

HALF-YEAR FINANCIAL REPORT 2020

1st half-year 2020



ALZCHEM AT A GLANCE

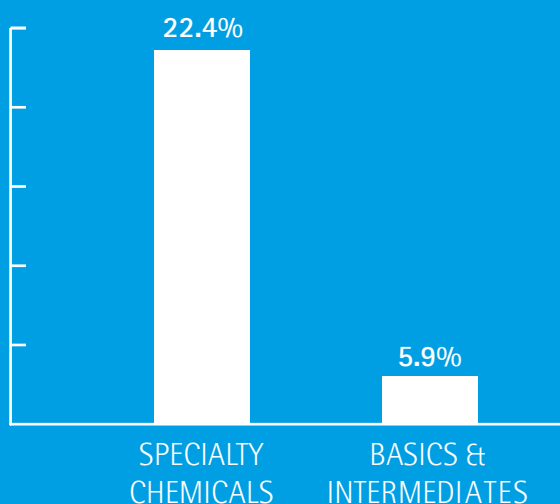
~ €197
mn

sales generated
by AlzChem in the
1st half-year 2020

~ €29
mn

EBITDA achieved
by AlzChem in the
1st half-year 2020

EBITDA MARGIN BY MAIN SEGMENTS



MARKETS



NUTRITION



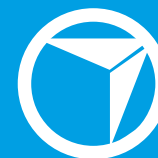
FINE CHEMISTRY



PHARMA



AGRICULTURE



METALLURGY

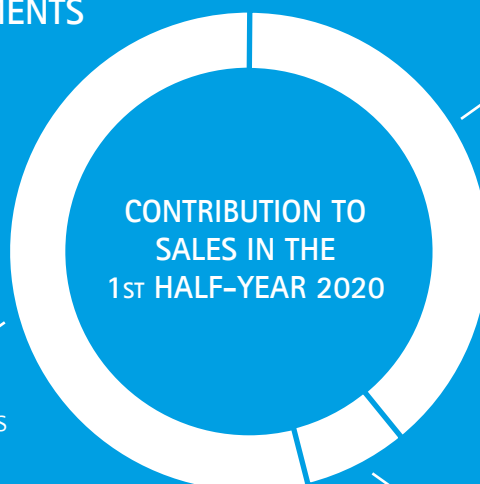


RENEWABLE
ENERGY

THREE REPORTING SEGMENTS

56% SPECIALTY
CHEMICALS

Production and distribution of
high-quality chemical products



38% BASICS &
INTERMEDIATES

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

6% OTHER & HOLDING

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

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OVERVIEW OF THE 1ST HALF-YEAR 2020

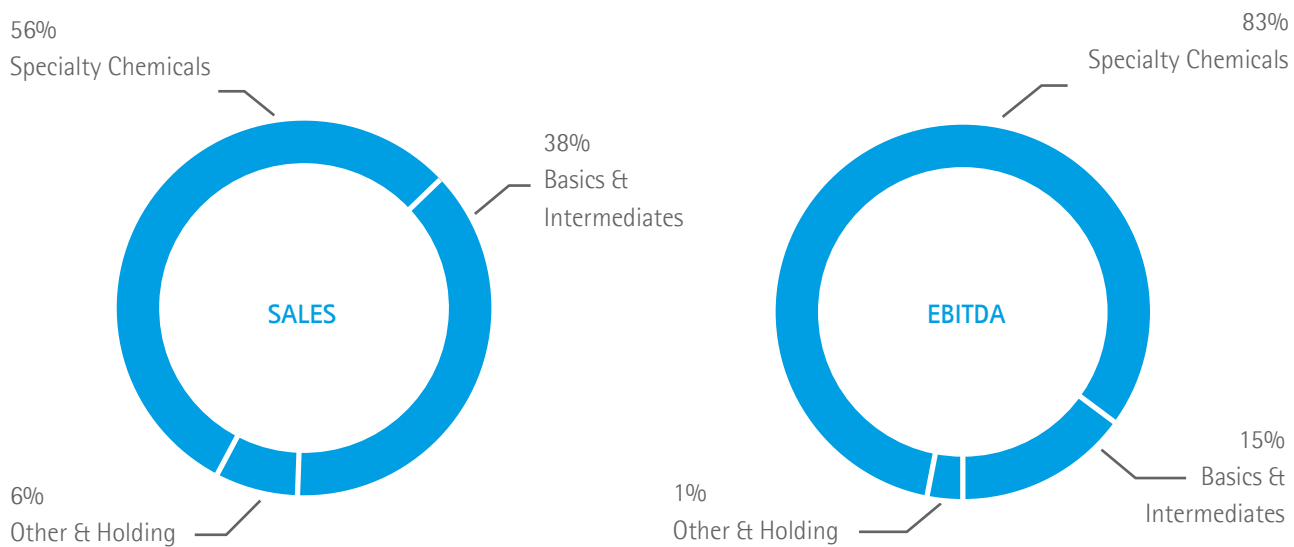
OVERALL, SALES AND EBITDA DEVELOPMENT ACCORDING TO PLAN

- Both sales and operating result significantly above previous year.
- EBITDA develops in line with the forecast.
- Positive cash flow development reflects good operating performance, lower investments and strict cost and net working capital management.
- COVID-19:
 - The production facilities are still in operation.
 - Only minor impact on supply chains.
 - Diversification again the unique selling point and stable backbone of the AlzChem Group.
 - Significant volume increases for Bioselect® products, as these are, among other things, an essential component of the COVID-19 test kits.
- Very strong NITRALZ® growth based on expanded capacities.
- Positive business development Perlka®.
- Continued growth trend for Creamino® also in the 2nd quarter 2020.
- Declines in sales volumes in the steel and automotive sectors in some cases well over 30%.
- Outlook for 2020 confirmed: Sales and earnings expected at the lower end of the range due to U instead of V recovery.

