

CORPORATE NEWS

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Alzchem Group AG plans to double nitroguanidine production capacity in Germany

Trostberg, October 2, 2024 – Alzchem Group AG, a vertically integrated specialty chemicals supplier with a leading market position in selected niche markets, plans to significantly increase its production capacity for nitroguanidine. It was only in spring of this year that the company announced a capacity expansion for the preliminary stage with an investment of EUR 76 million over several years. Taking into account the additional expansion plans for a new production plant, the total investment will almost double. Alzchem expects this to result in increasing revenues in the upper double-digit million range from 2027 onwards, with correspondingly positive contributions to earnings. To this end, 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. The new production capacities are expected to be commissioned in the second half of 2026.

As part of this investment, the largest in the company's history, Alzchem will not only build a new nitroguanidine production plant but also renew and expand the existing facilities for the production of guanidine nitrate, the precursor of nitroguanidine. For this first investment project, the company was already awarded an investment grant of EUR 34.4 million by the EU Commission in March of this year as part of the ASAP ("Act in Support of Ammunition Production") funding instrument (see ad hoc announcement dated March 15, 2024).

Andreas Niedermaier, CEO of Alzchem Group AG: "The planned measures will lead to further profitable growth for Alzchem. The fact that we are able to implement the largest investment in our company's history in Germany to date is not least thanks to our customers, who will continue to support us closely on our way with their financing commitments. This cannot be taken for granted in view of the persistently difficult conditions. We are proud of this proof of confidence."

In parallel to the measures in Germany, Alzchem will intensify its site search in the USA. To this end, a preliminary contract has been concluded with the US Department of Defense that extends over the next two years. In the event that a suitable production site is found during this period, the US Department of Defense has already committed USD 150 million in funding for the construction of a production facility in the US by the end of 2029. Dr. Georg Weichselbaumer, CSO of Alzchem Group AG comments: "It is a great success for us that we can raise the now approved investments as well as possible further investments in the U.S. without additional equity capital. Demand for nitroguanidine, which is used in plant protection, as a propellant for airbags and in the defense sector, where customer interest has increased particularly significantly,

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continues to rise sharply. Since this demand can be subject to strong fluctuations, close ties to key customers and their long-term commitment are especially important to us.”

About Alzchem

Alzchem is a globally active specialty chemicals company that is one of the market leaders in most of its fields of activity. Alzchem offers answers to various global developments such as climate change, population growth and increasing life expectancy. We deliver solutions through brands and products of the highest quality and through a sustainable vision to help shape global developments.

The company sees interesting growth prospects for itself in the areas of human and animal nutrition and agriculture in particular. As a result of population growth, it is necessary to achieve efficient food production. Pharmaceutical raw materials and creatine products can contribute to a healthy old age as life expectancy increases. Alzchem is facing up to the goal of sustainability arising from climate change in the field of renewable energies and across the entire company. The fields of fine chemicals and metallurgy offer just as great a perspective.

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

The company employs around 1,690 people at four production sites in Germany and a plant in Sweden, as well as three sales companies in the USA, China and England. Alzchem generated Group sales of EUR 540.6 million and EBITDA of EUR 81.4 million in 2023.