BUSINESS CONDUCT

#### GOVERNANCE

##### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 GOV-1

This disclosure requirement is described in detail in [ESRS 2](#).

#### MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

##### DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1

This disclosure requirement is described in detail in [ESRS 2](#).

##### G1-1 – BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

Alzchem's corporate culture is the result of many years of people living and working together within the company that now operates under the name Alzchem. It is characterized by mutual respect and trust. The values on which the corporate culture is based are regularly reviewed and further developed by the company management together with the management team and employee representatives, i.e. usually every two to three years or on an ad hoc basis. For example, at the end of 2024 - as a result of the last employee survey - a "Culture & Values" team was formed from representatives of various employee groups, whose tasks in-

clude reviewing the extent to which the Alzchem values are still up to date, whether they need to be developed further and how they can be made usable for the company and its employees. The work of the project group is not yet complete. Its proposals will then be presented to the Management Board, where they will be discussed and, if necessary, implemented.

Based on our corporate values and our vision, we have drawn up binding rules of conduct and summarized them in our Corporate Guidelines. These apply to all employees with regard to all activities of Alzchem in all business areas and cultures worldwide. The Corporate Guidelines summarize the most important legal and corporate policy principles and standards of Alzchem with which employees must be familiar. They provide Alzchem employees with orientation in basic legal and ethical obligations and determine our behavior internally in our dealings with each other and externally in contact with business partners, authorities, the capital market and the public.

All employees are familiarized with the corporate guidelines, including through the "Do the right thing" training course. The training, which is offered via a training tool or held in person by suitable employees, is mandatory for all employees; successful participation is documented accordingly. In the reporting year 2024, a successful participation rate of 93.2% of employees was recorded.

In addition, special training courses are offered for certain target groups on other compliance-relevant topics, such as fraud and corruption prevention (e.g. for employees in the finance and purchasing departments), export control (for employees involved in foreign trade law), antitrust law (especially for sales employees) and the environment, health and safety. Participation in such training courses is also documented. It is the conviction of the company manage-



ment that in this way - across the board - almost all employees are reached by the topics addressed in the corporate guidelines and other topics not explicitly addressed there but which are nevertheless relevant to compliance. (Only) in this way can the corporate guidelines fully achieve their target of offering Alzchem employees real, value-based orientation. Conversely, this minimizes the risk of individual employees deviating from the relevant canon of values due to ignorance.

Apart from this, the values addressed in the corporate guidelines and other sustainability-related values to which Alzchem is committed also play a special role in the upstream supply chain. For example, all Alzchem partners have to submit to the "Code of Conduct for Suppliers". The code is based on the sustainability initiative of the German chemical industry ("Chemie3") and advocates sustainable development in the chemical industry in particular. It addresses

- behavior in the business environment
- the labor standards prevailing at the supplier
- compliance with fundamental and human rights
- environmental protection and
- product responsibility

Regular audits of key partners, especially in countries with comparatively less developed sustainability standards, ensure compliance with the Supplier Code of Conduct. Non-compliance with our Code of Conduct by our suppliers can increase the risk of limited availability of raw materials, which could potentially lead to a decline in sales.

In the downstream supply chain, Alzchem's main sustainability-related focus is on avoiding health risks to our partners and customers by handling hazardous substances as

appropriately as possible. The focus here is on the careful selection of trustworthy business partners and the provision of precautionary training.

As far as ensuring the Alzchem culture within the company itself is concerned, all superiors must ensure that their employees are regularly made aware of the contents of the corporate guidelines, which are also available as a handy flyer and online, and that they observe the requirements contained therein. Line managers are obliged to actively support compliance with the corporate guidelines by setting an example ("tone from the top"). Any compliance violations that occur within the company should be taken as an opportunity to discuss the misconduct with employees. Really serious violations are extremely rare in the company, but in individual cases can also result in dismissal (possibly even for cause). In the case of a minor breach, particularly one that does not cause harm to a third party, a serious discussion with the employee concerned is usually sufficient.

In the event of reasonable suspicion or knowledge of violations of the company guidelines or legal regulations, every employee should inform the Compliance Officer, if necessary, also their line manager, or alternatively the whistleblower hotline (see below). Violations of legal regulations can be punished by the state authorities. Violations of the company guidelines may also have consequences under labor law, in particular disciplinary consequences.

The Compliance Officer guarantees independent and target processing of all concerns addressed to him or received via the whistleblower hotline (see below). This applies to all concerns relating to a potential compliance violation or a violation of ethical principles or the company guidelines, regardless of their origin (employees, suppliers, customers, neighbors, third parties). Even if a concern reported via the whistleblower hotline does not have an immediately recog-

nizable compliance connection, the Compliance Officer will investigate it and provide the reporting party with appropriate feedback. As a result, none of the reports received via the whistleblower hotline - which are very few anyway - go unanswered.

The Compliance Officer reports directly to the Management Board. However, he is not bound by instructions in terms of his specialist area. The Compliance Officer is also available to all employees as a contact person both to answer questions and as an advisor, for example in connection with the company guidelines. He receives all incoming information and follows it up with the necessary care appropriate to the case. The information received is treated confidentially as far as legally possible.

If the Compliance Officer establishes a sufficient initial suspicion of a violation of the principles contained in the company guidelines, he can also involve other departments of Alzchem in the clarification of the facts while maintaining the confidentiality of the information received. The employees of the Compliance Officer are also obliged to maintain confidentiality with regard to the information they become aware of.

In addition to the possibility of reporting to the Compliance Officer, the supervisor or the Works Council, Alzchem has also set up a digitally supported whistleblower system ("Whistleblower Hotline") offered by a professional service provider. In addition to Alzchem employees, the whistleblower hotline is also available to third parties, such as business partners or customers, who can use it to report violations of company guidelines or legal regulations, even anonymously.

To date, the whistleblower hotline has not received any complaints about Alzchem employees that would have ne-



cessitated training for these employees. In one case, the accusation made against an employee by another employee, which might have made such training necessary, was cleared up in a joint discussion.

The protection of both internal and external whistleblowers is guaranteed in all cases. The person concerned will not suffer any disadvantages by calling the Compliance Officer or the Whistleblower Hotline unless they themselves have violated laws or company guidelines. This not only corresponds to Alzchem's own etiquette but is also guaranteed in various ways by the Whistleblower Protection Act (HinSchG) enacted to implement the so-called "Whistleblower Directive" in Germany. Both internal and external whistleblowers are protected, for example, by the fact that they can report breaches of company guidelines or legal regulations anonymously. This can be done either via the compliance officer or a whistleblower system such as the Whistleblower Hotline. The law also guarantees that whistleblowers will not suffer any disadvantages as long as they have not themselves violated laws or Alzchem's corporate guidelines.

The disadvantages from which the HinSchG is intended to protect the respective whistleblowers as a result of the reports they make include in particular

- Termination or dismissal: Whistleblowers may not be terminated or dismissed on the basis of their reports.
- Discrimination and bullying: The law protects whistleblowers from any form of discrimination or bullying in the workplace.
- Transfer or demotion: Whistleblowers may not be transferred or demoted in their position against their will.

- Salary cuts or denial of promotions: The law ensures that whistleblowers do not suffer any financial disadvantages, such as salary cuts or the denial of promotions.
- Other reprisals: Any other measures that could be construed as reprisals against whistleblowers are also prohibited.

These protective measures are intended to ensure that whistleblowers can report violations without fear of negative consequences.

### COMBATING CORRUPTION AND BRIBERY

Alzchem's corporate guidelines include a commitment to responsible and ethical business conduct and a zero-tolerance policy with regard to any form of corruption, bribery, fraud and theft, including attempts to commit such offenses. Even the appearance that an Alzchem employee is corrupt or seeks to influence others through improper means must be avoided. All Alzchem business affairs and processes must therefore be conducted or established in a manner that complies with all applicable legal requirements. Therefore, for example, there are separate procedural instructions, workflows, manuals or guidelines for all significant business matters and processes. Where contracts are concluded, orders placed or other legally relevant actions taken, the signature regulation (with specific value limits) and the dual control principle must be observed.

The corporate guidelines not only contain rules and procedures, e.g. for conflicts of interest, for maintaining confidentiality and for dealing with company-sensitive (insider) information, but also specifically address

- the acceptance and granting of gifts, invitations and benefits,
- sponsoring in the form of monetary and in-kind donations to promote cultural, social, religious, scientific, political and charitable purposes
- the protective regulations for the prevention of money laundering that must be observed specifically for financial transactions, and
- the orderly selection of suppliers and service providers, i.e. based on target criteria.

Based on these principles, Alzchem is committed to detecting all potential violations of the law at the earliest possible stage, thoroughly investigating any identified non-compliance and establishing appropriate organizational measures and sanctions for the individuals involved. However, this is more than just an end in itself: we believe that the integrity of our employees is the basis for the trust that our suppliers, customers and other stakeholders place in our company. Furthermore, we believe that the integrity of our actions is an essential prerequisite for sustainable business success.

Violations of legal regulations are uncovered by superiors, other employees, business partners or possibly also authorities or the public prosecutor's office. It is also conceivable that "error reports" are made in the relevant processes and thus provide an indication of any violations that have occurred. However, it is another matter that not all legal violations (can) be uncovered without exception.

If a possible violation of the law is suspected, the compliance officer will deal with it first and foremost, supported



by the line manager of the employee concerned, the HR department and, if necessary, the works council. If it is difficult to clarify the facts of the case or if there is a suspicion that it could be a more extensive matter or one of fundamental importance to the company, the involvement of an external compliance consultant may also be considered. If the result of the internal investigation is that the employee has committed a criminal offense as a result of his or her conduct, the matter is usually reported to the police.

The ethical and legal standards set out in the corporate guidelines, specifically on the topics of corruption and bribery, apply to all Alzchem employees throughout the Group and - via the "Code of Conduct for Business Partners" - also to our suppliers and business partners. We also expect them to participate in competition in a fair manner.

The functions within Alzchem that are theoretically most susceptible to corruption and bribery include activities in the areas of procurement and purchasing as well as sales and marketing. This is where decisions about suppliers are made, or customer relationships are maintained, and sometimes highly remunerated contracts are concluded. Risks can also exist in research and development, particularly when it comes to the protection of intellectual property and patents. Finally, managers who have budgets and resources at their disposal can also be susceptible to unfair business practices. In this respect, however, Alzchem does not differ structurally from other comparable commercial enterprises.

## G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Alzchem strives for a fair and reliable business relationship, especially with suppliers with whom an intensive dialog and close cooperation is maintained. In recent years, we have carried out status reviews with the help of questionnaires (scorecards) at all major raw material suppliers outside the OECD, which, in accordance with the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) applicable to Alzchem since January 1, 2024, now also included important sustainability aspects, such as compliance with obligations and requirements in the area of environmental protection and with regard to social issues. On this basis, a comprehensive risk assessment of all key suppliers was carried out, taking particular account of social and environmental aspects.

All business partners in the upstream supply chain are obliged to comply with our "Code of Conduct for Suppliers". Failure to comply with this Code of Conduct may increase the risk of limited availability of raw materials and possibly lead to a decline in sales.

According to Alzchem's corporate guidelines, payment for goods and services received must be made directly to the respective contractual partner. As a rule, payment is made in the country in which the contractual partner has its registered office. Full or partial payment in cash is prohibited, except in minor cases.

Alzchem is interested in paying its suppliers not only fairly but also on time for the services they provide. In principle, however, no distinction is made between small, medium-sized (SME) or large companies. Rather, Alzchem

tries to agree the same payment terms with its suppliers as far as possible - preferably on the basis of its General Terms and Conditions of Purchase. Accordingly, invoices from Alzchem are paid net within 30 days. The payment period begins with the delivery of the goods at the place of receipt (shipping address) or acceptance of the work performance, but not before the proper receipt of the invoice. Payments will be made less any withholding tax to be withheld in accordance with the law if the invoicing party cannot provide an exemption certificate. Alzchem reserves the right of set-off and retention as well as the defense of non-performance of the contract to the extent permitted by law. In particular, Alzchem is entitled to withhold due payments as long as the company is still entitled to claims from incomplete or defective services against the contractor. The contractor only has a right of set-off or retention due to legally established or undisputed counterclaims.

As far as the terms of payment are concerned, individually agreed payment terms and modalities may also apply in individual cases. The reasons for such a procedure are manifold (market power; business models; liquidity situation, etc.) and cannot always be determined by Alzchem.

The agreed payment targets are stored in reliable processing systems that guarantee punctual payment. Alzchem is in no way interested in payment delays due to the regularly associated disadvantageous legal consequences as well as the atmospheric disturbances in the supplier relationship. Alzchem is convinced that the reliable processing of payment obligations to suppliers is the basis for a trusting cooperation in the future.

However, Alzchem generally does not wish to make advance payments in the context of procurement processes (goods



and services), as this can result in risks for Alzchem (e.g. delivery of goods or services is not provided or not provided properly, insolvency of the supplier or service provider, double payment of invoices). If prepayment is unavoidable in individual cases, this must be done in accordance with existing procedural instructions.

Most of the above principles are set out in procedural instructions, manuals and process descriptions, which are updated regularly. We are not aware of any third-party standards or initiatives that the company has undertaken to comply with as part of the implementation of the strategy in connection with the prevention of late payment.

The highest level in the company that deals with the issue of "late payments to suppliers" is the Chief Financial Officer (CFO).

Alzchem's relationship with its suppliers is largely characterized by internal company regulations and the binding requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG). The relevant approach for the company is laid down in the "Purchasing Procedure" (Purchasing Procedure) and, specifically with regard to sustainability aspects, in the "Alzchem Group Act on Corporate Due Diligence Obligations in Supply Chains Manual". The general target of the purchasing activities of the Alzchem Group according to Section 1 of the Purchasing Procedure is to ensure "the realization of the most favorable market conditions and terms and conditions ... taking into account quality, environmental, energy, social, information security and sustainability aspects". In addition, the requirements of the LkSG are integrated into purchasing activities. Sustainability aspects play a role in the purchasing process at two points:

firstly, in the qualification of new suppliers and secondly, in the actual awarding of contracts.

To this end, selection and commissioning are carried out in accordance with a specific risk grid that makes use of the results of the "general" risk management of the company. For example, the decision was made to regularly subject suppliers from non-OSCE countries to a special human rights corporate social responsibility ("CSR") review. In concrete terms, this means when selecting suppliers:

1. The completion of the CSR self-disclosure questionnaire sent by Alzchem to suppliers or the provision of an equivalent self-disclosure by the supplier.
2. Acceptance of Alzchem's Supplier Code of Conduct or commitment to an equivalent Code of Conduct.
3. The evaluation and categorization of suppliers with regard to the CSR rating based on a defined scheme (A/B/C) by the Purchasing department.
4. Exclusion of suppliers if certain K.O. criteria are met. This applies in the following cases:
  - a. No exclusion of child labor
  - b. No exclusion of forced labor
5. If necessary, derive measures directly from the feedback.
6. Storage of the evaluated questionnaires in the supplier database.

Our sustainability-related approach in dealing with our suppliers, among others, is also reflected in many ways in the "Declaration of Principles" issued by the Human Rights Officer for the company and publicly accessible on the Alzchem website. The principles of conduct laid down there express, example, that

- Alzchem "does not base its business activities solely on its economic interests but stands for value-based business conduct. This also includes respect for human rights and compliance with environmental due diligence obligations - primarily by Alzchem and its employees, but also by its business partners";
- Alzchem "regards the protection of human rights as a central element of our corporate responsibility". "We base our commitment to respect human rights on the United Nations Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We are committed to respecting the internationally recognized human rights in these declarations and to upholding them in our business activities and along our value chains."
- "the principles set out here apply to the business activities of all Alzchem Group companies and their employees". "In addition, we expect our suppliers and other business partners to commit to upholding the principles set out herein and to implement appropriate processes to respect human rights. This also includes our partners providing information on how they comply with the above principles when requested to do so by Alzchem."



### G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Corruption and bribery cases in which Alzchem or an Alzchem employee has been actively or passively involved have so far remained the absolute exception in corporate practice (see below on points 24, 25). Based on a risk-based approach, there are accordingly no comprehensive, dedicated anti-corruption or bribery procedures or guidelines. Instead, any cases of corruption and bribery are investigated, pursued and, if necessary, punished as part of the general compliance organization and procedures. To this end, the topic is also addressed in general terms in the corporate guidelines - e.g. in the chapters on "Conflicts of interest", "Donations", "Bribery and fraud" and "Gifts and entertainment and other benefits". In individual notoriously risky areas, such accounts payable management, special service providers are sometimes used to help the company manage typical fraud risks (e.g. in the areas of "Fake invoices" and "Duplicate payments"). A separate verification process has been established for the verification of notifications of (alleged) account changes from Alzchem suppliers, which is applied in all such cases without exception.

The introduction of general, comprehensive procedures to combat cases of corruption and bribery is not planned in the foreseeable future for the reasons mentioned above. From the company's point of view, it would only fuel mistrust without cause, where previously there was trusting cooperation internally and with our business partners.

The awareness of Alzchem employees, including top management, for the risks associated with corruption and brib-

ery is strengthened through regular training. This primarily includes general training on the corporate guidelines (see above), but also special training courses that deal, for example, with the topics of "gifts and benefits", the processes in purchasing or the company's internal signature regulations (dual control principle). While the training courses on the corporate guidelines concern all employees, the other training courses are aimed specifically at the employees affected by the respective topics; the aim is to cover as many of the affected employees as possible (> 95%). The training courses take place partly online and partly in person and last 30-60 minutes; online training courses are regularly linked to a final test that must be passed by the employee.

Training courses are allocated to employees according to a fixed training plan agreed with the Management Board; additional, individually tailored training courses are also held in individual cases or on request. The training plan generally also applies to the members of the Management Board; in some cases, training courses are more or less exclusively intended for them (e.g. on certain aspects of capital market law). The members of the Supervisory Board are not "employees" (in the sense of employment law), but members of a corporate body; for this reason alone, they are not affected by the company's training plans. However, certain training courses (e.g. on capital market law) are nevertheless offered to the members of the Supervisory Board by the company and are regularly accepted by them; they are held at the meetings of the Supervisory Board, to which the Supervisory Board members are usually invited two weeks before the meeting, together with a corresponding agenda. The last Supervisory Board training session on capital

market law took place at the Supervisory Board meeting on April 26, 2024, and a further training session on the the Act on Corporate Due Diligence Obligations in Supply Chains took place at the meeting on July 26, 2024.

If the Supervisory Board so wishes, such training courses are also organized internally or externally for it.

The topics of "corruption" and "bribery" are dealt with as part of the training on the corporate guidelines. The chapters "Business management" (with the subchapters "Compliance with all laws", "Bribery and fraud", "Gifts and entertainment" and "Reporting integrity"), "Business relationships" and "Donations" are of particular interest. Specific training on the topic of "corruption" and "bribery" as a whole or on specific facets thereof is provided by the Compliance Officer on request. As the corporate guidelines are trained annually throughout the company, this also covers all high-risk functions and members of the management bodies. Functions with increased risk include senior managers, employees responsible for purchasing goods and services, sales employees, persons entrusted with the administration of finances and budgets, as well as employees in the areas of concessions and public affairs.

The members of the supervisory bodies of Alzchem Group AG and Alzchem Trostberg GmbH, on the other hand, are independent of the company – insofar as they are not employee representatives – and are therefore not subject to the usual training plan.



## KEY FIGURES AND TARGETS

### G1-4 – CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

Cases of corruption and bribery are assessed by the company on the basis of the material damage incurred (by the company or third parties) and the associated reputational risk for stakeholders. In view of the extremely low number of cases of corruption and bribery in recent years, a further breakdown of this “key figure” or even its “quality assurance” or “validation” by an “external body” does not appear to be expedient.

Neither the company nor its employees (with regard to their work for the company) have been convicted of violating applicable corruption and bribery regulations in 2024.

The company is not aware of any violations of corruption and bribery regulations, so there was no need to take any (sanction) measures. The only exception is a case of possible supplier favoritism (approval of excessive tariffs) by an Alzchem employee in China that occurred in 2024. Alzchem had the incident investigated externally and subsequently parted ways with the employee responsible; in addition, internal measures have been taken to prevent any recurrence.

### G1-5 – POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

It is of central importance for Alzchem to professionally manage the material impact of its lobbying activities and the associated risks and opportunities. This includes promoting transparent and ethical political influence in order

to avoid reputational damage, legal consequences and financial losses and thus ensure the long-term sustainability of our company, which has a positive impact on the environment and society. Non-transparent political influence, on the other hand, could have significant negative consequences for the environment and society. A transparent approach to political engagement and lobbying activities, taking into account business interests, for example in the area of regulation, offers the opportunity to strengthen Alzchem’s reputation.

The lobbying activities of Alzchem and, where applicable, its consultants engaged for this purpose only extend to a few areas that are economically all the more significant for the company. The internal company responsibility for the supervision of the respective lobbying activities within the Management Board follows the general business responsibility regulated in the business allocation plan. (For example, the member of the Management Board responsible for sales (CSO) is responsible for lobbying on an Alzchem product, the person responsible for production (COO) for an emissions issue, etc.). Where the matter in question is of Group-wide importance, the Chairman of the Management Board is also responsible for monitoring lobbying activities.

In 2024, Alzchem did not make any financial contributions or contributions in kind to any office holder, political decision-maker or political party inside or outside Germany.

Alzchem has stepped up its efforts to promote its interests at European level. The main activities are documented in the EU Transparency Register:

1. REACH restriction procedure “Calcium cyanamide as fertilizer”

2. Hazardous chemicals – prohibiting production for export of chemicals banned in the European Union
3. Amendment of CLP-Regulation 2008/1272
4. Chemicals legislation – revision of REACH Regulation to help achieve a toxic-free environment
5. Soil monitoring and resilience (Soil Monitoring Law)
6. EU Parliament: 2021/2006(INI): An EU strategy to reduce methane emissions

In the REACH restriction procedure (1. above), Alzchem contributed to the ECHA committees “RAC” and “SEAC” involved in the procedure in the form of technical statements and held discussions with the responsible departments. Alzchem has uploaded contributions and comments on topics 2-5 to the relevant websites (“Have your Say”). With regard to a possible methane reduction at EU level, contact was made with employees of the “Agri” and “Climate” Directorates-General. Alzchem’s lobbying activities vis-à-vis German and Bavarian authorities focused on the following areas:

- Support with the REACH restriction procedure “calcium cyanamide as fertilizer”,
- Promotion of suitable framework conditions for the use of Eminex® to reduce methane emissions from livestock farming,
- Location policy issues, such as energy price trends and security of supply.



For a medium-sized company like Alzchem, the efficient representation of its own interests vis-à-vis state authorities, especially in Bavaria, Germany and Europe, is elementary. In order to get through to the responsible authorities with the essential arguments appropriate to the matter, experienced interest representation organizations are indispensable due to the company's own limited resources. These include the trade associations CEFIC, VCI and IVA.

Alzchem Trostberg GmbH is registered in the EU Transparency Register (under no. 058565221863-63), in the Federal Lobby Register (under no. R001966) and in the Bavarian Lobby Register (under no. DEBYLT010E).

Members of the Management Board, Management Board and Supervisory Board of Alzchem Group companies did not hold any comparable positions in public administration (including regulatory authorities) prior to their appointment.



# CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024





# Consolidated income statement

OF ALZCHEM GROUP AG, TROSTBERG,  
FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2024

in EUR thousand	Notes no.	01/01 - 12/31/2023	01/01 - 12/31/2024
Sales revenue	1	540,649	554,231
Change in inventories of finished and unfinished goods		-3,804	-5,317
Other operating income	2	13,857	17,301
Cost of materials	3	-225,145	-195,663
Personnel expenses	4	-145,637	-160,499
Other operating expenses	5	-98,547	-104,785
<b>EBITDA</b>		<b>81,373</b>	<b>105,268</b>
Depreciation and amortization	6/11/12/13	-25,900	-26,318
<b>EBIT</b>		<b>55,473</b>	<b>78,950</b>
Other interest and similar income	7	382	2,230
Interest and similar expenses	7	-7,666	-5,837
<b>Financial result</b>	<b>7</b>	<b>-7,284</b>	<b>-3,607</b>
<b>Result from ordinary business activities</b>		<b>48,189</b>	<b>75,343</b>
Taxes on income and earnings	8	-13,397	-21,097
<b>Consolidated annual result</b>		<b>34,792</b>	<b>54,246</b>
Non-controlling interests in consolidated annual result	10	171	171
Share of Alzchem Group AG shareholders in consolidated annual result		34,621	54,075
<b>Earnings per share in EUR (undiluted and diluted)</b>	<b>9/IV</b>	<b>3.40</b>	<b>5.31</b>



# Consolidated statement of comprehensive income

OF ALZCHEM GROUP AG, TROSTBERG

FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2024

in EUR thousand	Notes no.	01/01 - 12/31/2023	01/01 - 12/31/2024
<b>Consolidated annual result</b>	<b>21</b>	<b>34,792</b>	<b>54,246</b>
<b>Other income</b>			
<b>Items that are not reclassified to the income statement</b>			
Result from the revaluation of defined benefit plans		-8,332	4,689
Deferred taxes		2,332	-1,313
<b>Total of items that are not reclassified to the income statement</b>		<b>-6,000</b>	<b>3,376</b>
<b>Items that will later be reclassified to the income statement</b>			
Result from the market valuation of financial assets		-31	-35
Difference from currency translation		-302	208
Deferred taxes		9	10
<b>Total of items that will later be reclassified to the income statement</b>		<b>-324</b>	<b>183</b>
<b>Other income</b>	<b>21</b>	<b>-6,323</b>	<b>3,559</b>
Non-controlling interests in other income		0	0
Shares of Alzchem Group AG shareholders in other income		-6,323	3,559
<b>Consolidated comprehensive income</b>	<b>21</b>	<b>28,468</b>	<b>57,805</b>
Non-controlling interests in consolidated comprehensive income		171	171
Share of Alzchem Group AG shareholders in consolidated comprehensive income		28,297	57,634

# Consolidated balance sheet

AS OF DECEMBER 31, 2024  
OF ALZCHEM GROUP AG, TROSTBERG

ASSETS in EUR thousand	Notes no.	12/31/2023	12/31/2024
<b>Non-current assets</b>			
Intangible assets	11	3,664	3,671
Property, plant and equipment	12	177,281	192,976
Lease usage rights	13	4,855	4,023
Financial assets	14	6	6
Other receivables and other assets	15	1,369	1,234
Deferred tax assets	16	20,921	20,121
<b>Total non-current assets</b>		<b>208,096</b>	<b>222,031</b>

ASSETS in EUR thousand	Notes no.	12/31/2023	12/31/2024
<b>Current assets</b>			
Inventories	17	107,478	101,166
Trade receivables	18	75,212	78,935
Other receivables and other assets	15	19,239	20,080
Income tax assets	19	2,769	70
Cash and cash equivalents	20	11,883	61,544
<b>Total current assets</b>		<b>216,581</b>	<b>261,795</b>
<b>Total ASSETS</b>		<b>424,677</b>	<b>483,826</b>



EQUITY AND LIABILITIES in EUR thousand	Notes no.	12/31/2023	12/31/2024
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Subscribed capital	21	101,763	101,763
Capital reserve adjustment item reverse acquisition / IFRS 2	21	-88,459	-88,459
Capital reserve	21	24,981	24,981
Other accumulated equity	21	-21,639	-18,080
Balance sheet profit	21	144,979	186,844
Treasury shares	21	0	-1,512
		<b>161,625</b>	<b>205,537</b>
Non-controlling interests	10/21	1,934	1,934
<b>Total equity</b>		<b>163,559</b>	<b>207,471</b>