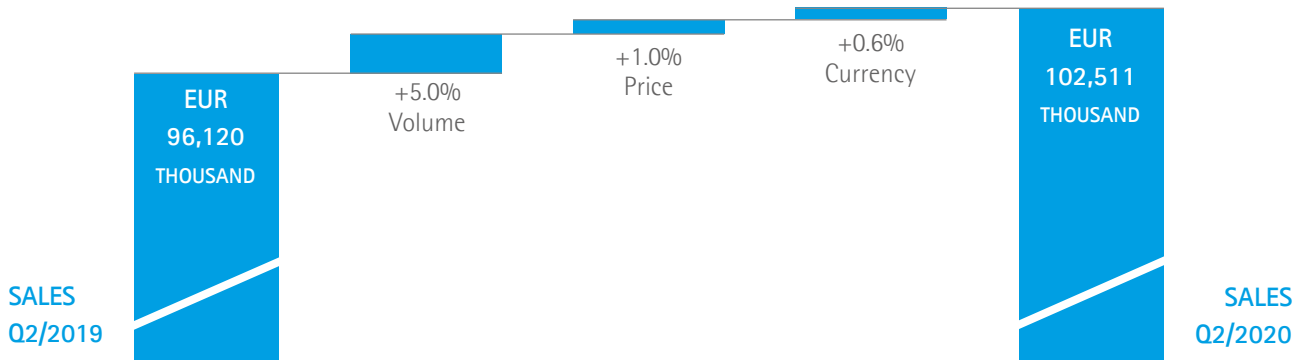
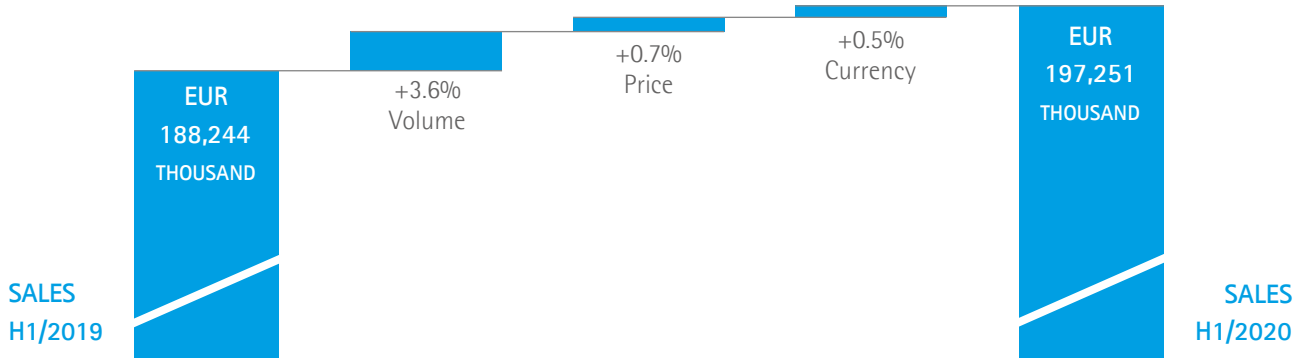
KEY FIGURES OF THE ALZCHEM GROUP

Key figure	Unit	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Sales	EUR thousand	96,120	102,511	188,244	197,251
EBITDA	EUR thousand	14,623	16,821	27,854	29,136
EBITDA margin	%	15.2	16.4	14.8	14.8
EBIT	EUR thousand	10,321	11,079	19,255	17,812
Equity ratio	%	16.4	17.7	16.4	17.7
Intventories	EUR thousand	85,755	73,469	85,755	73,469
Inventory ratio	%	23.8	20.7	23.8	20.7
Debt ratio	Ratio	0.80	0.79	0.80	0.79

SALES AND EBITDA SHARE BY SEGMENT IN THE 1ST HALF-YEAR 2020



CHANGE IN SALES COMPARED TO PREVIOUS YEAR



INTERIM GROUP MANAGEMENT REPORT AS OF JUNE 30, 2020

1. BUSINESS REPORT

1.1. BUSINESS DEVELOPMENT

1.1.1. PRELIMINARY NOTE

This interim group management report provides information on the 1st half-year 2020 and the comparable prior-year period. The stated figures for the 2nd quarter relate to the period from April 1 to June 30, 2020 and 2019, respectively. In accordance with the option provided by Sec. 52 (3) of the Exchange Rules for the Frankfurt Stock Exchange, this half-year financial report has not been reviewed or audited (Sec. 317 HGB).

1.1.2. IMPORTANT EVENTS IN THE 1ST HALF-YEAR 2020

In order to be able to meet the sharp increase in Bioselect® demand even better, a short-term investment decision in the lower seven-digit range was made.

All tax and energy law applications for relief (including special compensation regulation Sec. 64 et seq. EEG) were submitted in full and on time.

At the virtual Annual General Meeting 2020, among other things, a dividend of EUR 0.75 per share (EUR 7.6 million) was resolved and paid out.

1.1.3. DEVELOPMENT OF THE GROUP

1.1.3.1. EFFECTS OF THE COVID-19 PANDEMIC ON THE ALZCHEM GROUP

The COVID-19 pandemic had very significant effects in the 1st half-year 2020 in the automotive and metallurgy (steel production) sectors.

At the same time, however, the AlzChem Group was also able to seize short-term opportunities in the end markets of growth regulators, pharmaceuticals, as well as fine and specialty chemicals and generate new business from these – proof of the high degree of backward integration and diversification of the Group.

Another anchor of stability in the first six months of 2020 was the active management of volume flows within the NCN chain. This enabled us to reallocate volumes within a short period of time and divert them to growing NCN derivatives (mainly for the pharmaceutical and agricultural sectors). We were thus able to keep capacity utilization in all plants relatively stable at the budgeted level, and in some cases even above it. Based on a broadly trained pool of employees, the volume fluctuations between the individual plants were optimally taken into account through the flexible deployment of personnel.

A stable market supply is based on a functioning supply of raw materials. The Group did not have to stop or interrupt any production plant in the 1st half-year 2020 due to a lack of raw materials. Minor delays in the logistics chain were compensated for by adjustments in the production plan or absorbed with inventories.

In the 1st half-year 2020, the practice of flexible working hours with regard to personal hour accounts again proved to be a flexible as well as cooperative and absolutely necessary control instrument. It was possible to compensate for over-utilization with overtime and under-utilization with the withdrawal of hours.

1.1.3.2. EARNINGS POSITION

CONSOLIDATED INCOME STATEMENT (IFRS, UNAUDITED)

In EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Sales	96,120	102,511	188,244	197,251
Change in inventories of finished and unfinished products	-321	-3,162	7,574	-1,010
Other operating income	6,114	2,648	10,541	5,073
Cost of materials	-38,320	-35,253	-77,862	-70,744
Personnel expenses	-31,497	-31,733	-62,163	-64,242
Other operating expenses	-17,473	-18,190	-38,480	-37,192
EBITDA	14,623	16,821	27,854	29,136
Depreciation and amortization	-4,302	-5,742	-8,599	-11,324
EBIT	10,321	11,079	19,255	17,812
Other interest and similar income	109	-433	154	193
Interest and similar expenses	-1,537	-925	-2,750	-1,799
Financial result	-1,428	-1,358	-2,596	-1,606
Result from ordinary business activities	8,893	9,721	16,659	16,206
Taxes on income and earnings	-2,510	-2,970	-4,723	-5,033
Consolidated result for the period	6,383	6,751	11,936	11,173
thereof non-controlling interests	43	43	85	85
thereof shares of the shareholders of AlzChem Group AG	6,340	6,708	11,850	11,088
Earnings per share in EUR (undiluted and diluted)¹	0.62	0.66	1.16	1.09

DEVELOPMENT IN THE 1ST HALF-YEAR 2020

In the 1st half-year 2020, sales increased by 4.8% to EUR 197,251 thousand compared to the same period of the previous year. The Specialty Chemicals segment accounted for the main share of this sales growth, while the other two segments remained stable at the previous year's level.

The sales growth led to a 4.6% year-on-year increase in EBITDA in the 1st half-year 2020 to EUR 29,136 thousand. The positive development on the raw materials markets also contributed to this.

The development on the raw materials and electricity markets is also reflected in the cost of materials ratio, which fell significantly from 41% to 36%. However, the 1st half-year of the previous year was still characterized by a strong increase in inventories in the Creamino® segment and in multi-purpose plants, whereas in the current reporting period, a project-initiated reduction of inventories has taken place.

Other operating income fell by EUR 5,468 thousand compared to the same period of the previous year and has thus more than halved. This is due to a significant reduction in own work capitalized, as the previous year was still characterized by the completion of the new Creamino® production plant. In addition, more liabilities in the personnel area were released in the 1st half-year 2019 than in the reporting period.

¹ Based on 10,176,335 shares (number of shares of AlzChem Group AG as of June 30, 2020). See explanations in the notes to the consolidated financial statements.

Personnel expenses increased by EUR 2,080 thousand compared to the same period of the previous year. Planned collective wage increases as well as unplanned expenses in connection with the so-called future amount for the chemical industry contributed significantly to this.

At EUR 37,192 thousand, other operating expenses are EUR 1,288 thousand lower than in the previous year. In addition to decreased selling and travel expenses, strict cost management was reflected in lower other external services, among other things. Higher consulting expenses were thus significantly overcompensated in total.

Depreciation and amortization increased as planned by EUR 2,725 thousand due to the commissioning of major plants or parts of plants in the 2nd half-year 2019.

The financial result improved by EUR 990 thousand to EUR -1,606 thousand compared to the same period of the previous year. The main driver of this development was the decrease in interest expenses from the compounding of non-current other provisions (mainly deposit provisions, anniversary provisions) and pension obligations due to lower interest rates to determine the interest effects. This effect was stronger than the increase in interest expenses from loan liabilities. Since a large part of the loans to finance the new Creamino® production plant were not paid out until the 1st half-year of 2019, lower interest expenses for these loans were recorded in the previous year than in the 1st half-year 2020.

Tax expenses of EUR 5,033 thousand were slightly higher than in the previous year despite lower earnings before taxes due to retrospective tax payments resulting from a tax audit.

In total, the consolidated result for the period in the 1st half-year 2020 was EUR 763 thousand lower than in the previous year.

Earnings per share for the 1st half-year 2020 decreased from EUR 1.16 per share in the previous year to EUR 1.09 per share. The calculation was based on a number of 10,176,335 shares.

DEVELOPMENT IN THE 2ND QUARTER 2020

In the 2nd quarter 2020, sales increased by 6.7% to EUR 102,511 thousand. Here, the same development is evident as in the half-yearly view. Most of the increase in sales was achieved in the Specialty Chemicals segment. Here, sales in the two other segments also developed at approximately the same level as in the same period of the previous year.

The sales growth in the 2nd quarter led to a 15% increase in EBITDA to EUR 16,821 thousand. In addition to the rise in sales, which was underpinned by a shift within the product portfolio, the positive development on the raw materials markets also played a significant role here. Both effects together were able to overcompensate for the decline in inventory changes and other operating income.

The cost of materials ratio improved from 40% to 34% as a result of lower raw material prices. However, this effect must also be seen in connection with the EUR 2,841 thousand decrease in inventory changes compared to the same period of the previous year.

Other operating income fell by EUR 3,466 thousand and thus by 57% compared to the same quarter of the previous year. The same reasons are evident here as in the analysis of the 1st half-year. Based on the decline in investment activities, own work capitalized fell sharply. Furthermore, in the current reporting period, there were fewer releases in the area of current personnel liabilities than in the same period of the previous year.

Personnel expenses increased by EUR 236 thousand compared to the 2nd quarter 2019. This was primarily due to the collective wage agreement increases.

At EUR 18,190 thousand, other operating expenses were slightly above the previous year's level (EUR +718 thousand).

In line with the development for the 1st half-year, depreciation and amortization also increased by EUR 1,440 thousand in the 2nd quarter 2020 as planned due to the commissioning of major plants or parts of plants in the 2nd half-year 2019.

The financial result of EUR -1,358 thousand is almost unchanged compared to the same period of the previous year. Two effects had opposite effects here. A positive effect on the development of the interest result was the decrease in interest expenses from the compounding of interest on non-current other provisions (mainly deposit provisions, anniversary provisions) and pension obligations as a result of lower interest rates to determine the interest effects. On the other hand, the increase in interest expenses from loan liabilities had a negative effect, resulting in a total decrease in interest expenses of EUR 612 thousand. In addition, due to reporting date factors, the interest rates to be used to discount long-term provisions were significantly higher on March 31, 2020 than on December 31, 2019. This resulted in significant income from the change in interest rates as of March 31, 2020. However, as of June 30,

2020, the interest rates to be used as a basis decreased again to approximately the level of December 31, 2019, which is why the income from the interest rate change recorded in the 1st quarter 2020 had to be eliminated again. This resulted in a negative interest income in total in the separate analysis of the 2nd quarter 2020, which had a corresponding impact on the financial result.

Tax expenses rose to EUR 2,970 thousand as a result of the higher earnings before taxes.