EQUITY AND LIABILITIES in EUR thousand	Notes no.	12/31/2023	12/31/2024
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	22	100,294	96,937
Other provisions	23	19,691	22,209
Loan liabilities to banks	24	48,665	41,082
Lease liabilities	13	3,377	2,326
Other liabilities	26	171	647
Deferred tax liabilities	16	6,289	7,755
<b>Total non-current liabilities</b>		<b>178,487</b>	<b>170,956</b>
<b>Current liabilities</b>			
Other provisions	23	3,537	3,413
Loan liabilities to banks	24	8,833	7,589
Lease liabilities	13	1,613	1,826
Financial liabilities	29	0	1,994
Trade payables	25	31,554	37,425
Other liabilities	26	28,930	39,974
Income tax liabilities	27	8,164	13,178
<b>Total current liabilities</b>		<b>82,631</b>	<b>105,399</b>
<b>Total liabilities</b>		<b>261,118</b>	<b>276,355</b>
<b>Total EQUITY and LIABILITIES</b>		<b>424,677</b>	<b>483,826</b>



# Consolidated statement of changes in equity

OF ALZCHEM GROUP AG, TROSTBERG, FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2024

in EUR thousand	Notes no.	Subscribed capital	Capital reserve adjustment item reverse acquisition / IFRS 2	Capital reserve	Other accumulated equity	Balance sheet profit	Treasury shares	Share of the Non-controlling shareholders	Non-controlling interests	Total equity
<b>Status as of 01/01/2023</b>		<b>101,763</b>	<b>-87,451</b>	<b>24,981</b>	<b>-15,316</b>	<b>121,044</b>	<b>-1,009</b>	<b>144,012</b>	<b>1,934</b>	<b>145,946</b>
Dividend	IV	0	0	0	0	-10,685	0	-10,685	0	-10,685
Entitlement to compensation payment non-controlling interests		0	0	0	0	0	0	0	-171	-171
<b>Total transactions with shareholders</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,685</b>	<b>0</b>	<b>-10,685</b>	<b>-171</b>	<b>-10,856</b>
Consolidated annual result	21	0	0	0	0	34,621	0	34,621	171	34,792
Other result	21	0	0	0	-6,323	0	0	-6,323	0	-6,323
<b>Consolidated comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,323</b>	<b>34,621</b>	<b>0</b>	<b>28,297</b>	<b>171</b>	<b>28,468</b>
Share-based payment employees	21	0	-1,009	0	0	0	1,009	0	0	0
<b>Status as of 12/31/2023</b>		<b>101,763</b>	<b>-88,459</b>	<b>24,981</b>	<b>-21,639</b>	<b>144,979</b>	<b>0</b>	<b>161,625</b>	<b>1,934</b>	<b>163,559</b>
<b>Status on 01/01/2024</b>		<b>101,763</b>	<b>-88,459</b>	<b>24,981</b>	<b>-21,639</b>	<b>144,979</b>	<b>0</b>	<b>161,625</b>	<b>1,934</b>	<b>163,559</b>
Dividend	IV	0	0	0	0	-12,212	0	-12,212	0	-12,212
Acquisition of treasury shares	21	0	0	0	0	0	-1,512	-1,512	0	-1,512
Entitlement to compensation payment non-controlling interests		0	0	0	0	0	0	0	-171	-171
<b>Total transactions with shareholders</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-12,212</b>	<b>-1,512</b>	<b>-13,723</b>	<b>-171</b>	<b>-13,894</b>
Consolidated annual result	21	0	0	0	0	54,075	0	54,075	171	54,246
Other result	21	0	0	0	3,559	0	0	3,559	0	3,559
<b>Consolidated comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,559</b>	<b>54,075</b>	<b>0</b>	<b>57,634</b>	<b>171</b>	<b>57,805</b>
<b>Status as of 12/31/2024</b>		<b>101,763</b>	<b>-88,459</b>	<b>24,981</b>	<b>-18,080</b>	<b>186,844</b>	<b>-1,512</b>	<b>205,537</b>	<b>1,934</b>	<b>207,471</b>

# Consolidated cash flow statement

OF ALZCHEM GROUP AG, TROSTBERG, FOR THE FISCAL YEAR  
FROM JANUARY 1 TO DECEMBER 31, 2024

	01/01- Notes no. 12/31/2023	01/01- 12/31/2024
	EUR thousand	EUR thousand
<b>Consolidated annual result before taxes</b>	<b>48,189</b>	<b>75,343</b>
Depreciation of property, plant and equipment and amortization of intangible assets	25,900	26,318
Decrease in pension provisions	-1,889	-2,265
Loss (+)/gain (-) from the sale of non-current assets	-9	30
Other non-cash expenses	13,740	20,941
Financial result	7,284	3,607
Interest received	327	1,565
Interest paid	-3,224	-2,325
Income taxes paid	-9,049	-11,950
Increase (-)/decrease (+) in inventories	9,568	-1,375
Increase in trade receivables and other receivables	-14,863	-6,775
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-3,161	2,513
Change in other balance sheet items	-142	-480
<b>Cash inflow from operating activities (net cash flow)</b>	<b>72,671</b>	<b>105,147</b>

	01/01- Notes no. 12/31/2023	01/01- 12/31/2024
	EUR thousand	EUR thousand
Payments for investments in non-current assets	-20,557	-43,101
Proceeds from the sale of non-current assets	9	61
Proceeds from grants received for investments	0	12,046
<b>Cash outflow from investing activities</b>	<b>-20,548</b>	<b>-30,994</b>
<b>Free cash flow</b>	<b>52,123</b>	<b>74,153</b>
Proceeds from loans	30,000	0
Payments from short-term financing lines	-56,353	0
Payments from the repayment of loan liabilities	-10,055	-8,833
Dividend payments to shareholders	-10,685	-12,212
Dividend payments to non-controlling interests	-171	-171
Repayment of lease liabilities	-1,902	-1,928
Payments for the acquisition of treasury shares	0	-1,512
<b>Cash outflow from financing activities</b>	<b>-49,166</b>	<b>-24,656</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,957</b>	<b>49,497</b>
Cash and cash equivalents at the beginning of the period (at the closing rate of the previous year)	9,243	11,883
Changes due to exchange rate changes	-317	164
Cash and cash equivalents at the end of the period	11,883	61,544
<b>Net increase in cash and cash equivalents</b>	<b>2,957</b>	<b>49,497</b>



# Notes to the consolidated financial statements

AS OF DECEMBER 31, 2024

## I. SEGMENT REPORTING

SEGMENT REPORTING BY OPERATING SEGMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2024:

	Specialty Chemicals	Basics & Intermedi- ates	Other & Holding	Consolida- tion	Group
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
External sales	348,089	174,003	32,140	-1	554,231
<b>EBITDA</b>	<b>94,017</b>	<b>10,825</b>	<b>1,788</b>	<b>-1.362</b>	<b>105,268</b>
<b>EBITDA margin</b>	<b>27.0%</b>	<b>6.2%</b>	<b>5.6%</b>		<b>19.0%</b>
Depreciation and amortization					-26,318
<b>EBIT</b>					<b>78,950</b>
Other interest and similar income					2,230
Interest and similar expenses					-5,837
<b>Financial result</b>					<b>-3,607</b>
<b>Result from ordinary business activities</b>					<b>75,343</b>
<b>Inventories as of 12/31/2024:</b>	<b>59,074</b>	<b>41,912</b>	<b>4,487</b>	<b>-4,307</b>	<b>101,166</b>

SEGMENT REPORTING BY OPERATING SEGMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2023:

	Specialty Chemicals	Basics & Intermedi- ates	Other & Holding	Consolida- tion	Group
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
External sales	319,802	192,183	28,664	0	540,649
<b>EBITDA</b>	<b>73,243</b>	<b>9,531</b>	<b>463</b>	<b>-1,864</b>	<b>81,373</b>
<b>EBITDA margin</b>	<b>22.9%</b>	<b>5.0%</b>	<b>1.6%</b>		<b>15.1%</b>
Depreciation and amortization					-25,900
<b>EBIT</b>					<b>55,473</b>
Other interest and similar income					382
Interest and similar expenses					-7,666
<b>Financial result</b>					<b>-7,284</b>
<b>Result from ordinary business activities</b>					<b>48,189</b>
<b>Inventories as of 12/31/2023:</b>	<b>55,998</b>	<b>49,139</b>	<b>4,377</b>	<b>-2,036</b>	<b>107,478</b>





## SEGMENT REPORTING BY REGION:

	Domestic	Abroad	Group
	EUR thousand	EUR thousand	EUR thousand
External sales 01/01 - 12/31/2024:	157,206	397,025	554,231
External sales 01/01 - 12/31/2023:	152,130	388,519	540,649
Non-current assets as of 12/31/2024:	195,342	5,328	200,670
Non-current assets as of 12/31/2023:	180,450	5,349	185,799

In both reporting periods, no customer contributed at least 10% of total Group sales.

IFRS 8 requires segmentation into operating segments based on the internal organizational and reporting structure. An operating segment is defined as a “component of an entity” that generates income and expenses through its business activities. The earnings situation of this segment is regularly analyzed by the responsible corporate body, the Management Board of Alzchem Group AG, as part of resource allocation and performance assessment. In addition, independent financial data must be available for the segment.

The reportable segments within the Alzchem Group are

- Specialty Chemicals
- Basics & Intermediates
- Other & Holding

The Specialty Chemicals segment generates revenue primarily through the sale of specialty chemical products. The segment is characterized by innovative products that are used in the chemical industry, the food and animal feed industry, defence technology and in the field of renewable energies, among others. The products for customers in the food industry are mainly based on compounds of NCN chemistry (nitrogen-carbon-nitrogen). The product Creapure® as an endogenous substance is used as a dietary supplement in the sports sector, as a muscle tonic for older people and in the pharmaceutical and cosmetics industries. In the animal feed industry, guanidinoacetic acid is mainly produced under the product name Creamino® as an animal feed additive. In addition to defense technology, nitroguanidine is also used in the automotive industry and as a synthetic building block for crop protection products. The products that Alzchem sells to customers in the renewable energy sector are

used in the manufacture of composite materials and adhesives (DYHARD®) as well as silicon nitride for high-performance ceramics and for the manufacture of photovoltaic modules in the solar industry.

The Basics & Intermediates segment basically comprises the activities of “Verbund chemistry”, which are based on the primary nitrogen-carbon-nitrogen bond (NCN chain). In this segment, raw materials for specialty chemicals, products for agriculture and metallurgy as well as intermediates for the chemical industry are produced from lime, carbon and electricity. Agricultural customers use calcium cyanamide products as fertilizers, for example. For the metallurgy industry, this segment produces lime- and carbide-based auxiliaries for hot metal desulphurization as well as products for deoxidation, desulphurization and for steel pickling in secondary metallurgy. This segment also includes the production and sale of guanidine salts as a raw material for agrochemicals and active pharmaceutical ingredients as well as the production of nitriles as intermediate products for the chemical processing industry.

All of the Group’s other activities are bundled in the Other & Holding segment. Most of the sales generated come from service sales.

When preparing segment reporting in accordance with the internal management approach, the same accounting principles are applied as for the preparation of the IFRS consolidated financial statements.

External sales represent a segment’s sales to external customers. Sales reported by region are based on the customers’ billing address. EBITDA serves as a key performance indicator that is regularly used by management to assess the profitability of the segments. Sales between the segments are not recorded. Instead, the expenses relevant to the EBITDA calculation are allocated and offset to the individual segments in accordance with their origin by means of internal cost allocation. This relieves the performing segment on the expense side, while the receiving segment is charged. The cost rates applied are reviewed regularly, adjusted if necessary and do not include any profit mark-ups. The aim of internal cost allocation is to allocate all costs to the respective segments in accordance with their origin, so that no non-allocable expenses remain.

Inventories are the key asset figure that is regularly reported to management. Non-current assets, which must be reported by region in accordance with IFRS 8, are made up of intangible assets, property, plant and equipment and lease usage rights.

The Consolidation column shows Group eliminations and Group postings made solely for the purpose of preparing the consolidated financial statements. The sales revenue reported in this column includes currency effects that could not be allocated to the segments.



## II. PRELIMINARY REMARK

The consolidated financial statements include Alzchem Group AG, a stock corporation (Kapitalgesellschaft) under German law with its registered office in Trostberg, Germany, and its subsidiaries. The head office of Alzchem Group AG is located at Dr.-Albert-Frank-Str. 32, Trostberg, Germany. The competent register court is in Traunstein (HRB 26592). Alzchem Group AG is the parent company of the Alzchem Group and prepares these IFRS consolidated financial statements.

The consolidated financial statements were prepared by the Management Board on February 25, 2025.

The companies of the Alzchem Group develop, produce and trade in chemical products of all kinds and provide services as chemical park operators, among other things. The basic raw materials lime, carbon and electricity are used in further production steps at the Trostberg (headquarters), Schalchen, Hart, Waldkraiburg and Sundsvall (Sweden) sites to manufacture versatile products with typical nitrogen-carbon-nitrogen compounds of very high quality. Sales units are also located in Atlanta (USA), Shanghai (China) and Coventry (United Kingdom).

The company's shares (WKN: A2YNT3) are traded in the Prime Standard segment of the Regulated Market of the Frankfurt Stock Exchange in Germany. Due to the shareholder structure, there is no parent company within the meaning of IAS 1.138. The current shareholder structure as of the reporting date can be found in the company's combined management report and is continuously updated on the Alzchem website. On October 2, 2024, Alzchem Group AG was included in the SDAX selection index for the first time. This makes it one of the 160 largest and most liquid

listed companies in Germany in terms of free float market capitalization.

By shareholder resolutions passed between December 4, 2024 and December 21, 2024, Suppliva GmbH, Alzchem International GmbH and Actegon Energy GmbH were exempted from the obligation to disclose the annual financial statements and management report for the fiscal year 2024 in accordance with Section 264 (3) HGB, while Alzchem Trostberg GmbH and Alzchem International GmbH were exempted from the obligation to prepare and disclose the management report for the fiscal year 2024. The exemption resolutions were submitted to the company register by the subsidiaries Suppliva GmbH, Alzchem International GmbH, Actegon Energy GmbH and Alzchem Trostberg GmbH and will be published accordingly.

## III. NOTES TO THE BASIS AND METHODS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### ACCOUNTING PRINCIPLES

The consolidated financial statements of Alzchem Group AG were prepared in accordance with the provisions of the IFRS Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as applicable in the EU. The interpretations of the IFRS Interpretations Committee (formerly IFRIC and SIC) were applied. The consolidated financial statements comply with the European Union directives on consolidated accounting (Directive 83/349/EEC). In order to achieve equivalence with consolidated financial statements prepared in accordance with the German Commercial Code (HGB), all disclosures and explanations that go beyond the requirements of the IASB have been made in accordance with Section 315e of the German Commercial Code (HGB). The consolidated financial statements in the present version comply with the provisions of Section 315e HGB; this provision forms the legal basis for consolidated accounting in accordance with international standards in Germany together with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards.

The provisions of the IFRS Accounting Standards (IFRS), as applicable in the EU, which were mandatory as of the balance sheet date of December 31, 2024, were applied. Standards that were not yet mandatory as of December 31, 2024, were not applied early. This approach provides a true and fair view of the net assets, financial position and results of operations of the Alzchem Group.



The consolidated financial statements are presented in euros (EUR), the functional currency of the parent company Alzchem Group AG. For reasons of clarity, the figures in the consolidated financial statements are presented in thousands of euros (EUR thousand), unless otherwise stated. All figures have been rounded up or down to EUR thousand in accordance with commercial rounding, so that individual figures do not add up exactly to the totals shown.

### STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS APPLIED FOR THE FIRST TIME IN FISCAL YEAR 2024

The following standards and interpretations revised or newly issued by the IASB were mandatory from the fiscal year 2024 onwards

- Amendments to IAS 1 - Presentation of Financial Statements (classification of liabilities with ancillary conditions as current or non-current)

The amendments to IAS 1 are intended to clarify the criteria for classifying liabilities as current or non-current. In future, only "rights" that exist at the end of the reporting period will be decisive for the classification of a liability. In addition, supplementary guidelines for the interpretation of the criterion "right to defer settlement of the liability for at

least twelve months" and explanations on the characteristic "settlement" have been included. Furthermore, with regard to the classification of liabilities as current or non-current, it is clarified that only ancillary conditions that an entity must fulfill on or before the reporting date affect this classification. The clarifications have no effect on the classification of the maturities of the Alzchem Group's liabilities. However, an entity must disclose information in the notes that enables users of financial statements to understand the risk that long-term liabilities with covenants could become repayable within twelve months. Alzchem's loan and credit agreements contain the covenants customary on the capital market. Non-compliance with these agreements means a reclassification of non-current to current liabilities to banks. Based on the current 12-month plan, the Group does not expect the covenants to be breached.

- Amendments to IFRS 16 - Leases (lease liability in a sale and leaseback transaction)

The amendment to IFRS 16 contains requirements for the subsequent measurement of leases in the context of a sale and leaseback (SLB) for seller-lessees. This is primarily intended to standardize the subsequent measurement of lease liabilities in order to prevent inappropriate profit recognition. In principle, the amendment means that the

payments expected at the beginning of the term are to be taken into account in the subsequent measurement of lease liabilities under an SLB. In each period, the lease liability is reduced by the expected payments and the difference to the actual payments is recognized in profit or loss. Alzchem does not act as the seller-lessee of a sale and leaseback transaction, therefore this change has no effect on the net assets, financial position and results of operations of Alzchem.

- Amendments to IAS 7 and IFRS 7 - Statement of Cash Flows/ Financial Instruments (Disclosures on Supplier Finance Arrangements)

The amendments to IAS 7/IFRS 7 are intended to increase the transparency of supplier financing arrangements and their impact on an entity's liabilities, cash flows and liquidity risk. The amendments supplement the existing disclosure requirements in that companies are obliged to provide qualitative and quantitative information on financing agreements with suppliers. According to the current status, the amendment has no effect on the net assets, financial position and results of operations of Alzchem, as there are no supplier financing agreements.



## STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS WHOSE APPLICATION IS NOT YET MANDATORY

The following standards, amendments to standards and interpretations have already been adopted, but are only mandatory for reporting periods beginning on or after January 1, 2025. The Alzchem Group will apply these from January 1, 2025, or any later prescribed date and has estimated the expected impact on the net assets, financial position and results of operations of the individual standards, amendments to standards and interpretations, insofar as this estimate was already possible.

Standards	Amendment relates to	Obligation to apply from	Already adopted by the EU Commission
IAS 21	Effects of changes in exchange rates: Lack of exchangeability	01/01/2025	Yes
Various	Annual improvements to IFRS accounting standards	01/01/2026	No
IFRS 7/IFRS 9	Changes to the classification and measurement of financial instruments Contracts relating to nature-based electricity	01/01/2026	No
IFRS 18	Presentation and disclosures in the financial statements	01/01/2027	No
IFRS 19	Subsidiaries without public accountability: Disclosures	01/01/2027	No

The amendments to IAS 21 require an entity to apply a consistent approach when assessing whether a currency is exchangeable into another currency. If this is not the case, specifications are made for determining the exchange rate to be used and the required disclosures in the notes. The currencies that are currently held within the Alzchem Group are exchangeable, so that the changes will probably have no effect on the Alzchem Group.

The amendments to IFRS 7 and IFRS 9 relate to the following areas:

- Classification of financial assets:
  - Guidelines for financial assets to assess whether their contractual cash flows are consistent with a basic loan agreement,
  - non-recourse financial assets (non-recourse),
  - contractually linked instruments and
- Derecognition of a financial liability settled by electronic payment transactions,
- Accounting for contracts for the purchase or sale of renewable, nature-based energy with certain characteristics.

These changes will probably have no effect on the Alzchem Group.

The new standard IFRS 18 will replace the previous standard IAS 1 Presentation of Financial Statements. The objective in developing the new standard was to improve the reporting of a company's financial performance with a focus on the income statement. The main changes include the introduction of predefined subtotals and the categorization of income and expenses in the income statement, provisions to improve the aggregation and disaggregation of items and the introduction of disclosures on certain performance measures defined by management.

As the new overarching standard for the presentation of and disclosures in IFRS financial statements, IFRS 18 affects all IFRS users and therefore also Alzchem. The income statement and the notes are particularly affected, while there are less far-reaching changes for the cash flow statement and hardly any changes for the other components of the financial statements. Alzchem will deal with the regulations of the standard in a timely manner and analyze the company-specific consequences at an early stage in order to optimally prepare for the first-time application.

The new IFRS 19 standard allows certain subsidiaries to disclose reduced disclosures if they apply IFRS Accounting Standards in their financial statements. IFRS 19 is optional for eligible subsidiaries at and sets out the disclosure requirements for subsidiaries that choose to apply the standard. An entity may only apply IFRS 19 if (1) it is a subsidiary, (2) it is not subject to public accountability and (3) the ultimate or intermediate parent prepares consolidated financial statements that are available to the public and are prepared in accordance with IFRS Accounting Standards.



As Alzchem subsidiaries do not prepare separate financial statements in accordance with IFRS, this regulation will not be applicable.

### SCOPE OF CONSOLIDATION / SHAREHOLDINGS

In addition to Alzchem Group AG, the following six domestic and five foreign subsidiaries in which Alzchem Group AG directly or indirectly holds the majority of voting rights are included in the consolidated financial statements:

Name, registered office	Share in Capital in %	Currency	Subscribed capital in local currency*
Alzchem Trostberg GmbH, Trostberg, Germany	100	EUR	EUR 11,000 thousand
Alzchem International GmbH, Trostberg, Germany	94	EUR	EUR 1,000 thousand
Alzchem Stahltechnik GmbH, Trostberg, Germany	100	EUR	EUR 25 thousand
Suppliva GmbH, Trostberg, Germany	100	EUR	EUR 25 thousand
Alzchem Netz GmbH, Trostberg, Germany	100	EUR	EUR 300 thousand
Actegon Energy GmbH, Trostberg, Germany	100	EUR	EUR 25 thousand
Alzchem LLC, Atlanta, USA	100	USD	USD 0 thousand
Alzchem Shanghai Co. Ltd, Shanghai, China	100	CNY	CNY 3,670 thousand
Nordic Carbide AB, Sundsvall, Sweden	100	SEC	SEK 50 thousand
Edelife Distributing LLC, Atlanta, USA	100	USD	USD 4,112 thousand
Alzchem UK Ltd, Coventry, United Kingdom	100	GBP	GBP 1 thousand

\* The exchange rates on the respective reporting dates are shown in section III. under the paragraph on currency translation.

Actegon Energy GmbH, which was founded in the fiscal year 2023, commenced business operations in 2024.

### CONSOLIDATION PRINCIPLES

Subsidiaries are all companies that Alzchem Group AG controls directly or indirectly. Alzchem Group AG controls a company if it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group (full consolidation). They are deconsolidated from the date on which control ends.

The financial statements of the domestic and foreign subsidiaries included in the consolidation are prepared in accordance with IFRS 10 using uniform accounting policies.

Intragroup profits and losses, sales, expenses and income as well as receivables and liabilities between consolidated subsidiaries are eliminated. If the requirements for the consolidation of third-party liabilities are met, this is applied. Intercompany profits are eliminated. The tax deferrals required by IAS 12 (Income Taxes) are made on temporary differences arising from consolidation measures.



## CAPITAL CONSOLIDATION

Capital consolidation of subsidiaries is carried out in accordance with IFRS 10 (Consolidated Financial Statements) in conjunction with IFRS 3 (Business Combinations) by offsetting the carrying amount of the investment against the revalued equity of the subsidiary at the time of acquisition (acquisition method) or against the statutory equity in the case of newly founded companies.

## COMPANY ACQUISITIONS / REVERSE ACQUISITIONS

The Alzchem Group applies the purchase method of accounting for business combinations. The consideration transferred corresponds to the fair value of the assets transferred, the liabilities assumed and the equity shares issued at the time of acquisition. Incidental acquisition costs are recognized as expenses. Assets, liabilities and contingent liabilities identifiable as part of the business combination are measured at fair value at the time of acquisition upon initial consolidation. The surplus of the consideration transferred over the balance of the net assets measured at fair value at the time of acquisition is recognized as goodwill. If the consideration transferred is less than the net assets of the acquired subsidiary measured at fair value, the difference is recognized directly in the income statement after a further review.

There were no business combinations in the reporting period.

## CURRENCY TRANSLATION

The presentation currency and at the same time the functional currency of the Alzchem Group is the euro (EUR).

In the separate financial statements of subsidiaries that are managed in euros, transactions in foreign currencies are measured at the exchange rate at the time of initial recognition. Exchange rate gains and losses from the translation of monetary assets and liabilities occurring up to the balance sheet date are taken into account. Gains and losses from exchange rate changes are recognized in the income statement under other operating income or expenses.

The annual financial statements of the foreign Group companies are translated into the reporting currency of the Alzchem Group. Their functional currency is the respective national currency. The functional currency and reporting currency of the parent company and thus of the consolidated financial statements is the euro. Alzchem translates the assets and liabilities of foreign Group companies whose functional currency is not the euro at the closing rate (mean spot exchange rate) at the end of the period. Expenses, income and earnings, on the other hand, are translated at average exchange rates. All resulting translation differences were recognized as a separate item in equity. The items in the consolidated cash flow statement are translated at average exchange rates, while cash and cash equivalents are translated at the closing rate (mean spot exchange rate) at the end of the period.

The exchange rates of major currencies used for currency translation are shown in the following table:

		Closing rate*		Average rate*	
		12/31/2023	12/31/2024	01/01-12/31/2023	01/01-12/31/2024
USA	USD	1.1050	1.0389	1.0816	1.0821
China	CNY	7.8509	7.5833	7.6591	7.7863
Sweden	SEC	11.0960	11.4590	11.4728	11.4309
United Kingdom	GBP	0.8691	0.8292	0.8699	0.8466

\* Equivalent value for EUR 1



## IV. ACCOUNTING AND VALUATION METHODS

At the time of preparing the consolidated financial statements, the Management Board has the justified expectation that the Group has sufficient resources to continue operating in the foreseeable future. The consolidated financial statements were therefore still prepared on the basis of the going concern assumption. The accounting and valuation methods were generally applied consistently.

### NON-CURRENT ASSETS AND DEPRECIATION AND AMORTIZATION

#### INTANGIBLE ASSETS

Acquired intangible assets are recognized at cost.

All acquired intangible assets with a determinable useful life are amortized on a straight-line basis. Scheduled amortization is based on the following economic useful lives throughout the Group:

Concessions, rights, licenses:	1 to 5 years
Software:	3 to 5 years

Costs associated with the operation or maintenance of software are recognized as expenses when they are incurred. There were no internally generated intangible assets in the reporting period. Financing costs are capitalized as part of acquisition or production costs if the requirements are met. If an impairment is identified that exceeds regular amortization, the asset is written down to the recoverable amount. There were no intangible assets with indefinite useful lives in the reporting period.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment used in business operations for more than one year are measured at cost less depreciation. Significant components of an item of property, plant and equipment are recognized and depreciated individually. Subsequent costs are only recog-

nized as part of the cost of the asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are recognized as an expense in the income statement in the fiscal year in which they are incurred. Financing costs are capitalized as part of acquisition or production costs if the requirements for capitalization are met. Land is not depreciated. All other assets are depreciated using the straight-line method, whereby the acquisition costs are depreciated over the expected useful life of the assets as follows:

Buildings:	25 to 40 years
Operating facilities, technical equipment and machinery:	5 to 25 years
Operating and office equipment:	3 to 10 years
Vehicles:	4 to 6 years

The residual carrying amounts and economic useful lives are reviewed at each balance sheet date and adjusted if necessary. If the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter. Gains and losses from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the residual carrying amount and recognized in profit or loss.

### JOINTLY CONTROLLED ASSETS

In the case of assets that are jointly controlled with a company outside the Group, the Alzchem Group recognizes its share of these assets within property, plant and equipment, even if the Alzchem Group is not the legal owner of the jointly controlled asset.

### BORROWING COSTS

Borrowing costs directly associated with the acquisition, construction or production of qualifying assets are added to the production costs of these assets until such time as the assets are essentially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.



Income earned from the interim investment of borrowed capital until it is spent on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## RESEARCH AND DEVELOPMENT COSTS

The Alzchem Group is involved in various research and development activities with the primary aim of developing new products or processes or improving existing products or processes. Expenditure on research activities is recognized as an expense in the period in which it is incurred. A review of the six criteria set out in IAS 38 for the capitalization of development costs has shown that not all criteria are met as of the balance sheet date. As a result, development costs are also recognized as an expense in the income statement in the period in which they are incurred. However, the Alzchem Group reviews the existence of the criteria for new projects on an ongoing basis. If it is recognized that the requirements for capitalization of development costs are met for individual projects, Alzchem makes use of this option.

## LEASING

A lease exists if the lessor contractually grants the lessee the right to control an identified asset for a fixed period of time and the lessor receives consideration from the lessee in return.

In principle, assets for the rights of use obtained and liabilities for the payment obligations entered into must be capitalized in the lessee's balance sheet for all leases. The

Alzchem Group does not apply this general rule to short-term leases (up to twelve months), leases for assets with a lower value and leases for intangible assets. These are still recognized as an expense systematically over the term of the lease by exercising an option. Smaller, primarily work-place-related IT equipment, such as printers and photocopiers, are classified as low-value assets.

As the lessee, Alzchem recognizes the lease liabilities at the present value of the lease payments still to be made. The following lease payments are included in the calculation of the present value:

- Fixed payments (including de facto fixed payments, less any lease incentives to be received).
- Variable lease payments that are linked to an index or (interest) rate.
- Probable payments to be made under residual value guarantees.
- Probable payments to be made from the exercise of a call option.
- Probable payments to be made in the event of early termination.

When determining the term of leases, all facts and circumstances that provide an economic incentive to exercise extension options or not to exercise termination options are taken into account. Term changes resulting from the exercise of extension or termination options are only included in the lease term if an extension or non-exercise of a termination option is reasonably certain.

On initial recognition, the right-of-use asset to be capitalized corresponds to the present value of the lease payments

still to be made plus initial direct costs, advance payments and dismantling costs, less any incentive payments received.

The lease liability is subsequently compounded using the effective interest method and reduced by the lease payments. The actual lease payments are divided into an interest portion and a repayment portion. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life and the term of the lease.

In the consolidated balance sheet, lease usage rights are reported as a separate item from property, plant and equipment.

When calculating lease payments, non-lease components are not included in the calculation of lease liabilities if a separation results directly from the contract. If the contract does not contain a separation of these components, the non-lease components are treated in the same way as the lease components.

The interest rate for the measurement of lease usage rights and lease liabilities corresponds to the incremental borrowing rate, unless an interest rate is implicitly specified in the lease. To determine the incremental borrowing rate, reference interest rates are derived from risk-free interest rates with matching maturities, increased by credit risk premiums and adjusted by a country risk premium.

As a lessor, Alzchem distinguishes each lease into a finance or operating lease. Leases in which Alzchem, as lessor, has transferred substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are treated as finance leases within the meaning of IFRS 16. In these cases, the leased asset is recognized in the lessee's balance sheet, i.e. not in the consolidated balance sheet. The assets from a finance lease are presented as receivables in the amount of the net investment in the lease. Leases in which Alzchem as





the lessor has not transferred substantially all the risks and rewards are treated as operating leases within the meaning of IFRS 16. Lease payments for operating leases are recognized on a straight-line basis over the term of the lease within revenue (as part of site services) and as other operating income in the consolidated income statement.

## IMPAIRMENT OF NON-MONETARY ASSETS

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognized in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. For the impairment test, assets are summarized at the lowest level for which cash flows can be identified separately (cash-generating units).

If an impairment loss is subsequently reversed, the carrying amount of the asset (the cash-generating unit) is increased to the newly estimated recoverable amount. The increase in the carrying amount is limited to the amortized value that would have been determined if no impairment loss had been recognized for the asset (cash-generating unit) in previous years. A reversal of the impairment loss is recognized immediately in profit or loss.

## GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received.

Government grants are recognized in the consolidated income statement on a systematic basis over the periods in which the Group recognizes the corresponding expenses that are intended to compensate for the government grants as expenses.

Government grants that are paid as compensation for expenses or losses already incurred or for immediate financial support are recognized in the consolidated income statement in the period in which the corresponding claim arises.

Alzchem deducts government grants whose main condition is the purchase, construction or other acquisition of non-current assets (including property, plant and equipment) when determining the carrying amount of these assets. If the assets are still under construction, a deduction is made in the amount of the subsidy rate. Other liabilities are recognized for grants already received. The grants are thus recognized in profit or loss over the useful life by means of reduced depreciation amounts.

## CURRENT INCOME TAXES

The current tax expense is calculated on the basis of the taxable income for the year. The taxable income differs from the annual net profit from the consolidated income statement due to expenses and income that are taxable or tax-deductible in later years or never. The Group's liability for current taxes is calculated on the basis of the tax rates applicable or soon to be applicable.

The applicable income tax rate is calculated on the basis of the tax laws that apply on the balance sheet date for the countries in which the company's subsidiaries operate.

## DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for all temporary differences between the tax base of assets/liabilities and their carrying amounts in the IFRS consolidated financial statements (liability method). Deferred taxes are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilized. If the future tax advantage from loss carryforwards can be used with sufficient certainty in future periods, a deferred tax asset is recognized for this.



According to IAS 12.39, deferred taxes on temporary differences in connection with shares in subsidiaries (“outside basis differences”) are only to be recognized in the consolidated financial statements if the following criteria are not met:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- It is likely that the temporary difference will not disappear in the foreseeable future.

The temporary difference is generally only reversed when the company is sold. At the present time, the Alzchem Group is not planning to sell any companies but would also be in a position to control the timing of the sale. No deferred taxes on temporary differences in connection with shares in subsidiaries are recognized in the consolidated financial statements of the Alzchem Group.

Deferred taxes relating to items recognized directly in equity are also recognized in equity. Changes in all other deferred tax assets and liabilities are recognized in profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred taxes relate to the same tax authority.

## INVENTORIES

Inventories include raw materials and supplies, work in progress, finished goods and merchandise as well as advance payments on inventories. Inventories are recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. In

addition to direct material and production costs, production costs also include all directly attributable costs as well as an appropriate share of the necessary overheads and depreciation. The acquisition or production costs are determined on the basis of the average cost method. If necessary, write-downs are made for overreach, obsolescence and reduced marketability. Borrowing costs were not included in the acquisition or production costs as there were no qualifying assets.

## FINANCIAL INSTRUMENTS

Within the Alzchem Group, the following categories of financial assets were recognized in the reporting periods:

- Measured at amortized cost (AC),
- Mandatorily measured at fair value through other comprehensive income (FVOCI),
- Measured at fair value through profit or loss (FVTPL).

Financial liabilities include the following categories:

- Valued at amortized cost,
- At fair value through profit or loss.

## FINANCIAL ASSETS

The shares in other investments reported under non-current financial assets belong without exception to the “measured at fair value through profit or loss” measurement category, as the investment does not meet the cash flow criterion. No use was made of the option to recognize investments at fair value through other comprehensive income without subsequent recycling. The respective market

price is used to determine the fair value of publicly listed financial assets. If there is no active market, the fair value is determined using the most recent market transactions or a valuation method (such as the discounted cash flow method). If the input parameters for such a valuation cannot be reliably determined with an effort appropriate to the materiality of the investment, the Alzchem Group assumes that the acquisition costs represent the best possible estimate of the current fair value.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments to manage exchange rate risks. Alzchem recognizes derivative financial instruments such as forward exchange contracts at fair value. The company recognizes the change in the fair value of derivative financial instruments in the consolidated income statement.

## RECEIVABLES AND OTHER ASSETS

### TRADE RECEIVABLES

Trade receivables are initially recognized at fair value. Subsequent measurement depends on the measurement category. At the Alzchem Group, some of the receivables are allocated to a mixed business model due to regular sales of receivables as part of factoring. As these receivables also fulfill the cash flow criterion, they are therefore classified as “mandatorily measured at fair value through other comprehensive income”. Trade receivables from companies without factoring activities are classified as “at amortized cost”.



In both cases, value adjustments are recognized in profit or loss on the basis of the expected loss over the entire term of the receivable. If there is no objective evidence of an actual default by the debtor, this value adjustment for receivables “mandatorily measured at fair value through other comprehensive income” is corrected again through other comprehensive income, as it is assumed that these expected losses have no additional impact on the fair value of the receivables and were already priced in when the receivables were received.

The determination of expected losses is based on historical data of the Alzchem Group, in which the expected default rates and recovery rates are determined depending on the age of the receivables. If the current economic outlook or other macroeconomic parameters justify this, the historically determined default rates are adjusted accordingly. As of the reporting date, the Alzchem Group had not identified any factors that would justify an adjustment to the historical ratios. The corresponding ratios are then applied to the receivables portfolio not covered by trade credit insurance without individually identified defaults. In accordance with the contractual regulations in the context of factoring, the Group classifies receivables as defaulted if they have not been serviced 120 days after the due date.

#### **OTHER RECEIVABLES AND OTHER ASSETS**

Other receivables and other assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method - in the case of non-current receivables - and less impairments. If risks exist, these are taken into account through appropriate value

adjustments. The same processes and guidelines are used to determine the value adjustments for trade receivables.

Other receivables and other assets are assigned to the “at amortized cost” category as financial assets, as they are in the “hold” business model and meet the cash flow criterion.

For other receivables and other assets, a risk provision in the amount of the expected loss within one year is determined upon addition (risk provision level 1). If there has been a significant deterioration in the debtor’s creditworthiness since the receivables were acquired, the calculation horizon is extended to the entire term of the receivable (risk provisioning level 2). If an actual default by the debtor is determined, the receivable is reclassified to risk provisioning level 3. Here too, risk provisioning is determined on the basis of expected losses over the lifetime of the receivable. In contrast to the previous stages, however, any interest income is no longer calculated on the gross carrying amount, but on the basis of the net carrying amount after impairment using the effective interest rate. As of both reporting dates, all carrying amounts of other receivables and other assets were in risk provisioning level 1.

A significant increase in credit risk occurs at the latest when payment is 30 days overdue. An earlier reclassification on the basis of findings from the credit management process is possible in principle but is of little practical relevance for the Alzchem Group. A default in the area of other receivables and other assets is assumed if payment is 90 days or more in arrears or if payment is no longer considered probable due to other events (e.g. the opening of insolvency proceedings). Due to the low volume and the lack of historical data for defaults on other financial receivables at the

Alzchem Group, the actual expected losses are determined based on individual assessments by Alzchem. In the event of a change in the materiality of the items, additional external data would be used.

Financial assets are generally recognized on the trade date. No financial assets were offset against financial liabilities in the reporting period and there are no net settlement agreements that cannot be offset in the balance sheet.

#### **FACTORING**

An Alzchem Group company assigns some of its customer receivables to financing companies (buyers of receivables). In accordance with IFRS 9, receivables sold are derecognized in full if substantially all the risks and rewards of ownership have been transferred from the seller to the buyer or, if substantially all the risks and rewards have neither been transferred nor retained, control of the receivables has been transferred. If the risks and rewards have essentially neither been transferred nor retained, but control of the receivables remains with the seller, the seller recognizes a continuing involvement. Contractual agreements transfer the risk of the customer’s insolvency (*del credere*) to the buyer of the receivables.

On the balance sheet date, an analysis is carried out as to whether the receivables sold are to be assumed to be fully or only partially derecognized and thus the opportunities and risks from the receivables sold are transferred. If the analysis shows that Alzchem still bears part of the late payment risk from these receivables, only a partial derecognition of the sold receivables is carried out on the balance sheet date in accordance with the requirements of IFRS 9, whereby the portion that remains as “continuing involve-



ment" is low compared to the total amount of the receivables sold. In these cases, the remaining late payment risk is recognized under trade receivables as continuing involvement. This remaining involvement is offset by a corresponding liability, which is reported under other current liabilities. As of the reporting date of 31 December 2024, the analysis of the receivables sold showed, as in the previous year, that a complete disposal had to be recognized.

The purchase price retentions from factoring initially retained by the financing company as collateral are recognized separately under other assets. They become due as soon as payment is received from the customer. In addition, blocking retentions are agreed with the buyer of the receivables for the risk of sales deductions, which are also reported under other assets. The blocking retentions are due in full after a blocking period, provided no friction has occurred in the payment flows.

Payment of the remaining purchase price by the buyer of the receivable is made either upon receipt of payment by the buyer of the receivable or against interest at the request of the assigning company. The outstanding portion of the purchase price receivable is reported under other current assets.

Interest expenses resulting from the sale of receivables are recognized in the financial result. Administrative fees are reported under other operating expenses.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits and other short-term, highly liquid financial assets with an original term of a maximum of three months as well as current account balances. Overdraft facilities utilized are shown as liabilities to banks under current financial liabilities.

The same principles for determining value adjustments apply to cash and cash equivalents as for other financial receivables. As cash and cash equivalents by definition only include short-term deposits with banks with an insignificant risk of default, the low credit risk exception is also applied, which makes the review of a transfer from risk provisioning level 1 to risk provisioning level 2 obsolete. Due to the short original term of less than three months, this could only lead to a change in recognition, but not to a change in the amount of the impairment. Due to the short terms and the high credit ratings of the credit institutions concerned, the calculated impairment requirement is negligible and of minor significance for the Alzchem Group.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments recognized in the consolidated balance sheet at fair value were determined on the basis of the data or input parameters used for measurement in accordance with a three-level hierarchy in accordance with the requirements of IFRS 13:

- Level 1: Exchange or market price on an active market for similar financial instruments.
- Level 2: Input parameters other than the quoted prices included in Level 1 that are directly or indirectly available for the financial instruments.
- Level 3: Input parameters for the financial instruments are not available on the market.

## EQUITY

Equity consists of subscribed capital, capital reserve, the capital reserve equalization item reverse acquisition, other accumulated equity, treasury shares and retained earnings.

The subscribed capital represents the nominal capital of the parent company.

The capital reserve includes all amounts of equity added to the company from outside that are not subscribed capital.

Please refer to note 21 for an explanation of the capital reserve adjustment item reverse acquisition.

According to IAS 32, the purchase price for treasury shares must be deducted from equity. The nominal amount of the treasury shares acquired must be openly deducted from equity. Alzchem has opted for presentation in a single item "Treasury shares". They are recognized at acquisition cost including transaction costs and less any tax benefits.

Minority interests in the equity of Group companies are recognized as non-controlling interests.



## OTHER PROVISIONS

Provisions are recognized when the Alzchem Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably. If a number of similar obligations exist, the probability of a charge on assets is determined on the basis of the group of these obligations. The provisions are recognized at the present value of the expected expenses, taking into account all identifiable risks, and are not offset against recourse claims.

Non-current provisions are recognized at their expected expenses discounted to the balance sheet date if the interest portion is material. The interest rate applied is a pre-tax interest rate that reflects the current economic situation in the market environment and takes into account the risk of the obligation, insofar as this has not already been reflected in the estimated future cash outflows.

## EMPLOYEE BENEFITS

### PENSION OBLIGATIONS

The Alzchem Group has various pension plans. This includes both defined benefit and defined contribution plans. Defined contribution plans are post-employment benefit plans under which the company pays fixed contributions to an independent entity (such as a fund or an insurance company) and is not legally or factually obliged to pay any further contributions, even if the fund does not have sufficient assets or the claims from the insurance contract concluded are insufficient to provide all benefits relating to employee work in the reporting period and earlier periods. A defined benefit plan is a plan that is not a defined contribution plan.

The agreements on which the defined benefit plans are based provide for different benefits in the Group, depending on the subsidiary. These essentially comprise

- Pension commitments from reaching the respective retirement age,
- One-off payments on termination of employment.

The provision recognized in the consolidated balance sheet for defined benefit plans is the present value of the pension obligation as of the balance sheet date less the fair value of any plan assets. The actuarial valuation of pension provisions for the company pension scheme is carried out in accordance with the projected unit credit method prescribed in IAS 19 (Employee Benefits), whereby an actuarial valuation is carried out by independent actuaries on each balance sheet date. As part of this projected unit credit method, the pensions and acquired entitlements known on the balance sheet date and the expected future increases in salaries and pensions are taken into account. The valuations are based on the legal, economic and tax circumstances of the respective country. The obligations existing exclusively in Germany are determined using the following parameters:

	12/31/2023	12/31/2024
Discount rate in %	3.20	3.40
Wage and salary trend in %	3.00	3.00
Pension trend in %	2.25	2.25

With regard to the determination of pension trends, the Alzchem Group is guided by future, long-term inflation expectations when pensions are adjusted in line with the development of the consumer price index in accordance with Section 16 (2) No. 1 BetrAVG. Adjustments in the discount rate are taken into account in rounded 0.10 percentage points.

Employee turnover is determined on a company-specific basis and taken into account depending on age and length of service. The actuarial valuations as of December 31 are based on the biometric principles of the "2018 G mortality tables" by Klaus Heubeck. The provision is made up of the present value of the defined benefit obligation less the fair value of the plan assets.

The actuarial gains and losses arising from the defined benefit plans from unexpected changes in pension obligations and from changes in actuarial assumptions are recognized in other comprehensive income and in the consolidated statement of comprehensive income in the periods in which they are incurred. Past service costs and gains or losses from plan settlements are recognized directly in profit or loss when the plan is adjusted, curtailed or settled. The interest portion of the addition to provisions included in pension expenses (interest costs for pension obligations and expected return on plan assets) is shown as interest expense within the financial result. The service cost is reported under operating personnel expenses.

### BENEFITS DUE TO TERMINATION OF THE EMPLOYMENT RELATIONSHIP

Termination benefits are granted if an employee is dismissed before the normal retirement date or if an employee voluntarily leaves the employment relationship in return for a severance payment. The Group recognizes termination benefits immediately if it has a demonstrable and unavoidable obligation to terminate the employment of current employees in accordance with a detailed formal plan that cannot be reversed, or if it has a demonstrable obligation to pay termination benefits upon voluntary termination of employment by employees. Benefits that fall due more than twelve months after the balance sheet date are discounted to their present value. Claims to termination benefits are reported under personnel provisions.



## PROFIT-SHARING AND BONUS PLANS

In the Alzchem Group, a provision is recognized as a liability in cases where there is a contractual obligation for profit-sharing or other performance-related employee bonuses or where the Group has a constructive obligation based on past business practice.

## SHARE-BASED PAYMENTS

The members of the Management Board of Alzchem Group AG were granted stock appreciation rights (SARs) in different tranches as a long-term incentive (LTI) and from the granting of transitional payments. The SARs granted were classified and measured as cash-settled share-based payment transactions in accordance with IFRS 2.30 et seq. The fair value of the work performed by the Management Board members in return for the granting of the options is recognized as an expense over the vesting period in accordance with IFRS 2 and recalculated at each balance sheet date using a Monte Carlo simulation. Further explanations are provided in note 34. The provision is reported under other non-current provisions and the expense under operating personnel expenses.

## LIABILITIES

### LOAN LIABILITIES TO BANKS

Loan liabilities are initially recognized at fair value less transaction costs and subsequently at amortized cost using the effective interest method.

Loan liabilities are classified as current if repayment is due within the next twelve months.

The loan liabilities are allocated to the category "financial liabilities measured at amortized cost".

### TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are initially recognized at fair value less transaction costs and subsequently at amortized cost using the effective interest method. Trade payables and other current financial liabilities are allocated to the category "financial liabilities measured at amortized cost". Trade payables and other liabilities are classified as current if the contractual payment is due within the next twelve months.

## CONTINGENT LIABILITIES

Contingent liabilities are possible or existing obligations that arise from past events but for which an outflow of resources is not considered probable. According to IAS 37, such obligations are not to be recognized in the consolidated balance sheet but disclosed in the notes to the consolidated financial statements.

## REVENUE RECOGNITION

Alzchem generates revenue through the sale of chemical products to customers and through the provision of services as part of site services. The determination of the amount of revenue and the timing of revenue recognition is different for these revenue categories.

### DELIVERY OF PRODUCTS

In the product area, Alzchem's performance obligation consists of the delivery of chemical products to the place of delivery to be determined by the customer. As a rule, only a performance obligation arises from the contracts with customers. If and organizes the transport service to the customer, this is usually part of the costs for the fulfilment of the performance obligation to the customer (so-called "fulfilment costs"). However, the transportation service is a separate performance obligation if the performance obligation to deliver the chemical products was fulfilled before the transportation service was completed.

The transaction price is fixed per unit of the delivered product. Amounts collected on behalf of third parties (VAT only) are not included in the transaction price. Variable consid-



erations exist in the context of bonus agreements with customers based on contractually agreed volumes and, in part, from discounts granted in compliance with certain shortened payment periods. In these cases, Alzchem determines the transaction price taking into account the most probable amount and includes the variable price components in the realization of sales if it is likely that the customer will achieve the agreed targets or, based on the customer's payment history, it can be assumed that the customer will deduct the discount amount granted. If the final settlement with the customer subsequently results in a change in the transaction price, it is recognized as a reduction or increase in revenue in the period in which the final settlement with the customer takes place. This period may differ from the period in which the performance obligation was fulfilled. No further discretionary decisions other than this assessment of the variable price components are necessary. Based on many years of experience with customers with variable pricing, Alzchem considers this approach to be the best possible estimate of the variable price component and does not assume that there will be any significant changes in sales upon final settlement with the customer. This assumption is reviewed annually using the ratio of subsequently recognized revenue to the revenue recognized in the previous year. In the 2024 reporting period, this related to 0.03% (previous year: 0.03%) of the revenue recognized in the previous year. Financing components are not to be taken into account due to the contractually agreed short-term payment terms. Alzchem does not receive any non-cash consideration from its customers in the product area.

It is generally not necessary to allocate the transaction price to several performance obligations. If the transportation service has been identified as a separate performance obligation, the stand-alone selling price is determined on the basis of the expected costs plus an appropriate margin.

In the case of product deliveries, the service is provided, and revenue is therefore recognized at a specific point in time. Revenue is not recognized over a period of time. The following indicators are used to determine the time of performance:

- Alzchem has an unconditional claim to payment.
- The customer has legally acquired ownership of the delivered products.
- The delivered product has passed into the physical possession of the customer.
- The risks and opportunities in connection with the delivered product have been transferred to the customer.
- The customer has accepted the goods or services.

The overall assessment of these indicators leads to revenue recognition for product deliveries from Alzchem at the time of the transfer of risk based on the Incoterms agreed with the customer.

Alzchem sells its products to customers with the assurance that they comply with the exact specifications of the chemical composition. No further guarantees are given. In the very rare cases in which the product specification was not achieved, a provision for a guarantee obligation is recognized on a case-by-case basis in accordance with the requirements of IAS 37 and reported under other provisions. Based on past experience and the quality control of the products prior to delivery, the transaction price is not taken into account when determining the amount of revenue.

## PROVISION OF SERVICES

The services as a site operator can be permanent services or variable services, which the customer must always call up individually. The performance obligation to be fulfilled by Alzchem is precisely defined for each service via a term sheet. One performance obligation was identified per term sheet.

The transaction price is calculated as the price per unit. There are no other price components in the service sector. Financing components are not taken into account due to the contractually agreed short-term payment terms. Alzchem does not receive any non-cash consideration from its customers in the services area.

As there is only one performance obligation per contract, it is not necessary to allocate the transaction price to more than one performance obligation.

The benefit accrues to the customer during the provision of the service by Alzchem and the customer also consumes this accrued benefit immediately. Thus, the performance obligation from the individual site services is fulfilled over a period of time. The method that best represents the transfer of benefits and thus the fulfillment of the performance obligation to the customer is the output-oriented method for the variable services, which is based on the provision of the services. These variable services are always invoiced to the customer when the service has been provided, i.e. when the customer has used the service and the claim to payment has arisen.

Revenue is recognized at the same time. In the case of permanent location services, the performance obligation is provided over a period of twelve months of the calendar year. This is invoiced monthly in the amount of 1/12 of the annual amount. It does not matter whether the customer has actually used the service. Alzchem only has to provide the service for twelve months (e.g. fire department and



company doctor) and after one month 1/12 of the service obligation is provided. In these cases, there is a so-called “stand-ready performance obligation”, as Alzchem only has to provide the permanent site service and the customer already benefits from the provision. Revenue for these site services is recognized on a straight-line basis over the twelve-month period of the contract, as this approach represents the best estimate for an “output-oriented” determination of the performance progress for these performance obligations.

No significant discretionary decisions were made in determining the amount and timing of revenue from services.

Revenue from contracts with customers results in receivables that are included in full in trade receivables. Trade receivables and the associated revenue are generally recognized immediately after the performance obligation has been fulfilled.

#### ACCOUNTING FOR CUSTOMER SUBSIDIES

Some of the customer subsidies already contractually agreed as part of the Nitroguanidin investment project are not yet recognized in the balance sheet, as some of the contracts do not take effect until January 1, 2025, or do not yet give rise to an unconditional right to consideration as of the reporting date. In accordance with the provisions of IFRS 15, the payments initially lead to contract liabilities, which are recognized in the consolidated balance sheet according to their maturity until the respective consideration is fulfilled by Alzchem. The main consideration consists of the assurance of additional production capacities for the delivery of products (nitroguanidine) from the new production plant subsidized by the customers. As soon as these additional quantities can be delivered, the contract liability is reversed

over the respective term of the individual customer contract in accordance with the quantities to be delivered per year as part of revenue recognition. The customer subsidies therefore represent revenue for the production capacities to be provided for the respective customer in subsequent years – probably from the fiscal year 2027. The payment of customer subsidies will have a significant impact on the cash inflow from operating activities even before revenue is recognized.

### OTHER INCOME AND RECOGNITION OF EXPENSES

Expenses are recognized as expenses when the service is used or when they are incurred.

Rental income and rental expenses are recognized as expenses or income on an accrual basis.

### FINANCIAL RESULT

Interest income and interest expenses are recognized on an accrual basis, taking into account the outstanding loan amount and the applicable interest rate using the effective interest method. The applicable interest rate corresponds to the interest rate that discounts the estimated future cash inflows over the term of the financial asset to the net carrying amount of the asset.

In the case of finance leases, the payments are divided into an interest portion and a repayment portion using actuarial methods.

Borrowing costs are recognized in profit or loss in the period in which they are incurred, unless they are borrowing costs for qualifying assets that must be capitalized.