In total, the consolidated result for the period of the 2nd quarter 2020 is EUR 368 thousand higher than in the previous year.

1.1.3.3. FINANCIAL POSITION

CONSOLIDATED CASH FLOW STATEMENT (IFRS, UNAUDITED)

In EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Cash flow from operating activities	4,705	3,234	2,655	11,712
Cash outflow from investing activities	-10,281	-4,812	-22,542	-9,621
Free cash flow	-5,576	-1,578	-19,887	2,091
Cash inflow/outflow from financing activities	2,110	1,609	21,007	-1,048
Net increase/decrease in cash and cash equivalents	-3,466	31	1,120	1,043

DEVELOPMENT IN THE 1ST HALF-YEAR 2020

The financial position of the AlzChem Group in the 1st half-year 2020 was stable at all times. It was particularly characterized by a strong cash flow from operating activities.

The cash inflow from operating activities amounted to EUR 11,712 thousand, an increase of EUR 9,057 thousand compared to the previous year. With the consolidated result for the period almost unchanged, the successes of strict working capital management were reflected here in a large reduction in inventories compared to the previous year, which resulted in a substantial inflow of cash and cash equivalents to the Group.

The cash outflow from investing activities fell sharply by EUR 12,921 thousand compared with the same period of the previous year. The 1st half-year 2019 was still significantly affected by the investments in the completion of the new

Creamino® plant. The investments in the 1st half-year 2020 amounted to a total of EUR 9,623 thousand and were mainly incurred for capacity expansion, rationalization measures and maintenance measures for a large number of plants.

An outflow of EUR 1,048 thousand for the Group's financing activities was recorded in the 1st half-year 2020. In the previous year, the outflow was influenced by the payment of the remaining loan amounts to finance the new Creamino® production plant in the amount of EUR 30,102 thousand. In contrast, loan liabilities of EUR 5,967 thousand were repaid as planned in the reporting period. The dividend paid to the shareholders of AlzChem Group AG reduced the financing cash flow by EUR 7,632 thousand, but was EUR 1,527 thousand lower than in the previous year. In the 1st half-year 2020, short-term money market loans of EUR 13,654 thousand were borrowed and thus EUR 10,890 thousand more than in the 1st half-year 2019.

Cash and cash equivalents amounted to EUR 10,099 thousand as of June 30, 2020, which corresponds to an increase of EUR 1,043 thousand compared to December 31, 2019, taking into account currency effects.

DEVELOPMENT IN THE 2ND QUARTER 2020

In the separate analysis of the 2nd quarter 2020, the cash inflow from operating activities decreased by EUR 1,471 thousand. The positive effects from the inventory reduction project are lower on a quarterly basis than in the six-month period. The cash inflow generated by this project could not compensate for the reducing effects of increased tax prepayments and the cash outflow from the reporting date-related increase in receivables.

In the 2nd quarter 2020, an outflow of EUR 4,812 thousand for investment activities of AlzChem was recorded and thus EUR 5,469 thousand less than in the previous year.

1.1.3.4. NET ASSETS

CONSOLIDATED BALANCE SHEET (IFRS, UNAUDITED)

In TEUR	12/31/2019	06/30/2020	Delta
Assets			
Intangible assets	1,541	1,360	-181
Property, plant and equipment	165,702	162,969	-2,733
Lease usage rights	9,770	8,808	-962
Financial assets	20	20	0
Other receivables and other assets	470	495	25
Deferred tax assets	34,477	34,950	473
Non-current assets	211,980	208,602	-3,378
Inventories	74,607	73,469	-1,138
Trade receivables	32,501	50,018	17,517
Financial assets	0	6	6
Other receivables and other assets	14,051	11,705	-2,346
Income tax claims	383	425	42
Cash and cash equivalents	9,061	10,099	1,038
Total current assets	130,603	145,722	15,119
Total assets	342,583	354,324	11,741
Capital			
Equity	61,350	62,725	1,375
Non-current liabilities	220,748	218,548	-2,200
Current liabilities	60,485	73,051	12,566
Balance sheet total	342,583	354,324	11,741

Here, the significant difference also results from the investments in the completion of the new Creamino® plant in the previous year.

The cash flows in connection with AlzChem's financing activities were characterized by the short-term borrowing of money market loans of EUR 13,654 thousand (2nd quarter 2019: EUR 13,030 thousand), the planned repayment of loan liabilities of EUR 3,951 thousand (2nd quarter 2019: EUR 1,400 thousand) and dividend payments of EUR 7,632 thousand (2nd quarter 2019: EUR 9,159 thousand). Deviations compared to the previous year are thus mainly due to a lower dividend payment and higher planned loan repayments, as the new loans granted in 2019 were not yet repaid in the previous year.

Cash and cash equivalents as of June 30, 2020 amounted to EUR 10,099 thousand, which, taking into account currency effects, corresponds to an increase of EUR 31 thousand compared to March 31, 2020.

Assets have increased by EUR 11,741 thousand to EUR 354,324 thousand since December 31, 2019. This is mainly due to the reporting date-related increase in trade receivables. The reduction in non-current assets by EUR 2,733 thousand had a counteracting effect. Following the substantial investments of previous years, depreciation and amortization were now higher than investments, which led to this decline.

As of June 30, 2020, equity increased by EUR 1,375 thousand to EUR 62,725 thousand compared to December 31, 2019. Despite the slight rise, the equity ratio fell from 17.9% to 17.7%. The positive effect from the consolidated result for the period amounting to EUR 11,173 thousand was overcompensated by two effects: On the one hand, the repeated interest-related

increase in pension obligations had an impact, which led to a reduction in equity of EUR 3,052 thousand. The resulting increase in deferred tax assets by EUR 855 thousand had an opposite effect on equity. The development of pension obligations is significantly influenced by actuarial parameters. Although a change in these parameters does not affect the consolidated result, it is recognized directly in equity under other comprehensive income. The risk-free market interest rate plays a significant role in the actuarial parameters. If this market interest rate falls, there is an increase in pension obligations, whereas an increase in the market interest rate leads to a decrease in pension obligations. The risk-free market interest rate developed historically as follows:

In %	2015	2016	2017	2018	2019	1st half-year 2019	Q1/2020	1st half-year 2020
Discount rate	2.50	1.75	1.75	1.90	0.90	1.10	1.70	0.80

On the other hand, the dividend payment to shareholders in the 1st half-year 2020 reduced equity by EUR 7,632 thousand.

Overall, non-current liabilities decreased by EUR 2,200 thousand compared to December 31, 2019. On the one hand, the pension obligations increased due to interest. On the other hand, this effect was overcompensated by the planned repayment of

loan liabilities and the resulting reclassification of non-current liabilities to current liabilities.

The increase in current liabilities by EUR 12,566 thousand to EUR 73,051 thousand is primarily related to the borrowing of short-term money market loans.

1.1.4. DEVELOPMENT IN THE SEGMENTS

1.1.4.1. SPECIALTY CHEMICALS SEGMENT

In EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
External sales	51,686	57,854	101,749	110,053
EBITDA	12,919	14,457	24,629	24,615
Depreciation and amortization	-1,318	-2,288	-2,620	-4,580
EBIT	11,601	12,169	22,010	20,035
Inventories	52,695	43,078	52,695	43,078
EBITDA margin	25.0%	25.0%	24.2%	22.4%

DEVELOPMENT IN THE 1ST HALF-YEAR 2020

Within the Specialty Chemicals segment, there are extraordinary successes to report as well as significant volume declines. Bioselect® has experienced a very strong growth spurt. Products from the research and development pipeline were also successfully transferred to production status. As a result, the volume and sales of our multi-purpose plants increased significantly. Creamino® also showed a pleasing volume trend in the 1st half-year 2020.

In a difficult market environment, partly influenced by COVID-19, marketing efforts for the new Creapure® derivatives LIVADUR® and Your Encour!TM were further intensified, so that these future investments as well as weaker Creapure® sales affected both the earnings and sales development of the segment.

The COVID-19 pandemic had a strong to very strong impact on us in the automotive and renewable energy sectors, especially in the DYHARD® business unit and our solutions for airbag production.

In line with the market development described above, the key performance indicators EBITDA and EBIT are also not free of influences, both of which are at the previous year's level.

The working capital project implemented by the Management Board in 2019 and the planned level adjustments are reflected in inventories as of June 30, 2020. However, the crisis has also taught us that empty warehouses do not allow us to take advantage of short-term business opportunities, so that, particularly in the segment described above, the credo will continue to be to optimize inventories with a sense of proportion.

DEVELOPMENT IN THE 2ND QUARTER 2020

Looking only at the section from April to June 2020, there is no significant difference in the operational business development of the Specialty Chemicals segment. The only thing that remains to be emphasized is that the growth of the Bioselect® product portfolio occurred more strongly in this quarter and that the specialty product Dormex® was able to completely make up the delivery backlog from the 1st quarter 2020 and even record growth on a half-yearly basis.

Both effects accompanied the development of EBITDA and EBIT, which were above the previous year's level.

With regard to inventories as of the reporting date, the same statement applies as for the six-month period.

1.1.4.2. BASICS & INTERMEDIATES SEGMENT

In EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
External sales	37,844	38,266	73,309	74,278
EBITDA	628	2,485	1,666	4,388
Depreciation and amortization	-1,559	-1,864	-3,112	-3,675
EBIT	-931	621	-1,446	713
Inventories	31,691	30,387	31,691	30,387
EBITDA margin	1.7%	6.5%	2.3%	5.9%

DEVELOPMENT IN THE 1ST HALF-YEAR 2020

In the Basics & Intermediates segment, the robust basic structure of the AlzChem Group was particularly evident in the 1st half-year 2020. Despite volume declines, in some cases of around 30%, in the metallurgy and automotive sectors, overall sales growth can be reported. The market development including accompanying investment in the NITRALZ® product range (see Annual Report 2019), an expansion of the application areas and countries for Perlka® as well as a stable basic material supply for pharmaceutical end products are supporting this development.

The EBITDA and especially the EBITDA margin clearly show the above. The decline in basic and volume business is clearly overcompensated by the increase in higher-value products. The favorable conditions on the raw material markets are helpful.

The inventories of the Basics & Intermediates segment are subject primarily to seasonal fluctuations, so that the reporting dates June 30, 2019 and 2020 show almost identical values.

DEVELOPMENT IN THE 2ND QUARTER 2020

The business development of the Basics & Intermediates segment in the 2nd quarter was similar to the six-month period. The significant volume declines in metallurgy from the 1st quarter 2020 increased again from April to June.

We saw a certain bottoming out of the effects of raw material and electricity prices in the 2nd quarter, so that no additional relief from this had an impact on the segment's EBITDA margin.

The same statement applies to the reporting date analysis of inventories as for the six-month period.

1.1.4.3. OTHER & HOLDING SEGMENT

In EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
External sales	6,591	6,391	13,186	12,920
EBITDA	838	81	1,195	398
Depreciation and amortization	-1,513	-1,647	-3,042	-3,206
EBIT	-675	-1,566	-1,847	-2,808
Inventories	4,069	3,313	4,069	3,313
EBITDA margin	12.7%	1.3%	9.1%	3.1%

DEVELOPMENT IN THE 1ST HALF-YEAR 2020

In the 1st half-year 2020, the Other & Holding segment was essentially able to repeat the development of the same period of the previous year. Customers at our chemical parks declined at a similar level to the previous year. There were shifts between some services, so that we saw higher demand for storage capacity in the 1st half-year, but we classified this as a temporary effect of the COVID-19 pandemic.

At the same time, deliveries of media (compressed air, instrument air, operating gas and natural gas) as well as demand for technical services declined slightly. With a gradual return to normal capacity utilization, we also expect to see an alignment here again.

The segment's earnings reflect a price increase based on planned cost increases. The ongoing renovation and maintenance measures on the plant's own infrastructure are also having an effect.

Inventories were reduced to EUR 3,313 thousand as of the reporting date for the period under review. Measures of the net working capital project also had an effect here.

DEVELOPMENT IN THE 2ND QUARTER 2020

The comments on the six-month period also apply to the analysis of the 2nd quarter 2020.

2. RISK AND OPPORTUNITY REPORT

The management system for identifying risks and opportunities as well as the measures for limiting risks were described in detail in the combined Group management report 2019. In addition, the main risks and opportunities arising in the course of business activities were also explained there. Compared to this risk and opportunity situation, no significant changes occurred in the 1st half-year 2020. Nevertheless, we would like to emphasize at this point that the current development of CO₂ prices on the one hand, and thus also indirectly of electricity prices may have an impact on the earnings situation of the AlzChem Group in the future (depending on CO₂ compensation models due to carbon leakage). On the other hand, the increasingly "greener" composition of the electricity mix in Germany could have a price-stabilizing effect in the future.