### DIVIDEND DISTRIBUTION

Shareholders’ claims to dividend distributions are recognized in the period in which the corresponding resolution is passed.

### EARNINGS PER SHARE

The share buyback in the fiscal year 2024 had an impact on earnings per share. The calculation of basic earnings per share is based on the weighted average number of shares in circulation during the period. Shares bought back during the period are only considered to be in circulation pro rata temporis until they are bought back and are weighted accordingly. Thereafter, treasury shares are not taken into account when determining the number of shares in circulation. The previous year’s figures are not adjusted in accordance with IFRS requirements. There are currently no dilution effects. The calculation is carried out by dividing the consolidated net income attributable to the shareholders of Alzchem Group AG by the number of outstanding shares.

### LEGAL DISPUTES AND CLAIMS FOR DAMAGES

The companies of the Alzchem Group are involved in various lawsuits and official proceedings as part of their general business operations, or such could be initiated or asserted in the future. Even if the outcome of the individual proceed-





ings cannot be predicted with certainty in view of the uncertainties inherent in legal disputes, according to current estimates there will be no significant negative impact on the Group's results of operations beyond the risks recognized as liabilities or provisions in the consolidated financial statements.

## USE OF ASSUMPTIONS AND ESTIMATES

In preparing the consolidated financial statements, assumptions and estimates were made that affected the recognition and amount of the assets, liabilities, income, expenses and contingent liabilities. These assumptions and estimates mainly relate to the uniform determination of economic useful lives throughout the Group, the assessment of the recoverability of inventories, the measurement of provisions, pensions or location-related risks and the realizability of future tax relief from loss carryforwards. Performing impairment tests in accordance with IAS 36 requires estimates regarding the forecast and discounting of future cash flows expected from the asset under review. In individual cases, the actual values may differ from the assumptions and estimates made. Changes are taken into account when better knowledge becomes available.

The estimates are based on empirical values and other assumptions that are considered appropriate under the given circumstances. The actual values may differ from the estimates. The estimates and assumptions are reviewed on an ongoing basis.

## INCOME TAXES

The Alzchem Group is obliged to pay income taxes in various countries according to different assessment bases. The global tax provision is formed on the basis of a profit calculation carried out in accordance with local tax regulations and the applicable local tax rates.

The amount of tax provisions and liabilities is based on estimates of whether and to what extent income taxes will be due. Appropriate provisions are made for any risks arising from a different tax treatment, if necessary.

In addition, estimates must be made in order to assess the recoverability of deferred tax assets. The decisive factor in assessing the recoverability of deferred tax assets is the assessment of the probability that future taxable profits (taxable income) will be available.

There are also uncertainties regarding the interpretation of complex tax regulations and the amount and timing of future taxable income. Particularly against the background of international interdependencies, differences between the actual results and Alzchem's assumptions or future changes to these assumptions may result in changes to the tax result in future periods.

## PROVISIONS

When determining the recognition of provisions, assumptions must be made about the probability of the outflow of resources occurring. These assumptions represent the best possible estimate of the underlying situation but are subject to a certain degree of uncertainty due to the necessary use of assumptions. When measuring the provisions, assumptions must also be made about the amount of the possible outflow of resources. This applies in particular to Alzchem's long-term landfill provisions. For accounting purposes, assumptions must be made about the estimated costs and also the period of storage after closure of the landfills. A change in the assumptions can therefore lead to a deviation in the amount of the provision. Accordingly, the use of assumptions also results in certain uncertainties here.

The calculation of the present value of pension obligations is largely dependent on the selection of the discount rate and other actuarial assumptions, which are recalculated at the end of each fiscal year. The underlying discount rate is the interest rate of corporate bonds with a high credit rating that are denominated in the currency in which the benefits are paid and that have the same maturity as the pension obligations. Changes in these interest rates can lead to significant changes in the amount of the pension obligation. The same applies to long-term deposit provisions, which can change significantly due to changes in the discount rate.

At the time of preparing the consolidated financial statements, all identifiable risks were taken into account in the underlying assumptions and estimates.



## CONSIDERATION OF GENERAL UNCERTAINTIES

Overall, Alzchem is operating in an increasingly complex and uncertain macroeconomic and geopolitical environment. However, the uncertainties have decreased significantly compared to the previous year. The current business environment requires us to deal with the war in Ukraine and the sanctions imposed on Russia. Added to this are the uncertainties following the resurgence of the crisis in Israel. The uncertainties surrounding forecasts remain high and lead to the application of accounting principles that are sensitive to estimates and assumptions, as well as to discretionary decisions by management. These developments can have a negative impact on the fair values and carrying amounts of assets and liabilities as well as the amount and timing of Alzchem's earnings realization and cash flows. The consequences vary considerably depending on the region and customer sector. Alzchem based its estimates and assumptions on currently available knowledge and the best information available.

In particular, the following aspects were again examined in more detail:

As a result of changes in customer payment behavior, the need for value adjustments on trade receivables could increase. At present, no adjustments to the payment terms for individual customers were necessary and no changes in payment behavior were identified. In addition, many receivables are insured. The valuation allowances recognized resulted from individual assessments that could not be attributed to the current global crises. The calculation of the expected losses is based on historical data of the Alzchem Group, in which the expected default rates and recovery rates are determined depending on the age of the receivables. If the current economic outlook or other macroeconomic parameters justify this, the historically determined default rates are adjusted accordingly. As of the reporting date, the Alzchem Group has not identified any factors that justify an adjustment of the historical rates. If the expectations do not materialize, there could be a need for additional value adjustments on trade receivables.

In the fiscal year 2024, impairment tests were carried out on property, plant and equipment based on external and internal indicators, but these did not result in any impairment losses.

## V. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 1. SALES REVENUE

Alzchem generates revenue through the sale of chemical products to customers and through the provision of site services.

The Group's sales revenues, broken down into these two categories, are as follows:

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Revenue from product sales	516,123	528,373
Revenue from services	24,526	25,858
	<b>540,649</b>	<b>554,231</b>

Sales revenues are distributed as follows across the segments shown in the segment reporting:

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Product revenue in the Specialty Chemicals segment	319,802	348,089
Product revenue in the Basics & Intermediates segment	192,183	174,003
Product revenue in the Other & Holding segment	4,138	6,282
Service sales in the Other & Holding segment	24,526	25,858
	<b>540,649</b>	<b>554,231</b>



The geographical breakdown of total sales is as follows:

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Germany	152,130	157,206
European Union	173,404	177,978
Rest of Europe	28,309	27,170
NAFTA	94,661	90,305
Asia	39,789	43,375
Rest of the world	52,355	58,197
	<b>540,649</b>	<b>554,231</b>

Revenue from contracts with customers results in receivables that are included in full in trade receivables. The opening and closing balances of these receivables can be taken from the trade receivables balance sheet item as of the respective reporting date. Trade receivables have a heterogeneous maturity structure on initial recognition, which is generally less than 60 days. The impairment losses on trade receivables recognized in the reporting period can be found in Note 18. There were neither contract assets nor contract liabilities as of either reporting date.

In the reporting period, revenue of EUR 154 thousand (previous year: EUR 143 thousand) was recognized for which the performance obligation was already fulfilled in the previous period. These result from the final settlement of volume-based pricing with individual customers in the fiscal year 2024. No deferrals due to transport services had to be made in the entire reporting period.

The total amount of the remaining performance obligations is not disclosed, as there are generally no contracts with customers that run for more than one year. Long-term supply framework agreements are an exception. However, these provide for annual delivery and performance obligations. These also do not result in any remaining performance obligations.

## 2. OTHER OPERATING INCOME

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Own work capitalized	4,864	7,474
Income from currency translation	3,947	4,034
Income from grants	1,529	1,816
Income from services to third parties	273	1,734
Income from the reversal of provisions and liabilities	1,353	929
Income from energy tax refunds	171	0
Miscellaneous other income	1,720	1,314
	<b>13,857</b>	<b>17,301</b>

Own work capitalized results from the capitalization of self-constructed items of property, plant and equipment.

## 3. COST OF MATERIALS

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Cost of raw materials, consumables and supplies, production-related electricity and purchased goods	222,798	192,303
Cost of purchased services	2,346	3,360
	<b>225,145</b>	<b>195,663</b>

In 2023, Alzchem received cost reimbursements of EUR 2,489 thousand under the German Electricity Price Reduction Act and recognized these as a reduction in expenses under cost of materials.



## 4. PERSONNEL EXPENSES

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Wages and salaries	120,634	133,626
Social security contributions and pensions	25,003	26,873
	<b>145,637</b>	<b>160,499</b>

The item social security contributions and pensions includes current payments for employer contributions to the statutory pension insurance scheme amounting to EUR 8,903 thousand (previous year: EUR 8,298 thousand)

The following table shows the average number of employees in the Alzchem Group during the reporting period:

	2023	2024
Industrial employees	857	870
Employees	700	725
Trainees	133	130
	<b>1,689</b>	<b>1,725</b>

## 5. OTHER OPERATING EXPENSES

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Selling expenses	21,048	20,055
Environmental/disposal costs	14,070	17,580
Maintenance	12,768	13,987
Other external services	8,481	10,825
Consulting, research and development costs	7,854	6,534
Insurances	4,877	5,401
IT costs	3,516	3,274
Expenses from currency translation	5,590	3,210
Miscellaneous other expenses	20,343	23,919
	<b>98,547</b>	<b>104,785</b>

The consulting, research and development costs presented above only include external research and development costs. In the reporting period, research and development costs including personnel and other attributable expenses of EUR 10,831 thousand (previous year: EUR 11,413 thousand) were recognized as expenses.

Miscellaneous other expenses include expenses for marketing, travel, rents, expert opinions, audits, fees and contributions as well as other taxes. This item also includes expenses from the measurement of derivatives in the amount of EUR 1,994 thousand (previous year: EUR 0 thousand).

## 6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Details of depreciation and amortization can be found in the consolidated statement of changes in non-current assets. As in the previous year, no impairment losses were recognized on property, plant and equipment and intangible assets in the reporting period.



## 7. FINANCIAL RESULT

The financial result is made up of the following items, broken down by origin, as follows:

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
<b>Interest and similar income</b>		
Receivables from banks	321	1,589
Interest income from the discounting of current provisions	0	585
Other	61	56
	<b>382</b>	<b>2.230</b>
<b>Interest and similar expenses</b>		
Interest expense from additions to pension provisions	3,302	3,175
Loan liabilities to banks	2,506	2,179
Interest expense from sale of receivables	595	28
Interest expense from additions to other non-current provisions	1,155	337
Interest expense from lease liabilities	105	113
Other	3	5
	<b>7,666</b>	<b>5,837</b>
<b>Financial result</b>	<b>-7,284</b>	<b>-3,607</b>

Interest income from banks results from current account balances and short-term investments. In the previous year, other interest income included EUR 7 thousand in interest income from taxes. Interest income of EUR 753 thousand (previous year: interest expense of EUR 528 thousand) arose in the fiscal year 2024 from the interest rate change in the measurement of other non-current provisions.

The total interest income for financial assets measured at amortized cost or financial liabilities not measured at fair value through profit or loss amounted to EUR 1,592 thousand in the fiscal year 2024 (previous year: EUR 321 thousand). The total interest expense for financial assets measured at amortized cost or financial liabilities not measured at fair value through profit or loss amounted to EUR 2,179 thousand in the fiscal year 2024 (previous year: EUR 2,506 thousand). No interest income or expenses were recognized in any reporting period for financial assets measured at fair value through other comprehensive income.

All interest income and expenses resulting from financial assets and financial liabilities were calculated using the effective interest method.

## 8. TAXES ON INCOME AND EARNINGS

Income tax expense breaks down as follows:

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
<b>Actual tax expense</b>	<b>-15,108</b>	<b>-20,120</b>
of which relating to other periods	-111	-132
<b>Deferred tax expense (-)/income (+)</b>	<b>1,710</b>	<b>-977</b>
of which relating to other periods	240	-12
of which from temporary differences	1,428	-911
	<b>-13,397</b>	<b>-21,097</b>

Income taxes paid or owed in the individual countries and deferred taxes are reported as taxes on income.

Current taxes in Germany are calculated on the basis of a uniform corporation tax rate of 15.0% on distributed and retained profits and a solidarity surcharge of 5.5%. In addition to corporation tax, trade tax is levied on profits generated in Germany. The trade tax rate is between 12.0% and 13.0%. The profit generated by foreign subsidiaries is calculated on the



basis of the respective national tax law and taxed at the applicable regional tax rate. The applicable country-specific income tax rate is between 5.0% and 26.8%.

Deferred taxes are calculated on the basis of the tax rates expected in the individual countries at the time of realization; these are generally based on the statutory regulations in force or adopted on the balance sheet date.

The following reconciliation shows the differences between the income tax expense actually recognized and the expected income tax expense. The expected income tax expense is calculated by multiplying earnings before income taxes by the applicable income tax rate. In accordance with IAS 12.85, the applicable income tax rate is the rate that is most appropriate for the presentation of information. For the tax reconciliation, the tax rate of Alzchem Trostberg GmbH is used, as this has the most significant influence on the Group tax rate.

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Consolidated annual result before income taxes	48,189	75,343
Applicable income tax rate	28.00%	28.00%
<b>Expected income tax expense</b>	<b>13,493</b>	<b>21,096</b>
<b>Effects from differing foreign tax rates</b>	<b>-68</b>	<b>-214</b>
<b>Effects from differing domestic tax rates</b>	<b>93</b>	<b>168</b>
<b>Tax effects</b>		
Tax additions	260	227
Tax-free income	-305	-338
Tax income relating to other periods	-243	-10
Tax expense relating to other periods	114	155
Initial recognition of deferred taxes	0	-3
Other differences	54	16
<b>Total tax effects</b>	<b>-121</b>	<b>47</b>
<b>Total tax expense</b>	<b>13,397</b>	<b>21,097</b>
<b>Effective tax rate</b>	<b>27.80%</b>	<b>28.00%</b>



## 9. EARNINGS PER SHARE

The share buyback in the fiscal year 2024 has an impact on earnings per share. The calculation of basic earnings per share is based on the weighted average number of shares in circulation during the period. Shares bought back during the period are only considered to be in circulation pro rata temporis until they are bought back and are weighted accordingly. Thereafter, treasury shares are not taken into account when determining the number of shares in circulation. The previous year's figures are not adjusted in accordance with IFRS.

The following overview shows the weighted average number of shares in circulation for the respective reporting periods:

	01/01 - 12/31/2023	01/01 - 12/31/2024
Weighted average number of shares outstanding	10,169,572	10,174,204
Earnings per share in EUR	3.40	5.31
Number of shares outstanding as of the reporting date of 12/31	10,176,335	10,150,757

## VI. NOTES TO THE CONSOLIDATED BALANCE SHEET

### 10. NON-CONTROLLING INTERESTS IN CONSOLIDATED ANNUAL RESULT

The non-controlling interests in the consolidated net income for the year relate to the 6% minority interest in Alzchem International GmbH, which is held by the four former main shareholders of Alzchem Group AG. The development of the non-controlling interests can be found in the consolidated statement of changes in equity.

The following financial information relates to the percentage shares held by minority shareholders in the subsidiary

in EUR thousand	12/31/2023	12/31/2024
Non-current assets	2,293	1,865
Current assets	91	428
Non-current liabilities	0	0
Current liabilities	277	186
Cash flow	0	0
Distributions paid	0	0
Annual result	0	0
Other result	0	0
Overall result	0	0



A profit transfer agreement was concluded between Alzchem Trostberg GmbH and Alzchem International GmbH with effect from January 1, 2018. As a result, Alzchem International GmbH will transfer its future profits in full to Alzchem Trostberg GmbH, which will also assume any losses incurred by Alzchem International GmbH in full. The agreement was originally concluded for a period of five years and could not be terminated during this time. As neither party terminated the agreement on December 31, 2024, the agreement was automatically extended by one year.

As a result of the agreement, the Group has received the entire annual result and the total comprehensive income of Alzchem International GmbH since January 1, 2018. Consequently, the non-controlling interests will not receive any further annual results for the period of the profit transfer agreement. The minority shareholders of Alzchem International GmbH were granted a compensation payment of EUR 2.85 (gross) per share and year for the loss of their variable earnings entitlement for the duration of the profit transfer agreement. The agreement and the compensation payment granted were not terminated and remain valid.

In the consolidated statement of financial position, the present value of the future compensation payments to be made has already been recognized in full (EUR 342 thousand; 31 December 2023: EUR 342 thousand) in other current and non-current liabilities. The non-controlling interest in Group equity was reduced by the same amount. The annual compensation payments to be made to the non-controlling interests are allocated (pro rata) to the consolidated net income of the non-controlling interests and therefore do not correspond to the actual net income of the non-controlling interests, as this is zero in the years of the profit transfer agreement. The figure reported above in the overview corresponds to 6% of the actual annual result of Alzchem International GmbH. However, EUR 171 thousand (December 31, 2023: EUR 171 thousand) from Alzchem International GmbH was allocated to the consolidated annual net profit of the non-controlling interests in the balance sheet. The cash settlement takes place in January of each fiscal year in the same amount.

## 11. INTANGIBLE ASSETS

Intangible assets include acquired software, rights and licenses. The Alzchem Group had no internally generated intangible assets as of the reporting dates shown.

The development of intangible assets in the period from January 1 to December 31, 2023, is as follows

in EUR thousand	Software	Concessions, patents, licenses and similar rights	Total
<b>Acquisition costs 01/01/2023</b>	<b>7,966</b>	<b>1,513</b>	<b>9,479</b>
Additions	1,321	0	1,321
Disposals	-50	-55	-105
Reclassification	127	0	127
Currency conversion	-1	0	-1
<b>Status as of 12/31/2023</b>	<b>9,362</b>	<b>1,458</b>	<b>10,820</b>
<b>Depreciation 01/01/2023</b>	<b>5,218</b>	<b>1,307</b>	<b>6,525</b>
Additions	685	53	738
Disposals	-50	-55	-105
Reclassification	0	0	0
Currency conversion	-2	0	-2
<b>Status as of 12/31/2023</b>	<b>5,851</b>	<b>1,305</b>	<b>7,156</b>
<b>Net carrying amount 12/31/2022</b>	<b>2,747</b>	<b>206</b>	<b>2,954</b>
<b>Net carrying amount 12/31/2023</b>	<b>3,511</b>	<b>153</b>	<b>3,664</b>





The development of intangible assets in the fiscal year 2024 is as follows

in EUR thousand	Software	Concessions, patents, licenses and similar rights	Total
<b>Acquisition costs 01/01/2024</b>	<b>9,362</b>	<b>1,458</b>	<b>10,820</b>
Additions	926	2	928
Disposals	-471	-152	-623
Reclassification	-520	564	44
Currency conversion	-7	0	-7
<b>Status as of 12/31/2024</b>	<b>9,290</b>	<b>1,871</b>	<b>11,162</b>
<b>Depreciation 01/01/2024</b>	<b>5,851</b>	<b>1,305</b>	<b>7,157</b>
Additions	910	55	964
Disposals	-470	-152	-623
Reclassification	0	0	0
Currency conversion	-7	0	-7
<b>Status as of 12/31/2024</b>	<b>6,284</b>	<b>1,207</b>	<b>7,491</b>
<b>Net carrying amount 12/31/2023</b>	<b>3,511</b>	<b>153</b>	<b>3,664</b>
<b>Net carrying amount 12/31/2024</b>	<b>3,006</b>	<b>665</b>	<b>3,671</b>

Impairment losses on intangible assets were not recognized in any of the reporting periods. In the reporting periods presented, there were no intangible assets with indefinite useful lives and no material intangible assets that were not yet ready for use as of the reporting date.



## 12. PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment in the period from January 1 to December 31, 2023, is as follows

in EUR thousand	Land, land rights and buildings	Plant and machinery	Operating and office equipment	Advance payments and assets under construction	Total
<b>Acquisition costs 01/01/2023</b>	<b>73,019</b>	<b>300,571</b>	<b>26,711</b>	<b>9,341</b>	<b>409,642</b>
Additions	360	7,923	2,499	8,766	19,548
Disposals	-3	-2,605	-1,053	-275	-3,937
Reclassification	257	5,507	291	-6,182	-127
Currency conversion	0	39	-12	-2	25
<b>Status as of 12/31/2023</b>	<b>73,633</b>	<b>311,435</b>	<b>28,436</b>	<b>11,648</b>	<b>425,152</b>
<b>Depreciation 01/01/2023</b>	<b>29,591</b>	<b>178,697</b>	<b>19,829</b>	<b>0</b>	<b>228,116</b>
Additions	2,253	18,041	2,915	0	23,208
Disposals	-1	-2,460	-1,001	0	-3,461
Reclassification	0	0	0	0	0
Currency conversion	-1	19	-10	0	8
<b>Status as of 12/31/2023</b>	<b>31,842</b>	<b>194,296</b>	<b>21,733</b>	<b>0</b>	<b>247,871</b>
<b>Net carrying amount 12/31/2022</b>	<b>43,428</b>	<b>121,874</b>	<b>6,883</b>	<b>9,341</b>	<b>181,526</b>
<b>Net carrying amount 12/31/2023</b>	<b>41,791</b>	<b>117,139</b>	<b>6,703</b>	<b>11,648</b>	<b>177,281</b>



The development of property, plant and equipment in the fiscal year 2024 is as follows:

in EUR thousand	Land, land rights and buildings	Plant and machinery	Operating and office equipment	Advance payments and assets under construction	Total
<b>Acquisition costs 01/01/2024</b>	<b>73,633</b>	<b>311,435</b>	<b>28,436</b>	<b>11,648</b>	<b>425,152</b>
Additions	1,475	8,940	2,711	27,171	40,297
Disposals	-3	-3,513	-2,170	-633	-6,319
Reclassification	1,708	6,908	648	-9,308	-44
Currency conversion	-34	-193	0	-29	-256
<b>Status as of 12/31/2024</b>	<b>76,779</b>	<b>323,577</b>	<b>29,626</b>	<b>28,848</b>	<b>458,830</b>
<b>Depreciation 01/01/2024</b>	<b>31,842</b>	<b>194,296</b>	<b>21,733</b>	<b>0</b>	<b>247,872</b>
Additions	2,284	17,899	3,249	0	23,432
Disposals	-2	-3,257	-2,087	0	-5,346
Reclassification	0	0	0	0	0
Currency conversion	-5	-92	-5	0	-103
<b>Status as of 12/31/2024</b>	<b>34,119</b>	<b>208,846</b>	<b>22,890</b>	<b>0</b>	<b>265,855</b>
<b>Net carrying amount 12/31/2023</b>	<b>41,791</b>	<b>117,139</b>	<b>6,703</b>	<b>11,648</b>	<b>177,281</b>
<b>Net carrying amount 12/31/2024</b>	<b>42,660</b>	<b>114,731</b>	<b>6,736</b>	<b>28,848</b>	<b>192,976</b>



Impairment losses on property, plant and equipment were not recognized in any of the reporting periods presented.

As a site operator, Alzchem rents or leases individual offices, storage space and company apartments. The carrying amounts of these individual leased properties are not disclosed separately in accordance with IFRS 16.58, as individual carrying amounts either do not exist or are not material when taking into account the total carrying amount of the land and buildings.

Plant and machinery include jointly controlled assets as of the balance sheet date, although these have already been fully depreciated. This relates to a steam boiler that is operated at the Waldkraiburg site together with a neighboring company on its property. The Alzchem Group's share in this joint agreement is 50%. The two companies each purchase 50% of the volume produced by the steam boiler for their own production processes. The share of expenses from this jointly controlled asset amounted to EUR 2,938 thousand in the fiscal year 2024 (previous year: EUR 3,778 thousand). As in the previous year, no income was generated from this jointly controlled asset.

As part of the ASAP ("Act in Support of Ammunition Production") funding instrument, the EU Commission awarded Alzchem an investment grant of EUR 34.4 million following a Europe-wide selection process. Alzchem intends to use the funds over a period of two and a half years to increase the production capacity of nitroguanidine and to renew and expand the existing plants for the production of guanidine nitrate. In the fiscal year 2024, Alzchem received a payment of EUR 12.04 million from the approved grant. received EUR 12,046 thousand from the approved grant. The grant reduced investments by EUR 3,684 thousand. The reduction was made in line with the progress of the investment. Completion of the investment measures is planned for 2026 and the investments reduced by the EU grant will be depreciated over the normal useful life.

Borrowing costs were not capitalized as part of the production costs of technical equipment, machinery and buildings in the fiscal year 2024 or in the previous year.

Property, plant and equipment in the amount of EUR 13,034 thousand (December 31, 2023: EUR 13,185 thousand) serves as collateral for loan liabilities to banks.

### 13. LEASING

The Alzchem Group has concluded leases primarily for vehicles, forklift trucks, railroad cars, office space and software. Leases for smaller, primarily workplace-related IT equipment, such as printers and copiers, are classified as low-value leases and are not recognized in the balance sheet. Similarly, leases with a term of up to twelve months and leases for intangible assets are not recognized in the balance sheet.

The following table shows the development of the lease usage rights in the reporting periods, broken down by the classes of property, plant and equipment relevant to Alzchem:

in EUR thousand	Land, land rights and buildings	Plant and machinery	Operating and office equipment	Total
<b>Carrying amount 12/31/2022</b>	<b>298</b>	<b>5,857</b>	<b>95</b>	<b>6,250</b>
Additions	0	556	20	577
Depreciation	-118	-1,806	-36	-1,960
Disposals	0	0	0	0
Currency conversion	-12	0	1	-12
<b>Carrying amount 12/31/2023</b>	<b>168</b>	<b>4,607</b>	<b>80</b>	<b>4,855</b>
Additions	21	1,066	0	1,087
Depreciation	-119	-1,772	-31	-1,922
Disposals	0	0	0	0
Currency conversion	4	0	-1	3
<b>Carrying amount 12/31/2024</b>	<b>74</b>	<b>3,901</b>	<b>48</b>	<b>4,023</b>



In the fiscal year 2024, cash outflows of EUR 2,041 thousand (previous year: EUR 2,006 thousand) were recorded from leases.

The carrying amounts of the lease liabilities and the future payments from these are broken down by maturity as follows:

#### 12/31/2023

in EUR thousand	Up to 1 year	1 to 5 years	Over 5 years	Total
Present value of lease liabilities	1,613	3,373	4	<b>4,990</b>
Payments from lease liabilities	1,689	3,445	4	<b>5,137</b>

#### 12/31/2024

in EUR thousand	Up to 1 year	1 to 5 years	Over 5 years	Total
Present value of lease liabilities	1,826	2,324	2	<b>4,152</b>
Payments from lease liabilities	1,897	2,360	2	<b>4,259</b>

In addition to depreciation, the following expenses and income in connection with leases were recognized in the consolidated income statement:

Income statement items in EUR thousand		01/01 - 12/31/2023	01/01 - 12/31/2024
Other operating expenses	Lease expenses for short-term leases	313	547
Other operating expenses	Lease expenses for low-value leases	75	41
Other operating expenses	Variable lease expenses outside the lease liabilities	25	25
Interest and similar expenses	Interest expense for lease liabilities	105	113
Sales revenue	Income from operating leases	1,097	1,186
Other operating income	Income from operating leases	518	513

The Alzchem Group did not generate any income or losses from subletting lease usage rights or from sale and leaseback transactions.

There are no significant extension or termination options for the currently recognized lease usage rights that are not taken into account in the calculation of lease liabilities, nor have any residual value guarantees been provided. There are also no obligations from leases already concluded but not yet commenced as of the balance sheet date. Future payments from variable lease payments are expected to be approximately at the level of the past fiscal year 2024.

The leasing conditions are negotiated individually and include a variety of different conditions. The leases do not contain any credit terms, but leased assets may not be used as collateral for borrowing.



The Alzchem Group has not identified any finance leases as a lessor. As a site operator, Alzchem rents or leases individual offices, storage areas and company apartments. The Alzchem Group expects the following inflows from these contracts in the coming periods:

Expected in the fiscal year						
as of 12/31/2023 in EUR thousand	2024	2025	2026	2027	2028	After 2028
Proceeds from operating lease agreements	1,489	1,064	1,059	1,047	717	3,354

Expected in the fiscal year						
as of 12/31/2024 in EUR thousand	2025	2026	2027	2028	2029	After 2029
Proceeds from operating lease agreements	1,558	1,096	1,083	753	741	2,761

## 14. FINANCIAL ASSETS

The non-current financial assets fully comprise shares in another investment and are allocated to the measurement category "at fair value through profit or loss". As there are no observable market values for this investment and, taking into account its overall minor significance for the Alzchem Group, no reliable parameters for a model valuation can be determined with reasonable effort, the acquisition costs are used as the best available indication of the fair value. At the present time, the Alzchem Group does not plan to sell the remaining investment.

## 15. OTHER RECEIVABLES AND OTHER ASSETS

Non-current and current other receivables and other assets are made up of the following financial and non-financial assets:

in EUR thousand	12/31/2023	12/31/2024
<b>Non-current receivables and other assets</b>		
therein financial assets		
<b>Total non-current financial assets</b>	<b>0</b>	<b>0</b>
therein non-financial assets		
Prepaid expenses and deferred charges	1,243	1,045
Other	126	189
<b>Total non-current non-financial assets</b>	<b>1,369</b>	<b>1,234</b>
<b>Total non-current receivables and other assets</b>	<b>1,369</b>	<b>1,234</b>

### Current receivables and other assets

therein financial assets		
Receivables from purchase price retention, special blocked account and settlement account	6,624	5,572
Short-term restricted cash investments	5,902	5,902
Other	2,038	1,607
<b>Total current financial assets</b>	<b>14,564</b>	<b>13,081</b>
therein non-financial assets		
Tax receivables	2,491	4,622



in EUR thousand	12/31/2023	12/31/2024
Prepaid expenses and deferred charges	1,968	2,165
Other	215	212
<b>Total current non-financial assets</b>	<b>4,675</b>	<b>6,999</b>
<b>Total current receivables and other assets</b>	<b>19,239</b>	<b>20,080</b>

The receivables from purchase price retention, special blocked account and settlement account result from factoring transactions and represent receivables from the factor. Short-term investments relate to cash and cash equivalents invested with banks with a fixed-interest period of a maximum of twelve months. This cash investment in the amount of EUR 5,902 thousand (December 31, 2023: EUR 5,902 thousand) serves entirely as collateral in accordance with the legal requirements for the aftercare and recultivation of landfill sites and is therefore restricted.

Prepaid expenses were mainly recognized for prepayments for insurance, software and maintenance contracts. Insurance policies in connection with the current stock exchange listing are also reported under non-current assets.

No valuation allowances have been recognized on the non-current and current financial assets listed above, nor do they include any overdue amounts. As of the balance sheet date, there are no indications that payments will not be made when these items fall due.

The current and non-current financial assets shown here include the following receivables in foreign currency:

in EUR thousand	12/31/2023	12/31/2024
<b>Total</b>	<b>461</b>	<b>394</b>
USD	93	159
SEC	1	0
CNY	367	235

## 16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and if the deferred taxes relate to the same tax authority. Deferred tax assets and deferred tax liabilities relate to the following items:

in EUR thousand	12/31/2023	12/31/2024
<b>Deferred tax assets</b>		
Intangible assets	0	0
Property, plant and equipment	157	145
Financial assets	8	8
Inventories	1,236	1,688
Other receivables and other assets	3,062	3,137
Provisions	15,007	13,448
of which on pension obligations	14,048	12,054
Liabilities	1,394	1,678
Tax loss carryforwards	56	17
<b>Total deferred tax assets</b>	<b>20,921</b>	<b>20,121</b>
<b>thereof short-term</b>	<b>5,700</b>	<b>6,511</b>
<b>thereof long-term</b>	<b>15,220</b>	<b>13,610</b>
<b>Deferred tax liabilities</b>		
Intangible assets	335	729
Property, plant and equipment and lease usage rights	5,951	6,527
Other receivables and other assets	0	0



in EUR thousand	12/31/2023	12/31/2024
Provisions	3	499
Liabilities	0	0
<b>Total deferred tax liabilities</b>	<b>6,289</b>	<b>7,755</b>
<b>thereof current</b>	<b>0</b>	<b>0</b>
<b>thereof non-current</b>	<b>6,289</b>	<b>7,755</b>
<b>Netting deferred tax assets and liabilities</b>	<b>0</b>	<b>0</b>
<b>Balance sheet recognition of deferred tax assets</b>	<b>20,921</b>	<b>20,121</b>
<b>Balance sheet recognition of deferred tax liabilities</b>	<b>6,289</b>	<b>7,755</b>

The changes in deferred taxes compared to the previous year were recognized as an expense in the consolidated income statement in the amount of EUR 977 thousand (previous year: income of EUR 1,710 thousand). The change in deferred taxes amounting to EUR -1,303 thousand (previous year: EUR 2,342 thousand) is included in other comprehensive income.

EUR 17 thousand (December 31, 2023: EUR 12 thousand) of the deferred tax assets on income tax loss carryforwards listed here are attributable to domestic companies. Of this amount, EUR 8 thousand (December 31, 2023: EUR 6 thousand) is attributable to trade tax and EUR 9 thousand (December 31, 2023: EUR 6 thousand) to corporation tax. Deferred tax assets were recognized on all income tax loss carryforwards in the reporting year. The existing tax loss carryforwards in Germany are non-forfeitable.

The calculation of deferred taxes led to a surplus of deferred tax assets. Based on the approved corporate planning, it can be assumed that there will be sufficient taxable income in the future to make the realization of deferred tax assets probable.

No deferred tax liabilities were recognized on temporary differences in connection with shares in subsidiaries in the amount of EUR 53,828 thousand (December 31, 2023: EUR 50,319 thousand).

For further information, please refer to the accounting policies and the explanations in section IV.

## 17. INVENTORIES

in EUR thousand	12/31/2023	12/31/2024
Raw materials, consumables and supplies	33,354	31,922
Unfinished goods	27,163	22,817
Unfinished services	22	129
Finished goods	46,503	45,425
Merchandise	255	125
Advance payments	181	748
	<b>107,478</b>	<b>101,166</b>

In the fiscal year 2024, changes in write-downs on inventories amounting to EUR 7,688 thousand (previous year: EUR 5,357 thousand) were recognized as an expense under cost of materials or changes in inventories. The impairment losses were mainly recognized for overreaching, lack of marketability and write-downs to net realizable value. The total amount of inventories recognized as an expense in the fiscal year 2024 was EUR 195,663 thousand (previous year: EUR 225,145 thousand).





## 18. TRADE RECEIVABLES

Impairment losses developed as follows in the reporting period:

in EUR thousand	01/01/2023	Additions	Consumption	Reversal	Currency conversion	12/31/2023
Value adjustments on trade receivables (AC)	9	0	0	0	0	9
Value adjustments on trade receivables (FVOCI)	281	103	-262	0	0	121
<b>Total</b>	<b>290</b>	<b>103</b>	<b>-262</b>	<b>0</b>	<b>0</b>	<b>130</b>

in EUR thousand	01/01/2024	Additions	Consumption	Reversal	Currency conversion	12/31/2024
Value adjustments on trade receivables (AC)	9	180	0	-116	0	73
Value adjustments on trade receivables (FVOCI)	121	961	0	-215	0	867
<b>Total</b>	<b>130</b>	<b>1,141</b>	<b>0</b>	<b>-331</b>	<b>0</b>	<b>940</b>

The impairments as of the reporting date relate to a gross receivables volume before collateral and impairments of EUR 68,581 thousand (FVOCI) (December 31, 2023: EUR 65,662 thousand) and EUR 11,294 thousand (AC) (December 31, 2023: EUR 9,680 thousand).

The ratio of the expected loss, measured against the total receivables portfolio, was 1.40% as of the reporting date, with the individual rates based on historical values fluctuating between 0.01% and 0.19% depending on how overdue the receivables are.

As of the reporting date of December 31, 2024, the Alzchem Group had received collateral from trade credit insurance to secure trade receivables in the amount of EUR 59,256 thousand (December 31, 2023: EUR 54,795 thousand). Of this amount, collateral of EUR 8,023 thousand (December 31, 2023: EUR 3,876 thousand) is attributable to overdue receivables.

In the case of receivables that are neither impaired nor overdue, there are no indications as of the balance sheet date that payments will not be made when due.

Due to the Group's international activities, trade receivables include the following foreign currency receivables translated into the Group currency, the euro, as of the reporting dates:

in EUR thousand	12/31/2023	12/31/2024
<b>Total</b>	<b>21,085</b>	<b>21,402</b>
USD	14,673	14,347
SEC	3,959	4,053
JPY	1,294	1,787
CNY	1,159	1,215
Other	0	0

The carrying amounts of the receivables sold as part of factoring, less the agreed retentions, amounted to EUR 0 thousand as of the current balance sheet date and as of the reporting date of the previous year. At both balance sheet dates, the analysis of the receivables sold showed that a complete disposal had to be recognized. Both in the past year and in the previous period, there were no cash flows from the purchase price retentions to the factoring company as part of factoring.



## 19. INCOME TAX ASSETS

Tax receivables include income tax receivables of domestic companies in the amount of EUR 0 thousand (December 31, 2023: EUR 2,340 thousand) and foreign companies in the amount of EUR 70 thousand (December 31, 2023: EUR 429 thousand). These mainly result from over-payments in the past and previous fiscal year.

## 20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents break down as follows:

in EUR thousand	12/31/2023	12/31/2024
Cash at banks	11,878	61,539
Cash on hand	5	5
	<b>11,883</b>	<b>61,544</b>

Cash and cash equivalents are denominated in the Group currency, the euro, and translated into the following currencies:

in EUR thousand	12/31/2023	12/31/2024
<b>Total</b>	<b>7,489</b>	<b>9,613</b>
USD	2,932	4,650
CNY	1,759	2,138
SEC	2,502	2,317
Other	296	508

## 21. EQUITY

### SUBSCRIBED CAPITAL

The subscribed capital corresponds to that of Alzchem Group AG. The subscribed capital of Alzchem Group AG, Trostberg, amounted to EUR 101,763,350.00 as of the reporting date (December 31, 2023: EUR 101,763,350.00) and is divided into 10,176,335 no-par value shares with a notional interest in the share capital of EUR 10.00 per share.

As of December 31, 2024, the company held a total of 25,578 treasury shares (December 31, 2023: 0 shares). No shares with special rights have been issued. All shares carry the same rights and obligations.

### AUTHORIZED CAPITAL

The Management Board is authorized pursuant to Section 5 (5) of the company's Articles of Association to increase the share capital of Alzchem Group AG with the approval of the Supervisory Board on one or more occasions until May 4, 2027 by a total of up to EUR 10,176,330.00 (in words: ten million one hundred and seventy-six thousand three hundred and thirty euros) by issuing up to 1,017,633 new no-par value bearer shares against cash and/or non-cash contributions. In principle, shareholders are to be granted subscription rights. The statutory subscription right can also be granted in such a way that the new shares are taken over by a bank or a syndicate of banks determined by the Management Board with the obligation to offer them to the company's shareholders for subscription.

The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:

- in the event of a capital increase against contributions in kind, in particular for the acquisition of companies, parts of companies or interests in companies.
- in the case of capital increases against cash contributions, if the issue price of the new shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG is not significantly lower than the stock market price of the shares of the same class and features already listed and the total pro rata amount of the share capital attributable to the new shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG does not exceed 10% of the share capital existing at the time this authorization becomes effective and at the time this authorization is exercised. Shares issued or sold in direct or analogous application of Section 186 para. 3



sentence 4 AktG during the term of this authorization up to the time of its exercise are to be counted towards this limit of 10% of the share capital.

- to avoid peak amounts; and/or
- to issue shares as part of share participation or other share-based programs against cash and/or non-cash contributions to employees of the company or one of its affiliated companies, whereby the employment relationship with the company or one of its affiliated companies must exist at the time of the commitment to issue shares.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation, in particular the content of the share rights and the conditions of the share issue, including a profit participation deviating from Section 60 para. 2 AktG. If shares are issued to employees of the company or of a company affiliated with, the shares may also be issued in such a way that the contributions to be made on them are covered by the portion of the annual net profit that the Management Board and Supervisory Board could allocate to other revenue reserves in accordance with Section 58 para. 2 AktG. The Supervisory Board is authorized to amend the company's Articles of Association accordingly after full or partial utilization or the expiry of the authorized capital, in particular with regard to the amount of the share capital and the number of existing no-par value shares.

## AUTHORIZATION TO ACQUIRE TREASURY SHARES

In order to provide Alzchem Group AG with the opportunity to acquire and resell treasury shares if necessary, the 2024 Annual General Meeting authorized Alzchem Group AG in accordance with Section 71 (1) No. 8 AktG to acquire treasury shares in a volume of up to 10% of the share capital ex-

isting at the time of the resolution or - if this amount is lower - of the share capital existing at the time the authorization is exercised until the end of May 6, 2029. The shares acquired on the basis of this authorization, together with other shares in the company that Alzchem Group AG owns at the time of acquisition or that are attributable to it in accordance with Sections 71d or 71e AktG, may at no time account for more than 10% of the share capital. The authorization may not be used by Alzchem Group AG for the purpose of trading in treasury shares.

The authorization can be used in full or in partial amounts, once or several times by Alzchem Group AG or by dependent or majority-owned companies of Alzchem Group AG or by third parties acting for the account of Alzchem Group AG or of dependent or majority-owned companies of Alzchem Group AG. At the discretion of the Management Board, the acquisition can take place via the stock exchange or by means of a public purchase offer directed to all shareholders or a public invitation to submit offers to sell or via a credit institution or another company fulfilling the requirements of Section 186 (5) sentence 1 AktG, which is commissioned with the acquisition as part of a buyback program. In the case of acquisition via the stock exchange, the purchase price (excluding incidental acquisition costs) may not be more than 10% higher or more than lower than the share price determined by the opening auction in Xetra trading (or a comparable successor system) on the trading day.

In the event of acquisition via a public purchase offer, a specific purchase price or a purchase price range may be set. The purchase price per share paid by the company (excluding incidental costs) may not be more than higher or lower than the arithmetic mean of the closing prices of the shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last three trading days prior to the date of the final decision by the Management Board to publish the public purchase offer ("reference date"). If there is a significant price deviation after the cut-

off date, the purchase price can be adjusted in accordance with the above calculation; the reference period in this case is the three trading days prior to the publication of the adjustment. The volume of the purchase can be limited. If the total subscription of the public purchase offer exceeds this volume, acceptance by the company is based on quotas. Preferential acceptance of small numbers of shares (up to 100 shares tendered per shareholder) may be provided for. The public purchase offer may provide for further conditions.

If the purchase is made by means of a public invitation to submit offers to sell, the purchase price per share paid by the company (excluding ancillary costs) may not be more than higher or lower than the arithmetic mean of the closing prices of the share in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last three trading days prior to the day on which the offers to sell are accepted. The purchase volume may be limited. If the total number of shares tendered exceeds this volume, acceptance by the company is based on quotas. Preferential acceptance of small numbers of shares (up to 100 shares tendered per shareholder) may be provided for. The public invitation to submit offers to sell may stipulate further conditions.

As part of a buyback program, a credit institution may be instructed to acquire and transfer to the company either an agreed number of shares or shares for a previously agreed total purchase price on a predetermined minimum number of trading days in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) and at the latest by the end of a previously agreed period. In doing so, (i) the bank must acquire the shares via the stock exchange, (ii) the purchase price per share paid by the bank (excluding ancillary costs) may not exceed the price determined by the opening auction in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the trading day by more than it by more than 20%. and (iii) the purchase



price per share to be paid by the company must be at a discount to the arithmetic mean of the volume weighted average price (VWAP) of the Alzchem share in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during the actual period of the repurchase. Apart from this, the bank is free to implement the buyback program, subject to any further specifications by the company in individual cases.

The Management Board is authorized, with the approval of the Supervisory Board, to use treasury shares that have been or will be acquired on the basis of this or a previously granted authorization for all legally permissible purposes, in particular for the following purposes, other than through sale on the stock exchange or through an offer for sale to all shareholders. The company may also use dependent companies or companies in which it holds a majority interest or third parties acting for the account of the company or the aforementioned companies:

1. The shares may be redeemed without the redemption or its implementation requiring a further resolution by the Annual General Meeting. The redemption leads to a reduction in the share capital by the proportion attributable to the redeemed shares. In deviation from this, the Management Board may determine that the share capital remains unchanged upon redemption and that the proportionate amount of the share capital attributable to the shares not redeemed increases accordingly instead; in this case, the Management Board is authorized to change the number of shares stated in the Articles of Association.
2. The shares may be offered for purchase to members of the company's Management Board, members of the management of affiliated companies and employees of the company and affiliated companies or promised as a remuneration component; the shares offered or promised may also be transferred to the beneficiaries after the employment or board relationship has ended. The shares may also be transferred to a bank, which assumes the shares with the obligation to use them exclusively for the purposes set out in sentence 1. Insofar as treasury shares are to be offered, promised or transferred to members of the company's Management Board, this authorization applies exclusively to the company's Supervisory Board.
3. The shares may be offered to and transferred to third parties in the context of business combinations and the (also indirect) acquisition of companies, parts of companies or equity interests in companies as well as other assets eligible for contribution in connection with such an acquisition project .
4. The shares may also be sold to third parties against cash payment other than via the stock exchange or by means of an offer to all shareholders if the price at which the shares are sold is not significantly lower than the share price determined by the opening auction in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the day of the sale (excluding incidental costs). Furthermore, in these cases, the sum of the shares sold may not exceed a total of 10% of the share capital,

neither at the time this authorization becomes effective nor at the time it is exercised. The proportionate amount of the share capital attributable to shares that are issued or used during the term of this authorization with the exclusion of subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG must be offset against this amount.

Shareholders' subscription rights to acquired treasury shares are excluded to the extent that these shares are used in accordance with the above authorizations (2) to (4). In addition, if the shares are sold via an offer for sale to all shareholders, shareholders' subscription rights may be excluded for fractional amounts.

The aforementioned authorizations may be exercised once or several times, in full or in partial amounts, individually or jointly, within the aforementioned limits.

In agreement with the Supervisory Board, the Management Board made use of the buyback authorization in November 2024 to launch a share buyback program with a volume of up to EUR 6,000,000.00 or 100,000 Alzchem shares. The buyback program had not yet been completed by the time the annual financial statements were adopted in February 2025.



## CAPITAL RESERVE ADJUSTMENT ITEM REVERSE ACQUISITION / IFRS 2

The adjustment of the subscribed capital of Alzchem Trostberg GmbH to the subscribed capital of Alzchem Group AG and the transactions from the capital increases in the fiscal year 2017 that did not affect the subscribed capital of Alzchem Group AG are presented in the capital reserve adjustment item Reverse Acquisition / IFRS 2. These adjustments were necessary in order to present the requirements for accounting for and reporting a reverse business combination in the fiscal year 2017.

In the fiscal year 2023, the item increased by EUR 1,009 thousand due to the recognition of share-based payment in accordance with IFRS 2.

## CAPITAL RESERVE

The capital reserve represents that of Alzchem Trostberg GmbH at the time of the reverse acquisition and amounted to EUR 24,981 thousand at the time of the transaction. Capital measures carried out after the transaction are eliminated by way of capital consolidation for the purposes of the consolidated financial statements.

## TREASURY SHARES

Treasury shares held prior to the fiscal year 2023 were transferred to certain employees in the fiscal year 2023 as part of share-based remuneration. The provisions of IFRS 2 require this employee remuneration to be recognized in the capital reserve. With the transfer to the employees, the previously separately reported item "Treasury shares" was reclassified to the item "Capital reserve adjustment item Rev. acquisition / IFRS 2". As a result, Alzchem no longer held any treasury shares as of December 31, 2023. In November 2024, a new share buyback program was launched, and a total 25,578 treasury shares were acquired by 31 December 2024.

## OTHER ACCUMULATED EQUITY

Gains and losses that are not recognized in the income statement but in other comprehensive income are reported in other comprehensive income. Other comprehensive income also includes the difference arising in the period under review from translation differences from

foreign financial statements into the reporting currency, effects from the remeasurement of defined benefit obligations, changes from the fair value measurement of financial assets and related deferred taxes. The development of the individual items in the period under review is as follows:

	Measurement of financial assets measured at fair value through other comprehensive income	Difference from currency translation	Valuation of pension provisions	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Status as of 01/01/2023</b>	<b>48</b>	<b>386</b>	<b>-15,750</b>	<b>-15,316</b>
Gains (+) or losses (-) recognized in other comprehensive income	-31	0	-8,332	-8,363
Difference from currency translation	0	-302	0	-301
Deferred taxes	9	0	2,332	2,341
<b>Status as of 12/31/2023</b>	<b>27</b>	<b>84</b>	<b>-21,750</b>	<b>-21,639</b>
<b>Status as of 01/01/2024</b>	<b>27</b>	<b>84</b>	<b>-21,750</b>	<b>-21,639</b>
Gains (+) or losses (-) recognized in other comprehensive income	-35	0	4,689	4,654
Difference from currency translation	0	208	0	208
Deferred taxes	10	0	-1,313	-1,303
<b>Status as of 12/31/2024</b>	<b>2</b>	<b>292</b>	<b>-18,374</b>	<b>-18,080</b>



All other accumulated equity is attributable to the shareholders of Alzchem Group AG. There are no non-controlling interests in other accumulated equity.

## BALANCE SHEET PROFIT

The retained earnings include the earnings accumulated in the reporting year and in the previous fiscal years, less dividend payments to the shareholders. In accordance with the requirements for accounting for and reporting a reverse business combination, the retained earnings are a continuation of the IFRS consolidated retained earnings of Alzchem Trostberg GmbH at the time of the business combination in the fiscal year 2017.

In the reporting period, Alzchem Group AG distributed a dividend of EUR 12,212 thousand (previous year: EUR 10,685 thousand) to the shareholders. Based on the 10,176,335 shares of Alzchem Group AG entitled to dividends at the time of payment ( ), this resulted in a dividend per share of EUR 1.20 (previous year: EUR 1.05). The dividend in the reporting periods was distributed as a cash dividend.

For the fiscal year 2024, a proposal will be made to the Annual General Meeting to distribute a dividend of EUR 1.80 per dividend-bearing share from the net retained profits. This corresponds to EUR 18,271,362.60 based on the number of dividend-bearing shares as of December 31, 2024.

## NON-CONTROLLING INTERESTS

The shares in the capital of Alzchem International GmbH that are not attributable to the shareholders of Alzchem Trostberg GmbH are reported under non-controlling interests in the amount of EUR 1,934 thousand (December 31,

2023: EUR 1,934 thousand). The changes are shown in the consolidated statement of changes in equity.

Further financial information on non-controlling interests can be found in note 10.

## CAPITAL MANAGEMENT

The objectives of the Alzchem Group with regard to capital management are, on the one hand, to ensure the long-term continuation of the company and the generation of appropriate returns for the shareholders and, on the other hand, to maintain an optimal capital structure in order to reduce the cost of capital.

The capital structure is managed in such a way that it takes account of changes in the macroeconomic environment and risks arising from the underlying assets. The operating cash flow puts the company in a position to make optimum use of its own financial resources. In the case of investments that are generally only made after careful consideration of the cost/benefit potential, it is regularly checked whether the available own financial resources can be replaced by long-term financing in favor of improved raw material purchase prices. In principle, the Alzchem Group is in permanent contact with banks and other financing companies in order to examine the use of bank loans and other financing options to optimize the return on equity.

As part of this, debt capital procurement is managed using a target debt capital structure that is based on companies in the same industry and with similar size characteristics of the Alzchem Group. When selecting financial instruments, the focus is on financing with matching maturities, which is achieved by managing maturities. When monitoring the capital structure and other resulting key figures, the focus

is on taking into account and complying with contractually regulated agreements in financing contracts (covenants).

The focus of capital monitoring and capital management is essentially on the Group equity ratio. Compliance with contractual agreements in financing agreements is also linked to this. Alzchem therefore defines the Group equity ratio as a capital management parameter.

The Group equity ratio developed as follows in the reporting period:

in EUR thousand	12/31/2023	12/31/2024
Total capital	424,677	483,826
Equity	163,559	207,471
Equity ratio in %	38.5	42.9

## 22. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions relate to benefit commitments for former and current employees of the Alzchem Group. The provisions are formed on the basis of pension plans for commitments to retirement, disability and surviving dependants' benefits. The amount of the individual pension benefits from the commitments is based on the wage or salary level and/or the position in the company hierarchy as well as the length of service. The duration of the performance bonus is not limited during the lifetime of the beneficiary. The Alzchem Group is therefore exposed to the risks of future salary increases and longevity. The company regularly counters the risk of salary increases during collective



bargaining and attempts to keep the risk low. Due to the relatively low proportion of plan assets, however, the risks are not significantly limited.

The amount of the provision recognized exclusively in Germany is as follows as of the balance sheet dates:

<b>in EUR thousand</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
Provisions for pensions	100.294	96.937

The present value of the defined benefit obligations of the Alzchem Group companies developed as follows:

<b>in EUR thousand</b>	<b>DBO</b>	<b>Plan assets</b>	<b>Provision</b>
<b>Status as of 01/01/2023</b>	<b>90,208</b>	<b>67</b>	<b>90,141</b>
Effects of the revaluation	8,332	-	8,332
of which change in demographic assumptions	0	-	0
of which change in financial assumptions	7,749	-	7,749
of which adjustments based on experience	583	-	583
Interest expense	3,302	-	3,302
Current service cost	407	-	407
Pensions paid	-1,930	-	-1,930
Expected income from plan assets	-	0	0
Payments from plan assets	-	-42	42

<b>in EUR thousand</b>	<b>DBO</b>	<b>Plan assets</b>	<b>Provision</b>
<b>Status as of 12/31/2023</b>	<b>100,319</b>	<b>25</b>	<b>100,294</b>
<b>Status as of 01/01/2024</b>	<b>100,319</b>	<b>25</b>	<b>100,294</b>
Effects of the revaluation	-4,689	-	-4,689
of which change in demographic assumptions	0	-	0
of which change in financial assumptions	-3,117	-	-3,117
of which adjustments based on experience	-1,572	-	-1,572
Interest expense	3,176	-	3,176
Current service cost	422	-	422
Pensions paid	-2,265	-	-2,265
Expected income from plan assets	-	1	-1
Payments from plan assets	-	0	0
<b>Status as of 12/31/2024</b>	<b>96,963</b>	<b>26</b>	<b>96,937</b>



Reconciliation of the obligations to the provision value:

	12/31/2023	12/31/2024
	EUR thousand	EUR thousand
Defined benefit obligation not fund-financed	100,294	96,937
Defined benefit obligation fund-financed	25	26
<b>Subtotal</b>	<b>100,319</b>	<b>96,963</b>
Less fair value of plan assets	-25	-26
<b>Provisions for pensions and similar obligations</b>	<b>100,294</b>	<b>96,937</b>

The effects from the revaluation of defined benefit obligations recognized in other comprehensive income in the fiscal year 2024 are as follows

in EUR thousand	12/31/2023	12/31/2024
Change in demographic assumptions	0	0
Change in financial assumptions	7,749	-3,117
Experience-based adjustments	583	-1,572
	<b>8,332</b>	<b>-4,689</b>

The amounts recognized in the consolidated income statement in the reporting period break down as follows:

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Interest expense	3,302	3,176
Service cost	407	422
Expected income from plan assets	0	-1
	<b>3,709</b>	<b>3,597</b>

The expected cash outflows from pension obligations in the coming year total EUR 2,940 thousand (previous year: EUR 2,675 thousand).