With regard to the COVID-19 effects, we refer to section 1.1.3.1. We classify the distortions on the global markets as a temporary phenomenon and do not see the structural orientation of the AlzChem Group as being endangered by this. We anticipate short- to medium-term shifts within our broad product and service portfolio, which will create both risks and opportunities for us.

3. SUSTAINABILITY AT ALZCHEM

In the combined management report as of December 31, 2019, we reported on the non-financial concerns and efforts of AlzChem in Chapter 9. This has not changed fundamentally. As a responsible and profitable company in the Bavarian region, we also want to inform our stakeholders about our sustainability activities in the half-year financial report 2020.

ALZCHEM AS EMPLOYER

The COVID-19 pandemic, as the all-determining topic of the 1st half-year 2020, has also presented AlzChem with new challenges as an employer. Numerous measures have been taken to ensure the protection of our employees as well as to maintain operations and production. In addition to a flexible and comprehensive home office arrangement, each office has now been staffed by only one employee. In order to enable all our employees to return to their workplaces safely afterwards, FFP2 masks were made available to employees free of charge and office workplaces were separated by the installation of partition walls.

In order to continue to be perceived as an attractive employer, AlzChem again invited interested schoolchildren to the Training Day this year. Due to the COVID-19 pandemic, AlzChem organized this personal on-site appointment at the Trostberg Chemical Park as an online meeting at short notice. In addition to videos about all eight apprenticeships, there was the opportunity to exchange information with current apprentices and their trainers in a live chat.

ENVIRONMENTAL MATTERS

As a responsible company in the Bavarian region, it is important to us to further improve environmental protection. In the 1st half-year 2020, the first preparatory activities for the construction of a so-called RTO plant (regenerative thermal oxidation) started. The RTO plant is an exhaust gas treatment system in which exhaust gas pollutants are oxidized. It thus contributes to maintaining or improving our environmental balance.

CONTRIBUTION OF THE COVID-19 PANDEMIC

Due to the rapid spread of the coronavirus and the resulting shortage of disinfectants, AlzChem was asked for support by the district of Traunstein at the beginning of the pandemic. After all the technical and organizational prerequisites for this special production were created within a very short time, the district of Traunstein was quickly supplied. Although disinfectants are not part of the AlzChem product portfolio, we are all the more pleased that we were able to help so quickly and without complications in this exceptional situation.

As a supplier of raw materials for the pharmaceutical industry, AlzChem now also contributes to the production of "corona tests". AlzChem precursors are used both in tests that detect SARS-CoV-2 and in tests for the detection of antibodies. Within the scope of our possibilities, we want to contribute to improving the health situation of as many people as possible.

4. FORECAST REPORT

The forecasts made in the consolidated financial statements as of December 31, 2019 for the fiscal year 2020 can essentially be confirmed with this half-year financial report. However, the degree of achievement will tend to be at the lower end of the forecast corridor due to an assumed U rather than V recovery.

Forecast ² for 2020	2019	Forecast 2020
Group sales	EUR 376.1 million	slightly rising to sharply rising
Adjusted EBITDA	EUR 50.1 million	stable to sharply rising
Adjusted EBITDA margin	13.3%	stable
Adjusted EBIT	EUR 30.6 million	stable to sharply rising
Inventory ratio	19.8%	stable to slightly declining
Equity ratio	17.9%	slightly rising
Debt ratio	0.79	stable

The planned sales growth should continue to be achieved organically. Volume effects will be the primary growth driver. In view of the COVID-19 pandemic, volume shifts in the product portfolio are anticipated. However, depending on the duration or after-effect phase of the crisis, we continue to see the opportunity (albeit with a higher degree of uncertainty) for an increase in consolidated sales compared with the previous year.

The better we manage to align our production to the short-term changes in demand, the better we can master this crisis and possibly even emerge from it stronger. One advantage here is certainly the great flexibility of the NCN chain as well as the great in-house engineering know-how to be able to accompany and implement projects at short notice.

On the earnings side, we see a supporting trend on the commodity markets and on the electricity exchanges. However, we do not expect any further significant price declines, especially on the commodity markets, as the current prices are already at the economic lower limit of many suppliers. AlzChem has no interest in thinning out its existing supplier base.

Against the background of the changing product mix and the support on the purchasing side, we continue to see the EBITDA margin as steady to rising.

We currently see both opportunities and risks for inventories. If volumes unexpectedly drop off, we will very likely close the year with inventory levels above the forecast. The reason for this is the complex German energy legislation and the associated restrictions on carbide operations. If we see volumes at the upper end of the forecast corridor, we can certainly expect a low ratio.

For the financial performance indicator equity ratio, we continue to expect a rising trend. As already anticipated in the 1st quarter 2020, the discount rate did not stabilize at 1.70%, but fell to 0.80% as of June 30, 2020. For the year as a whole, a further decline in the discount rate is certainly within the realm of possibility, which would then have a negative impact on equity.

5. RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that, in accordance with the applicable accounting principles for half-year financial reporting, the consolidated interim financial statements give a true and fair view of the earnings position, net assets and financial position of the Group and that the interim group management report provides a true and fair view of the business performance, including the results of operations, and the position of the Group, and that the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year are described.