Current payments for employer contributions to the statutory pension insurance scheme are recognized as an expense in the operating result for the respective year and amounted to a total of EUR 8,903 thousand in the Group in the fiscal year 2024 (previous year: EUR 8,298 thousand).

The plan assets developed as follows:

in EUR thousand	2023	2024
<b>Status as of 01/01</b>	<b>67</b>	<b>25</b>
Expected income from plan assets	0	1
Payments from plan assets	-42	0
<b>Status as of 12/31</b>	<b>25</b>	<b>26</b>

The plan assets consist entirely of a reinsurance policy for which there is no quoted market price on an active market.





A change in the three main factors influencing the present value of the pension obligation under otherwise unchanged assumptions would have the following effect on the present value of the pension obligation as of the balance sheet date:

**Present value of the pension obligation in EUR thousand**

**Discount rate**

<b>As of 12/31/2024: 3.40%</b>	<b>96,937</b>
Increase to 3.50%	95,433
Decrease to 3.30%	98,476

**Wage and salary trend**

<b>As of 12/31/2024: 3.00%</b>	<b>96,937</b>
Increase to 4.00%	99,309
Decrease to 2.00%	95,424

**Pension trend**

<b>As of 12/31/2024: 2.25%</b>	<b>96,937</b>
Increase to 3.25%	107,077
Decrease to 1.25%	88,509

If pensioner mortality were to fall by 20%, the present value of the pension obligation would be EUR 102,599 thousand.

When calculating the sensitivity of the DBO for the relevant actuarial assumptions, the same method was used (calculation of the present value using the projected unit credit method) as for the calculation of the provisions for pensions recognized in the consolidated balance sheet. When determining the sensitivities, only one parameter was changed, and all other assumptions were retained.

The weighted average term of the defined benefit obligation in relation to the present value of the pension obligation is as follows as of the reporting date:

<b>Present value of pension obligation in EUR thousand</b>	<b>Average term in years</b>	<b>Obligated company</b>
96,963	16	Alzchem Trostberg GmbH/ Alzchem Group AG

Deferred tax assets of EUR 12,054 thousand (December 31, 2023: EUR 14,048 thousand) were recognized on the pension provisions recognized in the Group.



## 23. OTHER PROVISIONS (CURRENT AND NON-CURRENT)

	Provisions for land- fills	Provi- sions for personnel	Provisions for guarantees from product sales	Provisions for subsequent customer compensation/ commissions	Other provi- sions	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Status</b>						
<b>01/01/2023</b>	<b>6,441</b>	<b>10,085</b>	<b>216</b>	<b>467</b>	<b>1,746</b>	<b>18,955</b>
Utilization	0	-2,566	0	-39	-451	-3,056
Additions	1,069	5,437	0	224	1,510	8,239
Reversal	0	-61	-49	-409	-28	-546
Reclassification	0	-1,637	0	0	0	-1,637
Accrued interest / discounted interest / Interest rate change	431	822	0	0	21	1,274
Currency conversion	0	0	0	-1	0	0
<b>Status</b>						
<b>12/31/2023</b>	<b>7,941</b>	<b>12,080</b>	<b>167</b>	<b>242</b>	<b>2,799</b>	<b>23,229</b>
Non-current	7,941	11,805	0	0	-55	19,691
Current	0	275	167	242	2,854	3,537
<b>Status</b>						
<b>12/31/2023</b>	<b>7,941</b>	<b>12,080</b>	<b>167</b>	<b>242</b>	<b>2,799</b>	<b>23,229</b>

	Provisions for land- fills	Provi- sions for personnel	Provisions for guarantees from product sales	Provisions for subsequent Customer remuneration/ commissions	Other provi- sions	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thou- sand
<b>Status</b>						
<b>01/01/2024</b>	<b>7,941</b>	<b>12,080</b>	<b>167</b>	<b>242</b>	<b>2,799</b>	<b>23,229</b>
Utilization	0	-4,019	0	-26	-1,204	-5,249
Additions	0	8,333	0	161	1,344	9,838
Reversal	-61	0	-12	-14	-200	-287
Reclassification	0	-1,835	0	0	0	-1,835
Accrued interest / discounted interest / Interest rate change	-585	500	0	0	12	-73
Currency conversion	0	-2	0	1	0	-1
<b>Status</b>						
<b>12/31/2024</b>	<b>7,295</b>	<b>15,057</b>	<b>155</b>	<b>364</b>	<b>2,751</b>	<b>25,622</b>
Non-current	7,295	14,819	0	0	95	22,209
Current	0	238	155	364	2,656	3,413
<b>Status</b>						
<b>12/31/2024</b>	<b>7,295</b>	<b>15,057</b>	<b>155</b>	<b>364</b>	<b>2,751</b>	<b>25,622</b>

The provisions for landfills relate to statutory requirements for the aftercare and recultivation of landfill sites. The provisions were recognized on the basis of internal and, in some cases, external cost estimates (prepared by experts) and taking into account a discount rate appropriate to the term.



The changes in the fiscal year 2024 resulted from changes in parameters and discounting or interest rate effects. The cash outflows from these non-current provisions are expected over a substantial period of time as part of the aftercare obligations.

The provisions for personnel relate to provisions for service bonuses, provisions for annual leave in the event of a pension claim and other social benefits for employees. They are recognized on the basis of actuarial assumptions and discounted to reflect the term to maturity.

Provisions for warranties from product sales are recognized based on past experience. The approach is reviewed annually and adjusted to current developments.

The provisions for subsequent customer reimbursements and commissions relate to supply contracts with customers that run beyond the balance sheet date and to which subsequent price reductions are granted if certain minimum purchase quantities are exceeded.

Other provisions include provisions for impending losses from individual customer orders in the amount of EUR 301 thousand (December 31, 2023: EUR 1,281 thousand).

Other provisions mainly relate to provisions for other fees and premiums not yet invoiced, the amount of which is still uncertain.

## 24. LIABILITIES TO BANKS

in EUR thousand	12/31/2023	12/31/2024
Residual term of less than one year as of the balance sheet date	8,833	7,589
of which current portion of loan liabilities	8,833	7,583
Residual term of more than one year as of the balance sheet date	48,665	41,082
	<b>57,498</b>	<b>48,671</b>

The non-current loan liabilities to banks that were granted in the fiscal years 2017 and 2020 have fixed interest rates of between 1.25% and 1.65%. These loans are repaid quarterly with a

final repayment on September 30, 2027. In the fiscal year 2023, Alzchem was granted loans in the amount of EUR 30,000 thousand with a final maturity date of December 31, 2027, and March 31, 2028. The interest rate on these loans is variable and depends on the 3-month EURIBOR plus the bank-specific margin.

Current liabilities to banks as of December 31, 2024, consist almost entirely of the current portion of loan liabilities (EUR 7,583 thousand; December 31, 2023: EUR 8,833 thousand). No other short-term financing lines had been drawn down as of the reporting date of December 31, 2024 (December 31, 2023: EUR 0 thousand). Utilization during the year is primarily through money market loans. The interest rate is variable and depends on the 1-month or 3-month EURIBOR plus a bank-specific margin.

Based on the usual payment agreements with the banks, the maturities and therefore the cash outflow from current loan liabilities to banks are as follows:

in EUR thousand	12/31/2023	12/31/2024
<b>Carrying amount</b>	<b>8,833</b>	<b>7,589</b>
due in the following time bands:		
< 30 days	0	6
30 - 90 days	2,208	2,208
90 - 180 days	2,208	2,208
180 days - 1 year	4,416	3,167

Loan liabilities to banks are secured by property, plant and equipment with a carrying amount of EUR 13,034 thousand as of the reporting date (December 31, 2023: EUR 13,185 thousand). All liabilities to banks are denominated in euros.



Loan liabilities developed as follows in the reporting period:

	Short-term Loan liabilities	Long-term Loan liabilities
	EUR thousand	EUR thousand
<b>Status 01/01/2023</b>	<b>66,408</b>	<b>27,498</b>
Cash-effective change		
Repayment	-66,408	0
Borrowing	0	30,000
Non-cash change		
Accrued interest	0	0
Reclassification	8,833	-8,833
<b>Status 12/31/2023</b>	<b>8,833</b>	<b>48,665</b>
<b>Status 01/01/2024</b>	<b>8,833</b>	<b>48,665</b>
Cash-effective change		
Repayment	-8,833	0
Borrowing	6	0
Non-cash change		
Accrued interest	0	0
Reclassification	7,583	-7,583
<b>Status 12/31/2024</b>	<b>7,589</b>	<b>41,082</b>

## 25. TRADE PAYABLES

Based on the usual payment agreements with suppliers and other business partners, the maturities and therefore the cash outflow of current trade payables are as follows:

in EUR thousand	12/31/2023	12/31/2024
<b>Carrying amount</b>	<b>31,554</b>	<b>37,425</b>
of which is due in the following time bands:		
< 30 days	27,542	32,714
30 - 90 days	3,767	2,085
90 - 180 days	0	2,347
180 days - 1 year	245	279

Due to the Group's international activities, the following foreign currency liabilities translated into the Group currency EUR are included in trade payables as of the reporting dates:

in EUR thousand	12/31/2023	12/31/2024
<b>Total</b>	<b>3,887</b>	<b>3,596</b>
USD	1,235	1,088
SEC	1,565	1,584
CNY	1,031	813
Other	56	111

With the exception of the usual country-specific retention of title, no collateral has been provided for the reported trade payables. No trade payables were overdue on the balance sheet dates.



## 26. OTHER LIABILITIES

The details of other current liabilities are as follows:

in EUR thousand	12/31/2023	12/31/2024
Personnel liabilities	17,223	19,391
Liabilities from energy taxes	5,118	4,061
Other tax liabilities	2,389	2,605
Liabilities from bonus settlements to customers	899	573
Liability to employers' liability insurance association	205	289
Liabilities from investment grants	0	8,116
Other	3,096	4,939
	<b>28,930</b>	<b>39,974</b>

Other current liabilities include other financial liabilities in the amount of EUR 7,646 thousand (December 31, 2023: EUR 7,280 thousand). This includes the following amounts in foreign currencies translated into euros:

in EUR thousand	12/31/2023	12/31/2024
<b>Total</b>	<b>306</b>	<b>129</b>
USD	296	278
CNY	0	-149
JPY	10	0

The maturities and thus the cash outflow of current financial liabilities are as follows:

in EUR thousand	12/31/2023	12/31/2024
<b>Carrying amount</b>	<b>7,280</b>	<b>7,646</b>
of which is due in the following time bands:		
< 30 days	426	225
30 - 90 days	473	347
90 - 180 days	5,118	4,061
180 days - 1 year	1,263	3,013

As of the reporting date, other non-current liabilities amounted to EUR 647 thousand (December 31, 2023: EUR 171 thousand). These comprise financial liabilities in EUR in their full amount.

## 27. INCOME TAX LIABILITIES

Income tax liabilities include domestic income tax liabilities of EUR 12,560 thousand (December 31, 2023: EUR 7,940 thousand) and foreign income tax liabilities of EUR 618 thousand (December 31, 2023: EUR 224 thousand).

## 28. CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how the cash and cash equivalents of the Alzchem Group have changed in the reporting periods. Cash and cash equivalents are defined as cash and cash equivalents less cash and cash equivalents with restricted availability.



In accordance with IAS 7, cash flows are broken down into cash inflows/outflows from operating activities, investing activities and financing activities.

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Cash outflow (-)/inflow (+) from operating activities (net cash flow)	72,671	105,147
Cash outflow from investing activities	-20,548	-30,994
<b>Free cash flow</b>	<b>52,123</b>	<b>74,153</b>
Cash inflow (+)/outflow (-) from financing activities	-49,166	-24,656
<b>Net increase (+)/decrease (-) in cash and cash equivalents and cash equivalents</b>	<b>2,957</b>	<b>49,497</b>

The cash flow statement is prepared using the indirect method.

Cash and cash equivalents as of December 31, 2024, amounted to EUR 61,544 thousand (December 31, 2023: EUR 11,883 thousand) and comprise immediately available bank balances, cheques and cash in hand.

Other non-cash income and expenses amounting to EUR 20,941 thousand (previous year: EUR 13,740 thousand) mainly include write-downs on inventories, additions to and reversals of pension provisions, other provisions and liabilities.

## 29. RISK MANAGEMENT AND USE OF DERIVATIVE FINANCIAL INSTRUMENTS

The finance department of Alzchem Trostberg GmbH monitors and manages the financial risks of the entire Alzchem Group. These are specific:

- Liquidity risks
- Market risks (interest rate and currency risks)
- Credit risks

Due to its activities, the Alzchem Group is exposed to a variety of financial risks. Risk is understood to mean unexpected events and possible developments that have a negative impact on the achievement of set targets and expectations. Relevant are risks with a sig-

nificant influence on the asset, financial and earnings situation. The Alzchem Group's risk management system analyses various risks and attempts to minimize negative effects on the company's financial situation. Risk management is carried out in the Finance department in accordance with existing guidelines.

The Group distinguishes between liquidity, credit and market risks for the measurement and management of significant individual risks.

### LIQUIDITY RISKS

Liquidity risk in the narrower sense is understood as the risk of not being able to meet current or future payment obligations or only being able to do so under unfavorable conditions. The company generates financial resources primarily through its operating business.

Alzchem Trostberg GmbH acts as the financial coordinator for the companies of the Alzchem Group in order to ensure that the financial requirements for the operating business and for investments are covered as cost-effectively as possible and in sufficient amounts at all times.

The required information is analyzed using two cash management tools:

1. The liquidity plan, which evaluates the coming twelve months every three months and uses the latest forecast information as a basis.
2. The liquidity status looks at the shorter term over the next two months and is updated monthly. In contrast to the liquidity plan, it evaluates the current actual figures rather than the forecast information. If liquidity risks increase, the period under review for the liquidity status will be adjusted accordingly.

The long-term corporate financing of the Alzchem Group is ensured by the ongoing cash flow from the operating business and sufficient available short and long-term debt financing.

Through the Group's internal financial clearing transactions, short-term liquidity surpluses of individual Group companies are used to internally finance the cash requirements of other Group companies. This contributes to a reduction in the volume of external borrowing and an optimization of cash and capital investments and therefore has a positive impact on the Group's net interest income.

At Alzchem Group level, consolidated and integrated liquidity planning is prepared on the basis of the latest status of the corporate planning/projection, including any additional special effects recognizable at short notice.



The Alzchem Group is mainly financed by the cash and cash equivalents generated by the Group's operating business. In addition, there are credit lines with the principal banks, which existed and were utilized as follows as of the reporting dates:

in EUR thousand	Maximum line	Utilization	Free availability
As of 12/31/2023	87,500	0	87,500
As of 12/31/2024	77,500	0	77,500

The sale of customer receivables to a factoring company is used as a further short-term financing instrument. The maximum factoring volume amounted to EUR 40 million as of December 31, 2024 (December 31, 2023: EUR 40 million). As in the previous year, the receivables sold as part of factoring as of the reporting date, less the agreed retentions, amounted to EUR 0 thousand.

Long-term loans were concluded in the fiscal years 2017 and 2020 to finance investments. In the fiscal year 2023, a total of EUR 30,000 thousand was converted from short-term financing lines into long-term loans as part of a refinancing measure. As of the reporting date, the outstanding loan balance in relation to this long-term financing amounted to EUR 48,665 thousand (December 31, 2023: EUR 57,498 thousand). The current portion of this financing amounted to EUR 7,583 thousand as of the reporting date (December 31, 2023: EUR 8,833 thousand).

Other current financial liabilities from non-derivative financial instruments amounted to EUR 45,242 thousand as of the reporting date (December 31, 2023: EUR 39,005 thousand).

## MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The following table shows the maturity structure of the contractual, undiscounted cash flows from interest and principal payments for non-derivative financial liabilities:

12/31/2023 in EUR thousand	Up to 1 year	1 - 5 years	Over 5 years	Total
Loan liabilities to banks	9,146	48,999	0	58,146
Trade payables	31,554	0	0	31,554
Other financial liabilities	7,280	171	0	7,451
<b>Total</b>	<b>47,980</b>	<b>49,170</b>	<b>0</b>	<b>97,150</b>

12/31/2024 in EUR thousand	Up to 1 year	1 - 5 years	Over 5 years	Total
Loan liabilities to banks	7,784	41,221	0	49,005
Trade payables	37,425	0	0	37,425
Other financial liabilities	7,646	171	0	7,817
<b>Total</b>	<b>52,855</b>	<b>41,392</b>	<b>0</b>	<b>94,247</b>

The maturity analysis of derivative financial liabilities is shown in the section Maturity analysis of derivatives.

With regard to its financial liabilities, the Alzchem Group has not breached any payment agreements or contractually regulated agreements in financing agreements (covenants).

The undiscounted cash outflows are subject to the condition that the repayment of liabilities is based on the earliest due date. A medium-term planning does not show any impairment of these requirements.

A more detailed presentation of the maturity band "up to 1 year" is provided for loans payable to banks in note 24, for trade payables in note 25 and for other financial liabilities in note 26.



Of the primary financial liabilities reported in the Group as of December 31, 2024, amounting to EUR 93,913 thousand (December 31, 2023: EUR 96,503 thousand), EUR 13,034 thousand (December 31, 2023: EUR 13,185 thousand) or 14% (December 31, 2023: 14%) are collateralized.

The securities are composed as follows:

#### 12/31/2023

in EUR thousand	Land charge over land and buildings	Technical equipment and machinery	Total
Loan liabilities to banks	11,000	2,185	13,185

#### 12/31/2024

in EUR thousand	Land charge over land and buildings	Technical equipment and machinery	Total
Loan liabilities to banks	11,000	2,034	13,034

In addition, the majority of companies are supplied under country-specific retention of title.

If the original financial liabilities are broken down by region, the following risk concentrations result, which Alzchem monitors regularly:

	12/31/2023		12/31/2024	
	EUR thousand	%	EUR thousand	%
<b>Total</b>	<b>96,503</b>	<b>100</b>	<b>93,913</b>	<b>100</b>
Germany	89,043	92	87,378	93
Europe - EU (excluding Germany)	4,804	5	3,404	4
Europe - Other	143	< 1	1,157	1
Rest of the world	2,512	3	1,974	2

## CREDIT RISKS

Credit risks arise from the complete or partial default of a customer, for example due to insolvency, and in the context of financial investments. The maximum default risk amounts to the carrying amounts of all financial assets. Valuation allowances on trade receivables and other receivables and assets are recognized in accordance with uniform Group rules and cover all identifiable credit risks.

In order to minimize the risk of default on receivables, Alzchem imposes minimum requirements on all business partners with regard to their creditworthiness and also sets individual maximum exposure limits. The amount of the upper credit limit reflects the creditworthiness of a contracting party and the typical size of the transaction volume with this contracting party. This is based on a limit system laid down in the treasury guidelines, which is based on the classifications of international rating agencies and internal creditworthiness checks as well as internally acquired empirical values with the respective contracting parties. In addition, the special limits of the trade credit insurance are taken into account for each customer. The Alzchem Group is therefore only exposed to credit risks to a very limited extent.





The following table shows the maximum default risk and the collateral held by the Alzchem Group, broken down by balance sheet item and measurement category as of December 31, 2023, and December 31, 2024:

<b>12/31/2023</b>	<b>Maximum default risk</b>	<b>Collateral held</b>	<b>Calculated risk</b>	
<b>Balance sheet item / valuation category</b>	<b>EUR thousand</b>	<b>EUR thousand</b>	<b>%</b>	<b>EUR thousand</b>
Financial assets				
At fair value through profit or loss	6	0	0	6
Other receivables and other assets				
At amortized cost	14,564	0	0	14,564
Trade receivables				
At amortized cost	9,588	5,222	54	4,366
At fair value through other comprehensive income	65,624	49,573	76	16,051
Cash and cash equivalents				
At amortized cost	11,883	0	0	11,883
<b>Total financial assets</b>	<b>101,664</b>	<b>54,795</b>	<b>54</b>	<b>46,869</b>

<b>12/31/2024</b>	<b>Maximum default risk</b>	<b>Collateral held</b>	<b>Calculated risk</b>	
<b>Balance sheet item / valuation category</b>	<b>EUR thousand</b>	<b>EUR thousand</b>	<b>%</b>	<b>EUR thousand</b>
Financial assets				
At fair value through profit or loss	6	0	0	6
Other receivables and other assets				
At amortized cost	13,081	0	0	13,081
Trade receivables				
At amortized cost	11,103	4,985	45	6,118
At fair value through other comprehensive income	67,832	54,272	80	13,560
Cash and cash equivalents				
At amortized cost	61,544	0	0	61,544
<b>Total financial assets</b>	<b>153,566</b>	<b>59,257</b>	<b>39</b>	<b>94,309</b>

All collateral is provided in full in the form of trade credit insurance.

As described under IV. Accounting and valuation methods, recognizable default risks in the receivables portfolio are generally taken into account by recognizing adequate valuation allowances. The development of valuation allowances on trade receivables is shown in Note 18.



The following table shows the concentration of default risk in the default risk classes of financial assets monitored by Alzchem, broken down by balance sheet item and measurement category:

12/31/2023	Gross carrying amount	Not due	Overdue in days		
Balance sheet item / valuation category in EUR thousand			1 - 30	31 - 120	> 120
Financial assets					
At fair value through profit or loss	6	6	0	0	0
Other receivables and other assets					
At amortized cost	14,564	14,564	0	0	0
Trade receivables					
At amortized cost	9,680	9,432	203	0	45
At fair value through other comprehensive income	65,662	60,122	2,298	277	2,964
Cash and cash equivalents					
At amortized cost	11,883	11,883	0	0	0
<b>Total financial assets</b>	<b>101,794</b>	<b>96,006</b>	<b>2,501</b>	<b>278</b>	<b>3,009</b>

12/31/2024	Gross carrying amount	Not due	Overdue in days		
Balance sheet item / valuation category in EUR thousand			1 - 30	31 - 120	> 120
Financial assets					
At fair value through profit or loss	6	6	0	0	0
Other receivables and other assets					
At amortized cost	13,081	13,081	0	0	0
Trade receivables					
At amortized cost	11,294	9,873	973	111	337
At fair value through other comprehensive income	68,581	59,843	6,101	1,866	771
Cash and cash equivalents					
At amortized cost	61,544	61,544	0	0	0
<b>Total financial assets</b>	<b>154,506</b>	<b>144,347</b>	<b>7,074</b>	<b>1,977</b>	<b>1,108</b>



If the Group's total financial assets are allocated to regions, the following risk concentrations arise:

	12/31/2023		12/31/2024	
	EUR thousand	%	EUR thousand	%
<b>Total</b>	<b>101,664</b>	<b>100</b>	<b>153,566</b>	<b>100</b>
Germany	39,859	39	89,984	59
Europe - EU (excluding Germany)	23,276	23	26,459	17
Europe - Other	1,644	2	2,784	2
Rest of the world	36,885	36	34,339	22

## MARKET RISKS (INTEREST RATE AND CURRENCY RISKS)

Market risk is defined as the risk of a loss that may arise as a result of a change in market parameters relevant to valuation (currency, interest rate, price).

### CURRENCY RISKS

The Group operates internationally and is therefore exposed to foreign currency risk based on changes in the exchange rates of various foreign currencies. Foreign currency risks can arise from expected future transactions, recognized assets and liabilities and net investments in foreign operations.

In order to minimize possible risks from changing exchange rates, the Alzchem Group sometimes uses hedging transactions to hedge currency risks from future transactions. However, no hedging transactions were used in the periods currently presented.

Of the primary financial instruments reported in the Group, EUR 31,409 thousand (December 31, 2023: EUR 29,036 thousand) are attributable to financial assets denominated in foreign currencies and EUR 3,726 thousand (December 31, 2023: EUR 4,193 thousand) to financial liabilities denominated in foreign currencies. The concentration of risk relating to foreign currency is as follows

Financial Assets	12/31/2023		12/31/2024	
	EUR thousand	%	EUR thousand	%
<b>Total</b>	<b>29,036</b>	<b>100</b>	<b>31,409</b>	<b>100</b>
USD	17,697	61	19,156	61
SEC	6,463	22	6,370	20
CNY	3,285	11	3,588	11
JPY	1,490	5	2,072	7
Other	100	< 1	223	1

Financial Liabilities	12/31/2023		12/31/2024	
	EUR thousand	%	EUR thousand	%
<b>Total</b>	<b>4,193</b>	<b>100</b>	<b>3,726</b>	<b>100</b>
SEC	1,565	37	1,584	42
USD	1,530	37	1,366	37
CNY	1,031	25	664	18
JPY	10	< 1	71	2
Other	56	1	41	1

Sensitivity analyses showing the effects of hypothetical changes in relevant risk variables on earnings and equity were carried out as of the reporting dates in order to present currency risks. The periodic effects are determined by relating the hypothetical changes in the risk variables to the portfolio of financial instruments on the reporting date. It is assumed that the portfolio on the reporting date is representative for the year as a whole. For the analysis of currency sensitivities, only the currencies USD, JPY, CNY and SEK, which are significant for the Alzchem Group, were taken into account.



As of the balance sheet date, the Alzchem Group is exposed to currency risks, which are mainly reflected in the balance sheet items trade receivables, trade payables from, cash and cash equivalents and derivatives.

If the euro had appreciated or depreciated by 10% against the main foreign currencies in which the Alzchem Group operates as of December 31, 2024, the reported equity in functional currency would have changed by EUR 1,439 thousand (December 31, 2023: EUR -2,254 thousand) or EUR -1,759 thousand (December 31, 2023: EUR 2,755 thousand).