² The forecasts are based on unchanged regulatory assumptions, such as the continuation of the Renewable Energy Sources Act (EEG), Sec. 19 (2) StromNEV, electricity price compensation or product approvals. Furthermore, forward-looking statements based on current management assessments and currently available information are included. Such statements are subject to risks and uncertainties that are beyond AlzChem's ability to control or estimate precisely. Should any of these uncertainties or other impermissible materialize, or should the assumptions on which these statements are based prove incorrect, actual results may differ materially from those expressed or implied.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2020

CONSOLIDATED INCOME STATEMENT OF ALZCHEM GROUP AG (UNAUDITED)

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Sales	96,120	102,511	188,244	197,251
Change in inventories of finished and unfinished products	-321	-3,162	7,574	-1,010
Other operating income	6,114	2,648	10,541	5,073
Cost of materials	-38,320	-35,253	-77,862	-70,744
Personnel expenses	-31,497	-31,733	-62,163	-64,242
Other operating expenses	-17,473	-18,190	-38,480	-37,192
EBITDA	14,623	16,821	27,854	29,136
Depreciation and amortization	-4,302	-5,742	-8,599	-11,324
EBIT	10,321	11,079	19,255	17,812
Other interest and similar income	109	-433	154	193
Interest and similar expenses	-1,537	-925	-2,750	-1,799
Financial result	-1,428	-1,358	-2,596	-1,606
Result from ordinary business activities	8,893	9,721	16,659	16,206
Taxes on income and earning	-2,510	-2,970	-4,723	-5,033
Consolidated result for the period	6,383	6,751	11,936	11,173
Non-controlling interests in consolidated result for the period	43	43	85	85
Shares of the shareholders of AlzChem Group AG in the consolidated result for the period	6,340	6,708	11,850	11,088
Earnings per share in EUR (undiluted and diluted)*	0.62	0.66	1.16	1.09

* Based on 10,176,335 shares (number of shares of AlzChem Group AG as of June 30, 2020).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALZCHEM GROUP AG, TROSTBERG (UNAUDITED)

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Consolidated result for the period	6,383	6,751	11,936	11,173
Other income				
Items that are not reclassified to the income statement				
Result from the revaluation of defined benefit plans	-7,815	-24,218	-16,726	-3,052
Deferred taxes	2,188	6,782	4,684	855
Total items that are not reclassified to the income statement	-5,627	-17,436	-12,042	-2,198
Items that will later be reclassified to the income statement				
Result from the market valuation of financial assets	0	0	0	0
Difference amount from currency translation	-120	-67	26	30
Deferred taxes	0	0	0	0
Total items that will later be reclassified to the income statement	-120	-67	26	30
Other income	-5,747	-17,503	-12,016	-2,168
Non-controlling interests in other income	0	0	0	0
Shares of the shareholders of AlzChem Group AG in other income	-5,747	-17,503	-12,016	-2,168
Consolidated comprehensive income	636	-10,752	-80	9,005
Non-controlling interests in other consolidated comprehensive income	43	43	85	85
Shares of the shareholders of AlzChem Group AG in consolidated comprehensive income	593	-10,795	-166	8,920

CONSOLIDATED BALANCE SHEET OF ALZCHEM GROUP AG (UNAUDITED)

Assets in EUR thousand	12/31/2019	06/30/2020
Non-current assets		
Intangible assets	1,541	1,360
Property, plant and equipment	165,702	162,969
Lease usage rights	9,770	8,808
Financial assets	20	20
Other receivables and other assets	470	495
Deferred tax assets	34,477	34,950
Total non-current assets	211,980	208,602
Current assets		
Inventories	74,607	73,469
Trade receivables	32,501	50,018
Financial assets	0	6
Other receivables and other assets	14,051	11,705
Income tax claims	383	425
Cash and cash equivalents	9,061	10,099
Total current assets	130,603	145,722
Total assets	342,583	354,324

Equity and Liabilities in EUR thousand	12/31/2019	06/30/2020
Equity		
Capital and reserves		
Subscribed capital	101,763	101,763
Capital reserve adjustment item reverse acquisition	-88,128	-88,128
Capital reserve	24,981	24,981
Other accumulated equity	-48,152	-50,319
Retained earnings	69,294	72,750
	59,758	61,047
Non-controlling interests	1,592	1,678
Total equity	61,350	62,725
Liabilities		
Non-current liabilities		
Provisions for pensions and similar obligations	134,629	138,153
Other provisions	22,404	23,472
Loan liabilities to banks	50,747	44,940
Lease liabilities	7,710	6,982
Trade payables	0	22
Other liabilities	513	513
Deferred tax liabilities	4,745	4,466
Total non-current liabilities	220,748	218,548
Current liabilities		
Other provisions	1,732	1,571
Loan liabilities to banks	11,935	25,473
Lease liabilities	1,706	1,568
Trade payables	24,069	23,871
Other liabilities	19,172	19,094
Income tax liabilities	1,871	1,474
Total current liabilities	60,485	73,051
Total liabilities	281,233	291,599
Total equity and liabilities	342,583	354,324

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF ALZCHEM GROUP AG (UNAUDITED)

in EUR thousand	Subscribed Capital	Capital reserve- adjustment item reverse acquisition	Capital reserve	Other accumulated equity
As of 01/01/2019	101,763	-88,128	24,981	-32,123
Dividend	0	0	0	0
Total transactions with shareholders	0	0	0	0
Consolidated result for the period	0	0	0	0
Other income	0	0	0	-12,016
Consolidated comprehensive income	0	0	0	-12,016
As of 06/30/2019	101,763	-88,128	24,981	-44,140
As of 01/01/2020	101,763	-88,128	24,981	-48,152
Dividend	0	0	0	0
Total transactions with shareholders	0	0	0	0
Consolidated result for the period	0	0	0	0
Other income	0	0	0	-2,168
Consolidated comprehensive income	0	0	0	-2,168
As of 06/30/2020	101,763	-88,128	24,981	-50,319

in EUR thousand	Retained earnings	Shares of the shareholders of AlzChem Group AG	Non-controlling interests	Total equity
As of 01/01/2019	60,478	66,971	1,420	68,392
Dividend	-9,159	-9,159	0	-9,159
Total transactions with shareholders	-9,159	-9,159	0	-9,159
Consolidated result for the period	11,850	11,850	85	11,936
Other income	0	-12,016	0	-12,016
Consolidated comprehensive income	11,850	-166	85	-80
As of 06/30/2019	63,170	57,645	1,507	59,152
As of 01/01/2020	69,294	59,758	1,592	61,350
Dividend	-7,632	-7,632	0	-7,632
Total transactions with shareholders	-7,632	-7,632	0	-7,632
Consolidated result for the period	11,088	11,088	85	11,173
Other income	0	-2,168	0	-2,168
Consolidated comprehensive income	11,088	8,920	85	9,005
As of 06/30/2020	72,750	61,047	1,678	62,725

CONSOLIDATED CASH FLOW STATEMENT OF ALZCHEM GROUP AG (UNAUDITED)