The hypothetical impact on earnings (before taxes) of EUR -2,500 thousand (December 31, 2023: EUR -2,254 thousand) and EUR 3,056 thousand (December 31, 2023: EUR 2,755 thousand) results from the following currency sensitivities for non-derivative financial assets and liabilities:

in EUR thousand	12/31/2023		12/31/2024	
	+10%	-10%	+10%	-10%
<b>Total income statement</b>	<b>-2,254</b>	<b>2,755</b>	<b>-2,500</b>	<b>3,056</b>
EUR/USD	-1,470	1,796	-1,617	1,977
EUR/SEK	-445	544	-435	532
EUR/CNY	-205	250	-266	325
EUR/JPY	-135	164	-182	222
<b>Total other result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity effect</b>	<b>-2,254</b>	<b>2,755</b>	<b>-2,500</b>	<b>3,056</b>

The derivative financial liabilities result in a hypothetical effect on earnings (before taxes) of EUR thousand:

in EUR thousand	12/31/2023		12/31/2024	
	+10%	-10%	+10%	-10%
<b>Total income statement</b>	<b>0</b>	<b>0</b>	<b>3,939</b>	<b>-4,815</b>
EUR/USD	0	0	3,939	-4,815
<b>Total other result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity effect</b>	<b>0</b>	<b>0</b>	<b>3,939</b>	<b>-4,815</b>

#### INTEREST RATE RISKS

Interest rate risks can arise primarily from changes in market interest rates, which lead to changes in expected cash flows. In order to minimize interest rate risks, loans are only taken out or concluded on a long-term basis and at fixed interest rates if necessary. Non-current loan liabilities to banks are predominantly at fixed interest rates and are therefore not subject to interest rate risks. In the fiscal year 2023, a total of EUR 30,000 thousand was converted from short-term financing lines into long-term loans as part of a refinancing process. These loans have variable interest rates and are subject to the volatility of market interest rates. The short-term financing lines drawn down as of December 31, 2024, are also subject to variable interest rates. If the average interest rate for the utilization of the financing lines in the fiscal year 2024 had been 0.5 percentage points higher or lower than the actual interest rate, the reported result for the period or equity (before taxes) would have decreased or improved by EUR 150 thousand (previous year: EUR 88 thousand).

Cash surpluses are invested at Alzchem in variable interest-bearing financial investments. If the average interest rate for the cash investments reported on the reporting date had been 0.5 percentage points higher or lower than the actual interest rate, the result for the period or equity (before taxes) would have decreased or improved by EUR 249 thousand (previous year: EUR 0 thousand).

#### PRICE RISKS

Price risks mainly arise in the purchasing area due to changes in the market price of raw materials, electricity and gas. In order to minimize price volatility, forward transactions and price



escalation clauses are used in particular to counteract these risks. The forward transactions in the fiscal year 2023 related to the purchase of electricity exclusively for the company's own requirements. As of December 31, 2024, there were no open positions from electricity purchases.

## CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following table shows the carrying amounts and fair values of financial assets by measurement category in accordance with IFRS 9:

12/31/2023	At amortized costs		At fair value		Total amount	
	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income with subsequent reclassification to the income statement	Financial assets at fair value through profit or loss			
	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Fair value	
Balance sheet items	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
Financial assets	–	–	6	6	6	
Other receivables and other assets	14,564	–	–	14,564	14,564	
Trade receivables	9,588	65,624	–	75,212	75,212	
Cash and cash equivalents	11,883	–	–	11,883	11,883	
<b>Total financial assets</b>	<b>36,034</b>	<b>65,624</b>	<b>6</b>	<b>101,664</b>	<b>101,664</b>	



12/31/2024	At amortized costs		At fair value		Total amount	
	Financial assets measured at amortized cost	At fair value through other comprehensive income Financial assets measured at amortized cost with subsequent Reclassification to the income statement Loss account	Financial assets at fair value through profit or loss			
	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Fair value	
Balance sheet items	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
Financial assets	–	–	6	6	6	
Other receivables and other assets	13,081	–	–	13,081	13,081	
Trade receivables	11,103	67,832	–	78,935	78,935	
Cash and cash equivalents	61,544	–	–	61,544	61,544	
<b>Total financial assets</b>	<b>85,728</b>	<b>67,832</b>	<b>6</b>	<b>153,566</b>	<b>153,566</b>	



The following table shows the carrying amounts and fair values of financial liabilities by measurement category in accordance with IFRS 9:

12/31/2024	At amortized cost		Total amount	
	Financial liabilities measured at amortized cost			
	Carrying amount	Carrying amount		Fair value
Balance sheet item	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Loan liabilities to banks	57,498	57,498		56,991
Trade payables	31,554	31,554		31,554
Other liabilities	7,451	7,451		7,451
<b>Total financial liabilities</b>	<b>96,503</b>	<b>96,503</b>		<b>95,996</b>

12/31/2024	At amortized cost		At fair value		Total amount
	Financial liabilities measured at amortized cost		Liabilities held for trading		
	Carrying amount	Carrying amount	Carrying amount	Fair value	
Balance sheet item	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Loan liabilities to banks	48,671	---	48,671	48,502	48,502
Trade payables	37,425	---	37,425	37,425	37,425
Financial liabilities	---	1,994	1,994	1,994	1,994
Other liabilities	7,817	---	7,817	7,817	7,817
<b>Total financial liabilities</b>	<b>93,913</b>	<b>1,994</b>	<b>95,907</b>	<b>95,738</b>	<b>95,738</b>



The fair values of the financial instruments were determined on the basis of the market information available on the balance sheet date and using the methods and assumptions described below.

Due to the short-term maturities of the financial assets, it is assumed that the fair values correspond approximately to the carrying amounts.

The balance sheet items trade payables and other liabilities generally include liabilities with short remaining terms, so that the fair values are assumed to correspond approximately to the carrying amounts reported.

The fair values of the derivative financial instruments in the balance sheet item financial liabilities were calculated using present value and option price models. As far as possible, the relevant market prices and interest rates observed on the balance sheet date, which were obtained from recognized external sources, were used as input parameters for these models. This approach corresponds to level 2 in the IFRS 13 hierarchy.

Loan liabilities to banks comprise current and non-current financial liabilities. The fair values of liabilities with remaining terms of more than one year are calculated by discounting the cash flows associated with the liabilities, taking into account the current interest rate parameters observable on the market. The individual credit ratings of the Group are taken into account in the present value calculation in the form of standard market credit rating and liquidity spreads. This approach corresponds to level 2 in the IFRS 13 hierarchy.

Certain financial assets are measured at fair value on a recurring basis and allocated to the corresponding IFRS 9 categories. The following table shows these financial assets and their measurement levels in accordance with IFRS 13:

#### 12/31/2023 in EUR thousand

Assets	Level 2	Level 3	Total
Trade receivables			
- Measured at fair value through other comprehensive income	65,624	—	65,624

#### 12/31/2023 in EUR thousand

Assets	Level 2	Level 3	Total
Financial assets			
- Measured at fair value through profit or loss	—	6	6
<b>Total assets</b>	<b>65,624</b>	<b>6</b>	<b>65,630</b>

#### 12/31/2024 in EUR thousand

Assets	Level 2	Level 3	Total
Trade receivables			
- Measured at fair value through other comprehensive income	67,832	—	67,832
Financial assets			
- Measured at fair value through profit or loss	—	6	6
<b>Total assets</b>	<b>67,832</b>	<b>6</b>	<b>67,838</b>

#### Liabilities

Financial liabilities			
- Measured at fair value through profit or loss	1,994	0	1,994
<b>Total liabilities</b>	<b>1,994</b>	<b>0</b>	<b>1,994</b>





Financial liabilities were recognized at fair value in the reporting period.

There were no reclassifications between the individual hierarchies for determining fair values in the reporting period.

The market value of trade receivables measured at fair value through other comprehensive income is allocated to level 2. The market values of trade receivables measured at fair value are derived with reference to transactions in comparable instruments. In particular, the transaction prices in the context of the sale of receivables, for which the purchaser regularly uses the nominal value, are used. In the event of a default event, these values are adjusted by the value adjustment requirement.

The Alzchem Group holds one investment in the “at fair value through profit or loss” category, the market value of which is to be allocated to level 3. In the absence of reliable input parameters for a more complex model and due to the minor significance of this investment for the Alzchem Group, the market value was estimated on the basis of acquisition costs. A deviation of the actual market value from this estimated value within a realistic range would not have a material impact on the significance of the item for the Alzchem Group or on the net assets, financial position and results of operations of the Alzchem Group. In the reporting period, income of EUR 23 thousand (previous year: EUR 28 thousand) was recognized from these financial assets, which was reported in the financial result.



## NET RESULT FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

The following overviews show the net gains or losses from financial instruments recognized in the income statement and in other comprehensive income by measurement category:

<b>01/01-12/31/2023 in EUR thousand</b>	<b>Interest</b>	<b>Currency conversions</b>	<b>Impairment losses / reversals</b>	<b>Changes in the fair value of derivatives</b>	<b>Investment income</b>	<b>Net result P&amp;L</b>	<b>Other result</b>
Financial assets measured at amortized cost	321	458	0	0	0	780	0
Financial assets at fair value through profit or loss	0	0	0	0	28	28	0
Financial instruments measured at fair value through other comprehensive income	0	-1,575	-103	0	0	-1,678	-31
Financial liabilities measured at amortized cost	-2,506	-527	0	0	0	-3,033	0
	<b>-2,185</b>	<b>-1,643</b>	<b>-103</b>	<b>0</b>	<b>28</b>	<b>-3,904</b>	<b>-31</b>

<b>01/01-12/31/2024 in EUR thousand</b>	<b>Interest</b>	<b>Currency conversions</b>	<b>Impairment losses / reversals</b>	<b>Changes in the fair value of derivatives</b>	<b>Investment income</b>	<b>Net result P&amp;L</b>	<b>Other result</b>
Financial assets measured at amortized cost	1,592	-84	0	0	0	1,508	0
Financial assets at fair value through profit or loss	0	0	0	-1,994	23	-1,971	0
Financial instruments measured at fair value through other comprehensive income	0	1,189	-746	0	0	443	-35
Financial liabilities measured at amortized cost	-2,179	-281	0	0	0	-2,460	0
	<b>-587</b>	<b>824</b>	<b>-746</b>	<b>-1,994</b>	<b>23</b>	<b>-2,480</b>	<b>-35</b>



No interest income was received from impaired trade receivables in the reporting periods. The effects of currency translation and changes in the market value of derivatives are reported under other operating income or other operating expenses. The remaining effects can be found in the financial result.

## DERIVATIVES AND HEDGE ACCOUNTING

As of the balance sheet date, there were foreign currency derivatives to hedge future cash flows in USD with a total nominal volume of USD 45,000 thousand or EUR 41,264 thousand (previous year: USD/EUR thousand 0 thousand).

### MATURITY ANALYSIS OF DERIVATIVES

The hedged cash flows for the hedging transactions existing on the reporting date will all occur in the fiscal year 2025. There were no forward exchange transactions with a term of more than one year in the reporting period.

The following table shows the expected undiscounted net cash flows of the individual derivatives as of the reporting date of December 31, 2024, irrespective of their current market value. Positive signs indicate a cash outflow, and negative signs indicate a cash inflow:

<b>12/31/2024</b>	<b>up to 1 year</b>	<b>1 - 5 years</b>	<b>over 5 years</b>	<b>Total</b>
	<b>EUR thousand</b>	<b>EUR thousand</b>	<b>EUR thousand</b>	<b>EUR thousand</b>
US derivatives	1,994	0	0	<b>1,994</b>
<b>Total</b>	<b>1,994</b>	<b>0</b>	<b>0</b>	<b>1,994</b>

## NETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are only offset if net settlement is possible at any time and is also planned. No offsetting was carried out as of the balance sheet dates 2024 and 2023.

## 30. COMPANY ACQUISITIONS

No company acquisitions were recognized in the periods currently presented.

## VII. OTHER NOTES

### 31. OTHER FINANCIAL OBLIGATIONS

In addition to the lease liabilities already recognized in accordance with IFRS 16, the Alzchem Group also has other financial obligations for maintenance and service contracts for machinery and equipment, software and other operating and office equipment as well as for purchase commitments. These were as follows as of the reporting dates:

<b>12/31/2023 in EUR thousand</b>	<b>Up to 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Maintenance and service contracts	1,304	622	15	1,942

<b>12/31/2024 in EUR thousand</b>	<b>Up to 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Maintenance and service contracts	1,672	921	114	2,707

Purchase commitments amounted to EUR 122,848 thousand as of December 31, 2024 (December 31, 2023: EUR 62,914 thousand). These mainly consist of long-term purchase obligations for lime and electricity deliveries (EUR 82,295 thousand; previous year: EUR 43,916 thousand) and for property, plant and equipment (EUR 40,553 thousand; previous year: EUR 18,998 thousand).

The disclosures on leases in accordance with IFRS 16 are contained in the separate Note 13 Leases.

### 32. CONTINGENT LIABILITIES

The company does not expect any claims to be made for potential environmental obligations arising from the sale of the alloy plant in 2008 in the amount of EUR 2.1 million until 2038 due to the industrial structure at the site.



### 33. CORPORATE BODIES OF THE COMPANY

The following persons were appointed to the Management Board of Alzchem Group AG in the reporting period:

- Andreas Niedermaier, Qualified Industrial Engineer (FH) - CEO
- Andreas Lösler, Business Graduate - CFO (since January 1, 2024)
- Klaus Englmaier, Qualified Engineer (FH) - COO
- Dr. Georg Weichselbaumer, Chemist - CSO

The members of the Management Board are the persons in key positions of the Alzchem Group in accordance with IAS 24. The remuneration of the members of the Management Board amounted to a total of EUR 8,357 thousand in the reporting period (previous year: EUR 3,992 thousand). The remuneration can be broken down as follows:

in EUR thousand	01/01 -12/31/2023	01/01 -12/31/2024
Fixed remuneration	815	1,090
Bonus	1,296	1,448
Remuneration in kind / other remuneration	46	358
Post-employment benefits	158	188
Share-based payment – payout (Long Term Incentive)	0	1,270
Share-based payment – change in fair value of SARs (Long Term Incentive / transitional payment)	1,678	4,003
	<b>3,992</b>	<b>8,357</b>

The resulting outstanding balances as of December 31, 2024, amount to EUR 1,448 thousand (December 31, 2023: EUR 1,296 thousand) and are reported under other current liabilities. The provisions for post-employment benefits for the members of the Management Board amount to EUR 986 thousand (December 31, 2023: EUR 966 thousand) and are reported under provisions for pensions and similar obligations. The provision for share-based payments in the amount of EUR 4,866 thousand (December 31, 2023: EUR 1,781 thousand) for the members of the Management Board appointed as of December 31, 2024, is part of current

and non-current other provisions. The individual remuneration of the members of the Management Board of Alzchem Group AG is included in the separate remuneration report 2024 of Alzchem Group AG.

The Supervisory Board of the parent company Alzchem Group AG, consisting of four members, is required by the Articles of Association to hold one meeting per calendar quarter and must hold two meetings per calendar half-year.

The following persons were members of the Supervisory Board in the reporting year:

- Markus Zöllner (Chairman)
- Steve Röper
- Prof. Dr. Martina Heigl-Murauer
- Dr. Caspar Freiherr von Schnurbein (Deputy Chairman).

All members of the Supervisory Board of Alzchem Group AG were also appointed to the Supervisory Board of Alzchem Trostberg GmbH throughout the reporting period.

In addition, the employee representatives Christian Ortbauer and Christian Rieder were members of the Supervisory Board of Alzchem Trostberg GmbH in the reporting period. The aforementioned Supervisory Board members are also key management personnel of the Alzchem Group in accordance with IAS 24. The remuneration of all Supervisory Board members amounted to EUR 171 thousand (previous year: EUR 168 thousand), which resulted in outstanding balances of EUR 170 thousand as of the reporting date (December 31, 2023: EUR 168 thousand). The employee representatives on the Supervisory Board of Alzchem Trostberg GmbH received standard market remuneration for their activities. The individual remuneration of the members of the Supervisory Board of Alzchem Group AG is included in the separate remuneration report 2024 of Alzchem Group AG.

### 34. SHARE-BASED PAYMENT

#### STOCK APPRECIATION RIGHTS 2019

The Management Board members Andreas Niedermaier, Klaus Englmaier and Dr. Georg Weichselbaumer concluded Management Board contracts in the fiscal year 2019 that govern, among other things, the granting of stock appreciation rights ("Stock Appreciation Rights 2019"). As a long-term incentive, the members of the Management Board receive a certain number of stock appreciation rights (SARs) with a multi-year assessment basis. SARs do not grant an entitlement to the transfer of shares, but to payment of a bonus (LTI) if the average



closing price of the Alzchem Group AG share in the last 30 trading days before the respective exercise date (plus the dividends granted up to that point) is above the average closing price of the Alzchem Group AG share in the 60 trading days before January 1, 2020 (whereby this "base price" increases by three percentage points each year from January 1, 2020). In the two (or three) exercise periods in January 2023 (not exercised), 2024 (fully or partially exercised) and 2025, depending on the Management Board member, a certain portion of the SARs can (could) be exercised, i.e. converted into a cash amount to be paid out as a bonus within six weeks of the end of the respective exercise period, if the relevant conditions are met. SARs not redeemed at the end of the last exercise period expire. The entitlement to receive SARs was linked to the acquisition of a certain number of Alzchem shares by the end of the fiscal year 2019 ("treasury shares 1"). If the bonus exceeds a contractually defined maximum amount, this amount is capped; the bonus exceeding the maximum amount is forfeited.

Following the grants in the fiscal year 2019, no further SARs were granted to the members of the Management Board in the reporting period from the 2019 Management Board contracts. As of December 31, 2023, the number of SARs granted (2019) was 250,000. In January 2024, 230,000 of these were exercised. The remaining 20,000 SARs can be exercised in January 2025.

The fair value was determined on the basis of a Monte Carlo model and the expense recognized in personnel expenses was distributed on a straight-line basis from the grant date to the beginning of the exercise period. In the fiscal year 2024, an expense of EUR 1,125 thousand (previous year: EUR 886 thousand) was recognized from this plan, which led to a provision of EUR 794 thousand (previous year: EUR 938 thousand). The valuation was based on the following parameters

	12/31/2023	12/31/2024
Residual term (in years)	0.1 - 1	0.1
Expected volatility	18.2% - 28.7%	26.3%
Risk-free interest rate	3.08% - 3.86%	2.49%
Share price at the valuation date	EUR 26.00	EUR 59.30

As the members of the Management Board are entitled to payment of dividends granted between January 1, 2020, and the date of exercise, it was not possible to explicitly model the dividend in the calculation.

The expected volatility of the Alzchem share was determined on the basis of the historical volatility of comparable companies with matching maturities. As the present subscription rights (SARs) are not options and the subscription rights securitize a payment in the amount of the share price valid at the time of exercise, the exercise price for the SARs is EUR 0.00.

### STOCK APPRECIATION RIGHTS 2022 AND 2023

In the fiscal year 2022, Management Board members Klaus Englmaier and Dr. Georg Weichselbaumer concluded new Management Board contracts that will be transferred to the current Management Board remuneration system in 2023 and provide for the granting of stock appreciation rights ("Stock Appreciation Rights 2022"/"SAR 2022"), among other things. The Management Board member Andreas Niedermaier and the Management Board member Andreas Lösler concluded a new Management Board contract in the fiscal year 2023, which provides for the granting of stock appreciation rights ("Stock Appreciation Rights 2023"/"SAR 2023"), among other things. The number of SAR 2022 to be allocated per tranche is calculated by dividing the allocation amount by the "assumed four-year share price increase", which is determined by the Supervisory Board. A SAR 2022 grants an entitlement to payment of a cash amount depending on the exercise price (average of the Xetra-weighted closing prices of the Alzchem Group AG share in the last 30 trading days before the date of exercise of the SAR + the dividends paid since the allocation date), reduced by the allocation price (average of the Xetra-weighted closing prices of the Alzchem Group AG share in the last 60 trading days before the allocation date). The exercise periods of the SARs are to be determined by the Supervisory Board. The minimum holding period for exercising SARs ends at the earliest four years after the allocation date.

The SARs were granted as part of a long-term incentive (LTI) agreement. For the individual beneficiaries, in addition to a payout cap on the total LTI, a payout cap was also defined with regard to the total remuneration, which must be taken into account when accounting for the SAR 2022 and SAR 2023. In the event of significant detrimental breaches of duty towards the Alzchem Group, the Supervisory Board can reclaim all or part of the LTI tranche granted for a specific year within a one-year period. This also applies to LTIs that have already been paid out.

In the fiscal year 2024, the members of the Management Board were granted 106,364 SARs, which can be exercised for the first time on December 31, 2027.

SAR 2022 and SAR 2023 are also cash-settled share-based payments in accordance with the provisions of IFRS 2. The fair value was determined on the basis of a Monte Carlo model and the expense recognized in personnel expenses was distributed on a straight-line basis from the grant date to the beginning of the exercise period. In the fiscal year 2024, personnel



expenses of EUR 748 thousand (previous year: EUR 161 thousand) were recognized from this plan, which led to a provision of EUR 960 thousand (previous year: EUR 212 thousand). The valuation was based on the following parameters

	12/31/2023	12/31/2024
Residual term (in years)	3.0 - 6.0	2.0 - 5.0
Expected volatility	27.5% - 31.5%	26.2% - 31.0%
Risk-free interest rate	1.92% - 2.12%	1.98% - 2.15%
Share price at the valuation date	EUR 26.00	EUR 59.30

As the Management Board members are entitled to payment of the dividends granted between the grant date and the date of exercise, it was not possible to explicitly model the dividend in the calculation.

The expected volatility of the Alzchem share was determined on the basis of the historical volatility of comparable companies with matching maturities. As the present subscription rights (SARs) are not options and the subscription rights securitize a payment in the amount of the share price valid at the time of exercise, the exercise price for the SARs is EUR 0.00.

### TRANSITIONAL PAYMENTS

The 2023 remuneration system approved by the Annual General Meeting in May 2023 provides for transitional payments for the liquidity gap that arose for the Management Board members during the transition to the new LTI 2022 and LTI 2023 regulations. These multi-year bridging payments ("Transitional payment 2024", "2025" and "2026") are granted in the form of SARs in the amount of a pre-defined allocation amount. The SARs allocated under the "transitional payment 2024" can be exercised for the first time after a holding period of one year (i.e. in 2025), the SARs allocated under the "transitional payment 2025" after a holding period of two years (i.e. in 2026) and the SARs allocated under the "transitional payment 2026" after a holding period of three years (i.e. in 2027); the exact exercise periods are determined by the Supervisory Board. Instead of the "assumed four-year share price increase" applicable in the LTI regulations, an "assumed one-year share price increase" is therefore to be applied for the "transitional payment 2024", an "assumed two-year share price increase" for the "transitional payment 2025" and an "assumed three-year share price increase" for the "transitional payment 2026".

In the fiscal year 2024, the members of the Management Board were granted 364,818 SARs (previous year: 176,666).

The transitional payments are also cash-settled share-based payments in accordance with the provisions of IFRS 2. The fair value was determined on the basis of a Monte Carlo model and the expense recognized in personnel expenses was distributed on a straight-line basis from the grant date to the beginning of the exercise period. In the fiscal year 2024, personnel expenses of EUR 2,463 thousand (previous year: EUR 631 thousand - this does not include the provision for the Management Board member who joined in 2024) were recognized from this plan, which led to a provision of EUR 3,111 thousand (previous year: EUR 631 thousand). The valuation was based on the following parameters

	12/31/2023	12/31/2024
Residual term (in years)	1.0 - 3.0	0.0 - 2.0
Expected volatility	27.5% - 30.1%	26.1% - 26.7%
Risk-free interest rate	2.12% - 3.15%	2.08% - 2.49%
Share price at the valuation date	EUR 26.00	EUR 59.30

As the Management Board members are entitled to payment of the dividends granted between the grant date and the date of exercise, it was not possible to explicitly model the dividend in the calculation.

The expected volatility of the Alzchem share was determined on the basis of the historical volatility of comparable companies with matching maturities. As the present subscription rights (SARs) are not options and the subscription rights securitize a payment in the amount of the share price valid at the time of exercise, the exercise price for the SARs is EUR 0.00.

## 35. RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

Related parties include persons in key positions in the Alzchem Group. These are listed by name and with their remuneration in Note 33.

The companies controlled by the shareholders LIVIA Corporate Development SE, Munich, and four two na GmbH, Munich, as well as the companies controlled by their shareholders or legal representatives are considered related parties of the Alzchem Group in the reporting period.



No transactions were carried out with related parties during the reporting period.

## 36. LEGAL DISPUTES AND CLAIMS FOR DAMAGES

The Alzchem Group is not involved in any court or arbitration proceedings with a significant impact on the Group's position. The existing, overall immaterial proceedings have not yet been concluded, and the management does not expect any material obligations from them. In general, the exact amount of a possible obligation or claim cannot be reliably determined due to the high level of uncertainty associated with such proceedings.

## 37. FEES FOR THE AUDITORS

The auditor of the consolidated financial statements of Alzchem Group AG as of December 31, 2023, and 2024 was RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart.

In the past fiscal year 2024, fees totaling EUR 576 thousand (previous year: EUR 381 thousand) were incurred for services provided by the auditor of the consolidated financial statements within the meaning of Section 318 HGB. This includes EUR 29 thousand (previous year: EUR 34 thousand) attributable to the previous year. The remuneration is broken down into the following services

in EUR thousand	01/01 - 12/31/2023	01/01 - 12/31/2024
Other audit and assurance services	3	126
Audit services	378	450
<b>Total</b>	<b>381</b>	<b>576</b>

In fiscal year 2024, the other audit and assurance services relate to the business audit to obtain limited assurance of the non-financial (Group) statement and an audit of Alzchem Netz GmbH in accordance with Section 6b (6) EnWG. In the previous year, it related to an audit of Alzchem Netz GmbH in accordance with Section 6b (6) EnWG.

## 38. LIST OF SHAREHOLDINGS

The list of shareholdings of Alzchem Group AG in accordance with Section 313 (2) HGB as of December 31, 2024, is as follows

Name of the company	Seat	Share of capital in %
<b>Subsidiaries</b>		
Alzchem Trostberg GmbH	Trostberg, Germany	100
Alzchem International GmbH	Trostberg, Germany	94
Alzchem Stahltechnik GmbH	Trostberg, Germany	100
Suppliva GmbH (formerly Alzchem Nutrition GmbH)	Trostberg, Germany	100
Alzchem Netz GmbH	Trostberg, Germany	100
Alzchem LLC	Atlanta, USA	100
Alzchem Shanghai Co. Ltd	Shanghai, China	100
Nordic Carbide AB	Sundsvall, Sweden	100
Edelife Distributing LLC	Atlanta, USA	100
Alzchem UK Ltd.	Coventry, United Kingdom	100
Actegon Energy GmbH	Trostberg, Germany	100

The share in capital was calculated in accordance with Section 16 AktG and therefore includes directly and indirectly held shares in Alzchem Group AG.

## 39. EVENTS AFTER THE BALANCE SHEET DATE

The Supervisory Board of Alzchem Group AG has appointed Martina Spitzer as a member of the Management Board for a term of three years, i.e. from January 1, 2025, to December 31, 2027. In her position as Chief Sales Officer (CSO), she will be responsible for Health & Nutrition (Creapure®), Fine Chemicals (Chemicals & Applications) and Sustainability (ESG). Ms. Spitzer is already taking over two important sales areas, as Dr. Weichselbaumer will also be in charge of the future project to set up production in the USA. Ms. Spitzer has been with the Alzchem Group since 1999. In 2020, she was appointed head of all chemical sales at Alzchem before shifting her focus to strategic corporate development and ESG in 2022 after around 15 years in sales

## 40. CORPORATE GOVERNANCE

In December 2024, the Management Board and Supervisory Board of Alzchem Group AG issued the declaration of compliance required by Section 161 AktG and made it publicly available on the website.

Trostberg, February 25, 2025

Alzchem Group AG

The Management Board

Andreas Niedermaier (CEO)

Klaus Englmaier (COO)

Andreas Lösler (CFO)

Martina Spitzer (CSO)

Dr. Georg Weichselbaumer (CSO)





# RESPONSIBILITY STATEMENT



# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements and the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company, and the combined management report includes a fair review of the development and performance of the business and the position of the Group and the company, together with a description of the principal opportunities and risks associated with the expected development of the Group and the company.

Trostberg, February 25, 2025

Alzchem Group AG

The Management Board

Andreas Niedermaier (CEO)

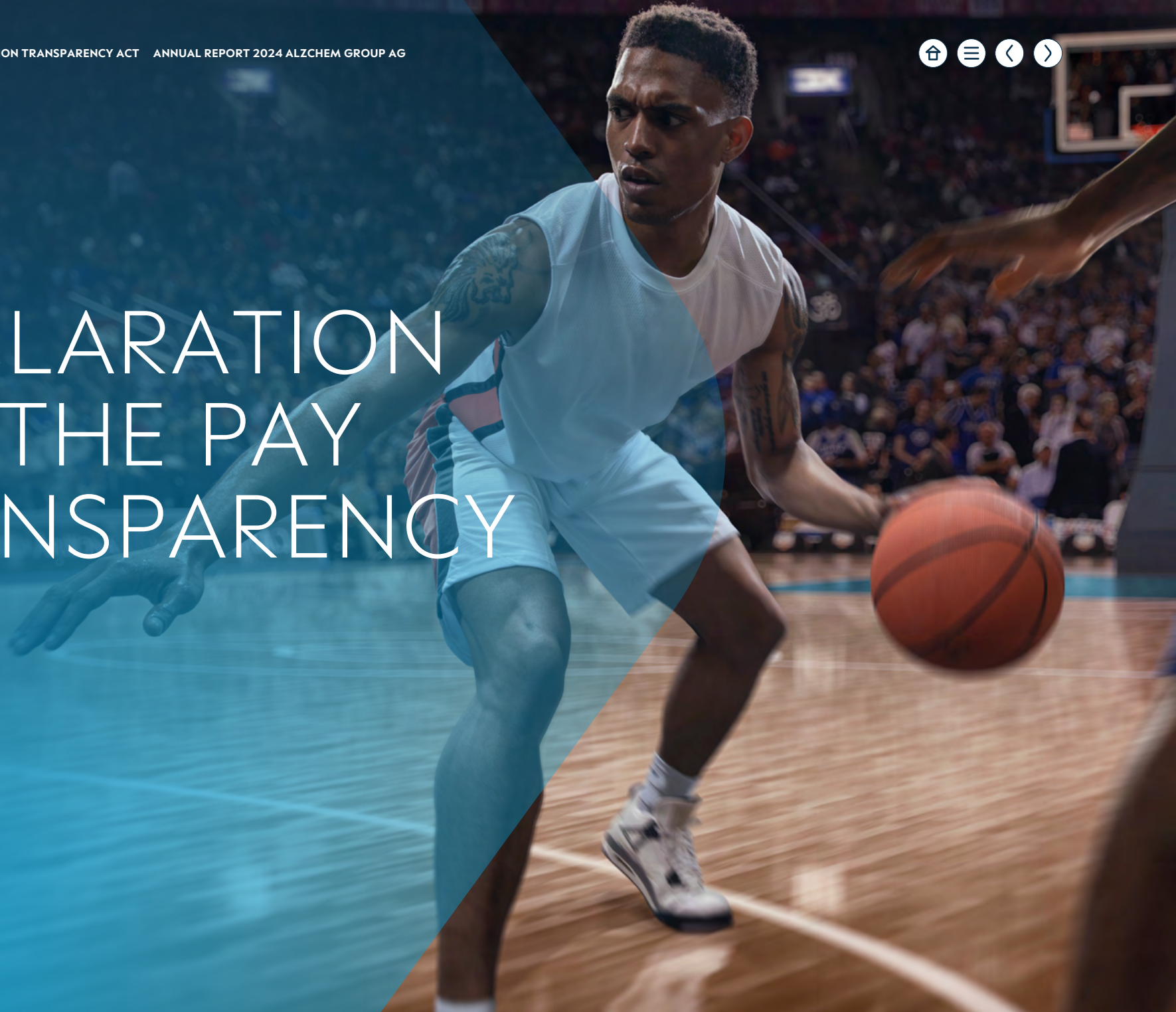
Klaus Englmaier (COO)

Andreas Lösler (CFO)

Martina Spitzer (CSO)

Dr. Georg Weichselbaumer (CSO)

# DECLARATION ON THE PAY TRANSPARENCY ACT



# Declaration on the Pay Transparency Act

The Act on the Promotion of Pay Transparency between Women and Men came into force on July 6, 2017. At the heart of the law is the right of individual employees to information on the pay of the other gender in companies with more than 200 employees. The law also includes a requirement for employers to carry out checks to ensure compliance with the equal pay requirement and a reporting obligation for employers with more than 500 employees on statistical data and the equality measures implemented in the company. The right to information could be asserted for the first time from February 2018. The equality report had to be prepared for the first time in 2018 for the year 2016. The report must be attached to the combined management report and disclosed in the company register, Section 22 (4) of the Remuneration Transparency Act. It is not part of the consolidated financial statements and not part of the combined management report.

Alzchem guarantees its employees fair remuneration and pay transparency. This is achieved in detail as follows:

- Alzchem Trostberg GmbH and Nordic Carbide AB are members of the employers' association VBCI and IKEM and apply the collective agreements of the chemical industry. The

collective agreements and pay scales are available to all employees.

- Alzchem regularly carries out function evaluations in summary form with its company partner for the area of tariff employees in accordance with collective agreement regulations in the sense of the federal collective wage agreement via evaluation committees with equal representation, which meet at least six times a year. Equivalent functions are combined into job families via a company agreement, which ensures a fair and gender-neutral evaluation of functions and, as a result, gender-neutral grouping and pay determination with regard to employees. An evaluation committee with equal representation meets regularly to evaluate new job families in a gender-neutral and uniform manner.
- Alzchem has also agreed a binding set of rules for gender-neutral, competitive salary determination and development with its company partner for the areas of non-tariff employees and executives. In addition, there is also an evaluation committee with equal representation, which ensures a gender-neutral and uniform evaluation and classification of functions.

- Alzchem promotes a women- and family-friendly working environment. This is achieved above all through flexible working hours agreed with the company partner, a variety of part-time models and a range of kindergarten and crèche places.
- The declarations on gender-neutral function evaluation ensure that functions are evaluated exclusively with regard to the qualitative requirements and function-specific requirements, which are completely independent of the gender of the job or function holder.

As of December 31, 2024, the Alzchem Group employed 1,357 men (including the 4 members of the Management Board) (previous year: 1,329) and 184 women (previous year: 177) full-time and 81 men (previous year: 75) and 130 women (previous year: 127) part-time.

Alzchem has set itself the target of increasing the proportion of female managers in senior management (first and second management levels). This has already increased significantly in recent years and currently stands at 17.3% (2018: 0%).

# FURTHER INFORMATION

- 318** INDEPENDENT AUDITOR'S REPORT
- 324** LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING THE NON-FINANCIAL GROUP STATEMENT INCLUDED IN THE COMBINED MANAGEMENT REPORT
- 327** LIST OF ABBREVIATIONS
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# Independent auditor's report

to Alzchem Group AG, Trostberg

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

### AUDIT OPINIONS

We have audited the consolidated financial statements of Alzchem Group AG, Trostberg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from January 1 to December 31, 2024, and notes to the consolidated financial statements, including material information on accounting policies. In addition, we have audited the Group management report combined with the management report (hereinafter: combined management report) of Alzchem Group AG, Trostberg, for the fiscal year from January 1 to December 31, 2024. In accordance with German legal requirements, we have not audited the content of the non-financial Group statement contained in section 11 of the combined management report and the (Group) corporate governance statement contained in section 9 of the combined management report.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply in all material respects with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards"), as adopted by the EU and the additional requirements of German law pursuant to sec. 315e para. 1 HGB and give a true and fair view of the net assets and financial position of the Group as of December 31, 2024, and of its results of operations for the fiscal year from January 1 to December 31, 2024, based on these requirements and

- the accompanying combined management report overall gives a true and fair view of the situation of the Group. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the above-mentioned components of the combined management report that were not audited as to their content.

In accordance with sec. 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the combined management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the combined management report in accordance with sec. 317 HGB and the EU Auditor Regulation (No. 537/2014; hereinafter "EU-APrVO") and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility in accordance with these regulations and principles is further described in the section "responsibility of the auditor for the audit of the consolidated financial statements and the combined management report" of our auditor's report. We are independent of the Group companies in accordance with European and German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, we declare pursuant to sec. 10 para. 2 letter f) EU-APrVO that we have not performed any prohibited non-audit services pursuant to sec. 5 para. 1 EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined management report.

### PARTICULARLY IMPORTANT AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particularly important audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2024. These matters were considered in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.



In the following, we present the audit matters that we consider to be of particular importance:

- 1) Pension provisions
- 2) Government and private grants

## REGARDING 1) PENSION PROVISIONS

### a) The risk for the consolidated financial statements

In the consolidated financial statements of Alzchem Group AG, Trostberg, the balance sheet item “provisions for pensions and similar obligations” includes EUR 96.9 million (20% of the consolidated balance sheet total), which on balance consists of the present value of obligations from defined benefit plans for retirement, disability and surviving dependents’ benefits amounting to EUR 96.9 million and the fair value of plan assets of EUR 0.0 million. Obligations from defined benefit plans are measured using the projected unit credit method in accordance with IAS 19. In particular, this requires assumptions to be made regarding long-term salary and pension trends, average life expectancy and fluctuation. In addition, the discount rate at the balance sheet date must be derived from the yield on high-quality, currency-matched corporate bonds with maturities matching the expected terms of the obligations.

Changes in these valuation assumptions and experience-based adjustments are to be recognized as actuarial gains or losses in other comprehensive income. The company’s disclosures on provisions for pensions and similar obligations are included in the notes to the consolidated financial statements in secs. IV. and VI. (no. 22). In our view, these matters were of particular significance for our audit because the recognition and valuation of this item, which are significant in terms of amount, are based to a significant

extent on estimates and assumptions made by the legal representatives.

### b) Audit procedure and conclusions

As part of our audit, we evaluated the actuarial reports obtained from the respective Group companies and the professional qualifications of the external experts. We reviewed the contractual bases and the quantity structure. We assessed the actuarial parameters for appropriateness through plausibility testing procedures. We verified the presentations in the consolidated financial statements, in particular in the notes to the consolidated financial statements, on the basis of the expert opinions and checked the completeness and plausibility of the disclosures. On the basis of our audit procedures, we were able to convince ourselves that the estimates and assumptions made by the legal representatives are justified and adequately documented.

## REGARDING 2) GOVERNMENT AND PRIVATE GRANTS

### a) The risk for the consolidated financial statements

Alzchem Group AG, Trostberg, plans to significantly expand its production capacities for nitroguanidine. In spring 2024, the company announced a capacity expansion for the preliminary stage with a multi-year investment of EUR 76 million. Taking into account the additional expansion plans for a new production facility, the total investment will almost double. In the consolidated financial statements as of December 31, 2024, EUR 193.0 million are reported under the balance sheet item “Property, plant and equipment”. The consolidated balance sheet total is EUR 483.8 million. The planned investments in nitroguanidine capacity, with a volume of approximately EUR 140 million, have a significant effect on the balance sheet items and the consolidated balance sheet total.

In the fiscal year 2024, supply contracts have already been signed with several customers in the defense sector who have declared their willingness to make significant contributions to the financing of the new plant in the common interest. In this regard, the company states in the notes to the consolidated financial statements in Section IV. under “Accounting and Valuation Methods - Accounting for Customer Grants” that customer grants that have already been contractually agreed have not yet been reflected in the balance sheet, as some of the contracts will not take effect until January 1, 2025, or do not yet establish an unconditional claim to consideration as of the balance sheet date. Payments lead to contract liabilities, which are recognized in the consolidated balance sheet in accordance with their maturities until the respective consideration is fulfilled by the Alzchem Group. The customer grants represent sales for the production capacities to be provided to the respective customer in subsequent years.

In addition, the Alzchem Group was granted an investment grant of EUR 34.4 million by the EU Commission under the ASAP (Act in Support of Ammunition Production) funding instrument following a Europe-wide selection process. In this regard, the company states in the notes to the consolidated financial statements in Section IV. under “Accounting and Valuation Methods - Government Grants” that these are only recognized when the associated conditions have been met and the grants have been awarded. The Alzchem Group deducts government grants from the carrying amounts of the subsidized assets.

In our view, these matters were of particular significance for our audit, as the recognition of these items, which are significant in amount, has a material impact on the net assets, financial position and results of operations of Alzchem Group AG and will continue to do so in the future.



## b) Audit procedure and conclusions

As part of our audit, we inspected the underlying contracts, funding commitments and any incoming payments and examined the accounting and valuation in the consolidated financial statements derived from them by Alzchem Group AG on the basis of the relevant IFRS Accounting Standards. On the basis of our audit procedures, we were able to convince ourselves that the estimates made by the legal representatives are well-founded and sufficiently documented and, overall, have led to an appropriate presentation in the financial statements.

## OTHER INFORMATION

The legal representatives or the Supervisory Board are responsible for the other information. The other information includes:

- the components of the combined management report referred to in the section "audit opinions" which have not been audited as to their content,
- the report of the Supervisory Board,
- the responsibility statement of the legal representatives on the annual financial statements or the consolidated financial statements, and the responsibility statement on the combined management report,
- the Declaration on the Remuneration Transparency Act,
- the other parts of the published annual report, but not the consolidated financial statements, not the components of the combined management report included in the content audit, and not our audit opinion thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration pursuant to sec. 161 AktG on the German Corporate Governance

Code, which forms part of the (Group) corporate governance statement contained in section 9 of the combined management report. Besides, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and the combined management report do not cover the other information, and accordingly, we do not express an opinion or any other form of conclusion on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in doing so, evaluate whether the other information

- contain material inconsistencies with the consolidated financial statements, with the audited disclosures in the combined management report or with our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

If we conclude, based on the work we have performed, that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

## RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the consolidated financial statements that comply in all material respects with IFRS Accounting Standards as adopted by the EU and the additional requirements of German law pursuant to sec. 315e para. 1 HGB and for the consolidated financial statements giving a true and fair view of the net assets, financial position and results of operations of

the Group based on these requirements. Furthermore, the legal representatives are responsible for the internal controls that they have determined are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of the financial statements and misstatement of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. In addition, they are responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on a going concern basis unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

In addition, the legal representatives are responsible for the preparation of the combined management report, which as a whole gives a true and fair view of the Group's situation and is consistent in all material aspects with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) they have deemed necessary to enable the preparation of a combined management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.





## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error and whether the combined management report as a whole provides a suitable view of the Group's situation and is consistent, in all material aspects, with the consolidated financial statements and with the findings of our audit, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with sec. 317 HGB and EU-APrVO and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if it could reasonably be expected that they would, individually or collectively, influence the economic decisions of addressees taken on the basis of these consolidated financial statements and combined management report.

During the audit, we exercise professional judgment and maintain a critical basic attitude. Furthermore,

- we identify and assess the risks of material misstatements in the consolidated financial statements and the combined management report due to fraud or error, plan and per-

form audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement that results from fraud is higher than the risk of not detecting a material misstatement that results from error, as fraud may involve collusion, counterfeiting, intentional omissions, misleading presentations, or the override of internal controls.

- we obtain an understanding of the internal controls relevant to the audit of the consolidated financial statements and of the arrangements and actions relevant to the audit of the combined management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls and these precautions and measures.
- we evaluate the appropriateness of the accounting methods used and the reasonableness of accounting estimates and related disclosures made by the legal representatives.
- we conclude on the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group not to be able to continue as a going concern.

- we evaluate the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German law pursuant to sec. 315e para. 1 HGB.
- we plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit activities performed for the purposes of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the combined management report with the consolidated financial statements, its compliance with the law, and the view of the Group's situation conveyed by it.
- we perform audit procedures on the forward-looking statements made by the legal representatives in the combined management report. Based on sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by



the legal representatives and evaluate the appropriate derivation of the forward-looking statements from these assumptions. We do not give an independent audit opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those responsible for supervision, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We provide a statement to those charged with supervision that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to affect our independence and, if relevant, the actions taken or safeguards implemented to eliminate independence threats.

From the matters we discussed with those responsible for supervision, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group for the current reporting period and are therefore the particularly important audit matters. We describe these matters in our auditor's report unless law or other regulations preclude public disclosure of the matter.

## OTHER LEGAL AND OTHER REGULATORY REQUIREMENTS

### REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR DISCLOSURE PURPOSES IN ACCORDANCE WITH SEC. 317 PARA. 3A HGB

#### Audit opinion

In accordance with sec. 317 para. 3a HGB, we have performed an audit with reasonable assurance as to whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") contained in the file "alzchemgroupag-2024-12-31-0-de.zip" and prepared for disclosure purposes comply in all material aspects with the requirements of sec. 328 para. 1 HGB on the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore does not extend to the information contained in these reproductions or any other information contained in the aforementioned file.

In our assessment, the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file and prepared for disclosure purposes comply in all material respects with the requirements of sec. 328 para. 1 HGB regarding the electronic reporting format. Beyond this audit opinion and our audit opinions contained in the preceding "report on the audit of the consolidated financial statements and the

combined management report" on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from January 1 to December 31, 2024, we do not give any audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

#### Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file in accordance with sec. 317 para. 3a HGB and in consideration of the IDW audit standard: audit of electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with sec. 317 para. 3a HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (revised). Our responsibility thereafter is further described in the section "responsibility of the auditor of the financial statements for the audit of the ESEF documents". Our auditing practice has applied the quality management system requirements of the IDW quality management standards: requirements for quality management in auditing practice (IDW QMS 1 (09.2022)).

#### Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with sec. 328 para. 1 sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with sec. 328 para. 1 sentence 4 no. 2 HGB.



Furthermore, the legal representatives of the company are responsible for the internal controls that they consider necessary to enable the preparation of the ESEF documents that are free from material violations, whether intentional or unintentional, of the requirements of sec. 328 para. 1 HGB to the electronic reporting format.

The Supervisory Board is responsible for monitoring the process of preparing the ESEF documents as part of the accounting process.

### Responsibility of the auditor for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material violations, whether intentional or unintentional, of the requirements of sec. 328 para. 1 HGB. During the audit, we exercise professional judgment and maintain a critical basic attitude. Furthermore,

- we identify and assess the risks of material violations, whether intentional or unintentional, of the requirements of sec. 328 para. 1 HGB, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- we gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate in the given circumstances, but not for the purpose of giving an audit opinion on the effectiveness of these controls.

- we evaluate the technical validity of the ESEF documents, meaning whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 for the technical specification of that file, as applicable at the reporting date.
- we assess whether the ESEF documents allow for a content identical XHTML reproduction of the audited consolidated financial statements and the audited combined management report.
- we assess whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as applicable on the reporting date enables an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

### OTHER INFORMATION ACCORDING TO SEC. 10 EU-APRVO

We were elected as auditors of the consolidated financial statements by the Annual General Meeting on May 7, 2024. We were appointed by the Supervisory Board on December 4, 2024. We have served as auditors of the consolidated financial statements of Alzchem Group AG, Trostberg, without interruption since the fiscal year 2019.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee pursuant to sec. 11 EU-APrVO (audit report).

### OTHER MATTERS – USE OF THE AUDITOR'S REPORT

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to ESEF format – including the versions to be entered in the company register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

### RESPONSIBLE AUDITOR

The auditor responsible for the audit is Mr. Sebastian Straub.

Stuttgart, February 25, 2025

RSM Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Karsten Bender

Certified Public Accountant

Sebastian Straub

Certified Public Accountant



# Limited Assurance report of the Independent Auditor regarding the Non-Financial Group Statement included in the Combined Management Report

To Alzchem Group AG, Trostberg/Germany,

## ASSURANCE OPINION

We have performed a limited assurance engagement on the non-financial group statement of Alzchem Group AG, Trostberg/Germany for the period from January 1 to December 31, 2024 that is included in section "11. Non-financial Group Statement" of the combined management report in order to fulfill sections 315b and 315c of the German Commercial Code (Handelsgesetzbuch, HGB) and that contains information to fulfill the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the "non-financial group reporting"). [Prior-year information as well as reporting of other Auditors regarding Assurance engagements for information on the value chain that is included in the non-financial group reporting were not part of our assurance engagement.

Based on the assurance procedures performed and the assurance evidence obtained, nothing has come to our attention that causes us to believe that the attached non-financial group reporting for the period from January 1 to December 31, 2024, is not prepared, in all material respects, in accordance with sections 315b and 315c of the German Commercial Code (HGB) and the requirements of Article 8 of Regulation (EU) 2020/852 as well as the substantiating criteria disclosed by the legal representatives of the company.

## BASIS FOR CONCLUSION FOR THE ASSURANCE OPINION

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits

or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

In a limited assurance engagement, the procedures performed differ from those performed in a reasonable assurance engagement in nature and timing and are less extensive. Accordingly, the level of assurance obtained is substantially lower than the level of assurance that would have been obtained through a reasonable assurance engagement.

Our responsibility according to ISAE 3000 (Revised) is described in more detail in section "Responsibility of the Assurance Practitioner for the Assurance of the non-financial group reporting".

We are independent of the company in accordance with European and German commercial law and ethical requirements and we fulfill our other German ethical requirements in accordance with these provisions. Our firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022) published by the Institute of Public Auditors in Germany (IDW). In our opinion, the assurance evidence obtained is sufficient and appropriate to form the basis of our assurance opinion.

## REFERENCE TO SPECIFIC CIRCUMSTANCES – PRINCIPLES FOR PREPARING THE NON-FINANCIAL GROUP REPORTING

Without modifying our assurance opinion, we refer to the explanations included in the non-financial group reporting. According to these, the company applied the European Sustainability Reporting Standards (ESRS) in the scope described in Section "11. Non-financial Group Statement" of the non-financial group reporting.

## MANAGEMENT'S AND THE SUPERVISORY BOARD'S RESPONSIBILITIES FOR THE NON-FINANCIAL GROUP REPORTING

Management is responsible for preparing the non-financial group reporting in accordance with the relevant German and European legal provisions as well as the substantiating criteria disclosed by the legal representatives of the company. Management is further responsible for designing, implementing and sustaining the internal controls deemed necessary for ensuring a preparation of the non-financial group reporting in accordance with these provisions that is free of material misstatements due to fraud (i.e. manipulation of the non-financial reporting) or error.



Management's responsibilities include designing and sustaining the materiality analysis process, selecting and applying appropriate methods for the preparation of the non-financial group reporting, making assumptions and estimates as well as determining forward-looking information for individual sustainability disclosures.

The Supervisory Board is responsible for controlling the process for preparing the non-financial group reporting

### **INHERENT LIMITATIONS IN PREPARING THE SUSTAINABILITY STATEMENT**

The relevant German and European provisions include phrases and terms that are subject to substantial uncertainties regarding their interpretation and for which no comprehensive binding guidance has been published. As the respective phrases and terms can be interpreted differently by regulators and courts, the legal conformity of measurements and assessments of sustainability aspects that are based on these interpretations is subject to uncertainties.

These inherent limitations also apply to the assurance of the non-financial group reporting.

### **RESPONSIBILITY OF THE ASSURANCE PRACTITIONER FOR THE ASSURANCE OF THE NON-FINANCIAL GROUP REPORTING**

It is our responsibility to express, based on the assurance engagement performed, a limited assurance opinion as to whether anything has come to our attention that causes us to believe that the non-financial group reporting is not prepared, in all material respects, in accordance with the

relevant German and European legal provisions as well as the substantiating criteria disclosed by the legal representatives of the company. It is also our responsibility to issue an assurance report containing our assurance opinion.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional skepticism throughout the engagement. Furthermore,

- we obtain an understanding of the process for preparing the non-financial group reporting including the process for the materiality analysis applied for identifying the information to be included in the non-financial group reporting;
- we identify disclosures for which material misstatements are likely to arise due to fraud or error, we design and perform assurance procedures responsive to these disclosures and appropriate to achieve a limited level of assurance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls;
- we evaluate the forward-looking information including the appropriateness of underlying assumptions. There is a significant unavoidable risk that future events differ substantially from the forward-looking information.

### **SUMMARY OF THE WORK PERFORMED BY THE ASSURANCE PRACTITIONER**

A limited assurance engagement involves performing procedures to obtain evidence about the sustainability information. The nature, timing and extent of assurance procedures selected are subject to our professional judgement. In conducting our limited assurance engagement, we

- evaluated the appropriateness of criteria as a whole as disclosed by Management in the non-financial reporting;
- performed inquiries of Management and relevant personnel involved in preparing the non-financial group reporting regarding the process of preparation including the process for performing the materiality analysis to identify disclosures for the non-financial group reporting as well as internal controls relating to the process;
- assessed the methods applied by Management for preparing the non-financial group reporting;
- evaluated the appropriateness of estimations and corresponding explanations provided by Management;
- obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial group reporting.
- performed analytical procedures and inquiries on selected information in the non-financial group reporting;
- assessed the overall presentation of information in the non-financial group reporting;



## RESTRICTION OF USE FOR THE ASSURANCE REPORT

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for a purpose other than the aforementioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We assume no responsibility with regard to any third parties.

## GENERAL ENGAGEMENT TERMS AND LIABILITY

This assurance engagement is covered, also with respect to third parties, by the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" as of January 1, 2017. We specifically draw attention to the liability terms including the limitation of our liability as stipulated in No. 9 and the exclusion of liability regarding third parties. We assume no responsibility, liability or any other obligations with regard to any third parties.

Stuttgart, February 25, 2025

RSM Ebner Stolz GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

[Original German version signed by:]

Karsten Bender	Alexander Glöckner
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

# List of abbreviations

AB	Aktiebolag (stock corporation)	IFRIC	International Financial Reporting Interpretations Committee
AG	Aktiengesellschaft (stock corporation)	IFRS	International Financial Reporting Standards
CEO	Chief Executive Officer	JPY	Yen
CFO	Chief Financial Officer	LLC	Limited Liability Company
COO	Chief Operating Officer	Ltd.	Limited
CSO	Chief Sales Officer	LTI	Long Term Incentive
CNY	Renminbi Yuan	mn	million
DBO	Defined Benefit Obligation	No.	Number
EBIT	Earnings before interest and taxes	OCI	Other Comprehensive Income
EBITDA	Earnings before interest, taxes, depreciation and amortization	SAR	Stock Appreciation Rights
EU	European Union	S.à.r.l.	Société à responsabilité limitée
EUR	Euro	SEK	Swedish Krona
GmbH	Gesellschaft mit beschränkter Haftung (Limited Liability Company)	SIC	Standing Interpretations Committee
HGB	Handelsgesetzbuch (German Commercial Code)	USA	United States of America
IAS	International Accounting Standard	USD	United States Dollar
IASB	International Accounting Standards Board		



# Financial calendar 2025

January 29 to February 28, 2025	Quiet Period*
February 28, 2025	Annual Report 2024
March 31 to April 30, 2025	Quiet Period
April 30, 2025	Quarterly Statement 1st Quarter of 2025
May 8, 2025	Annual General Meeting 2025
June 30 to July 30, 2025	Quiet Period
July 30, 2025	Half-year financial report 2025
September 30 to October 30, 2025	Quiet Period
October 30, 2025	Quarterly Statement 3rd Quarter of 2025

\* In a "quiet period", Alzchem Group AG only communicates with the capital market to a limited extent before publishing quarterly or annual statements.

# Remarks

This report 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.

Only the German version of this Annual Report is legally binding.

# Imprint

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