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Consolidated earnings before taxes	8,893	9,721	16,659	16,207
Depreciation and amortization	4,302	5,742	8,599	11,324
Payments from pension provisions	-215	-257	-544	-635
Profit from the sale of non-current assets	-15	0	-12	-2
Other non-cash expenses	3,549	317	5,817	1,473
Financial result	1,428	1,358	2,596	1,606
Interest received	54	3	90	154
Interest paid	-397	-390	-428	-553
Income taxes paid	-1,962	-4,038	-2,170	-5,865
Increase (+)/decrease (-) in inventories	-1,632	1,867	-9,528	1,987
Increase in trade receivables and other receivables	-9,127	-10,817	-21,431	-15,318
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-360	-450	2,923	787
Change in other balance sheet items	187	178	84	547
Cash inflow from operating activities (net cash flow)	4,705	3,234	2,655	11,712
Payments for investments in property, plant and equipment	-10,301	-4,813	-22,591	-9,623
Proceeds from the sale of property, plant and equipment	20	1	49	2
Cash outflow from investing activities	-10,281	-4,812	-22,542	-9,621
Free cash flow	-5,576	-1,578	-19,887	2,091
Proceeds from loans	0	0	30,102	0
Proceeds from short-term financing lines	13,030	13,654	2,764	13,654
Payments for the repayment of loan liabilities	-1,400	-3,951	-1,802	-5,967
Repayment of lease liabilities	-361	-462	-727	-932
Dividend payments	-9,159	-7,632	-9,159	-7,632
Dividend payments to non-controlling interests	0	0	-171	-171
Cash outflow (-)/inflow (+) from financing activities	2,110	1,609	21,007	-1,048
Net decrease (-)/increase (+) in cash and cash equivalents	-3,466	31	1,120	1,043
Cash and cash equivalents at the beginning of the period (at the closing rate of the previous year)	17,734	10,057	12,857	9,061
Changes due to exchange rate changes	-243	11	48	-5
Cash and cash equivalents at the end of the period	14,025	10,099	14,025	10,099
Net decrease (-)/increase (+) in cash and cash equivalents	-3,466	31	1,120	1,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

I. SEGMENT REPORTING

Segment reporting by operating segments for the 2nd quarter
2019:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	51,686	37,844	6,591	0	96,120
EBITDA	12,919	628	838	239	14,623
Depreciation and amortization	-1,318	-1,559	-1,513	87	-4,302
EBIT	11,601	-931	-675	326	10,321
Other interest and similar income					109
Interest and similar expenses					-1,537
Financial result					-1,428
Result from ordinary business activities					8,893
Inventories as of 06/30/2019	52,695	31,691	4,069	-2,700	85,755

Segment reporting by operating segments for the 2nd quarter
2020:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	57,854	38,266	6,391	0	102,511
EBITDA	14,457	2,485	81	-202	16,821
Depreciation and amortization	-2,288	-1,864	-1,647	57	-5,742
EBIT	12,169	621	-1,566	-145	11,079
Other interest and similar income					-433
Interest and similar expenses					-925
Financial result					-1,358
Result from ordinary business activities					9,721
Inventories as of 06/30/2020	43,078	30,387	3,313	-3,309	73,469

Segment reporting by operating segments for the 1st half-year 2019:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	101,749	73,309	13,186	0	188,244
EBITDA	24,629	1,666	1,195	364	27,854
Depreciation and amortization	-2,620	-3,112	-3,042	174	-8,599
EBIT	22,010	-1,446	-1,847	538	19,255
Other interest and similar income					154
Interest and similar expenses					-2,750
Financial result					-2,596
Result from ordinary business activities					16,659
Inventories as of 06/30/2019	52,695	31,691	4,069	-2,700	85,755

Segment reporting by operating segments for the 1st half-year 2020:

in EUR thousand	Specialty Chemicals	Basics & Intermediates	Other & Holding	Consolidation	Group
External sales	110,053	74,278	12,920	0	197,251
EBITDA	24,615	4,388	398	-265	29,136
Depreciation and amortization	-4,580	-3,675	-3,206	137	-11,324
EBIT	20,035	713	-2,808	-128	17,812
Other interest and similar income					193
Interest and similar expenses					-1,799
Financial result					-1,606
Result from ordinary business activities					16,206
Inventories as of 06/30/2020	43,078	30,387	3,313	-3,309	73,469

Segment reporting by regions:

in EUR thousand	Domestic	Foreign	Group
External sales 2nd quarter 2019	31,358	64,762	96,120
External sales 2nd quarter 2020	34,718	67,793	102,511
External sales 1st half-year 2019	60,604	127,640	188,244
External sales 1st half-year 2020	60,836	136,415	197,251
Non-current assets as of 06/30/2019	155,877	3,609	159,486
Non-current assets as of 12/31/2019	172,451	4,562	177,013
Non-current assets as of 06/30/2020	168,589	4,548	173,137

II. PRELIMINARY NOTE

The subject of these consolidated interim financial statements is AlzChem Group AG, a corporation under German law with its registered office at Dr.-Albert-Frank-Str. 32, Trostberg, Germany, and its subsidiaries. The competent register court is located in Traunstein (HRB 28592). AlzChem Group AG is the parent company of the AlzChem Group and prepares these condensed consolidated interim financial statements (consolidated interim financial statements) as of June 30, 2020.

The companies of the AlzChem Group develop, produce and trade in chemical products of all kinds and provide services, among other things, as chemical park operators. From the basic raw materials coal, lime and electricity, versatile products with typical nitrogen-carbon-nitrogen compounds are manufactured in further production steps at the Trostberg, Schalchen, Hart, Waldkraiburg and Sundsvall (Sweden) sites in very high quality. In addition, smaller sales units are located in Atlanta (USA) and Shanghai (China).

III. EXPLANATIONS ON THE PRINCIPLES AND METHODS OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The condensed consolidated interim financial statements of AlzChem Group AG as of June 30, 2020 were prepared in accordance with the provisions of the International Accounting Standards Board (IASB), London, in compliance with the International Financial Reporting Standards (IFRS), as applicable in the EU. The interpretations of the IFRS Interpretations Committee (formerly IFRIC and SIC) were applied. Accordingly, these consolidated interim financial statements were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting".

The consolidated interim financial statements are presented in Euro (EUR), the functional currency of the parent company AlzChem Group AG. For reasons of clarity, the figures in the consolidated interim financial statements are given in thousands of Euro (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 stated total.

Those provisions of the International Financial Reporting Standards (IFRS) were applied which were mandatory as of the balance sheet date of June 30, 2020. Early application of standards not yet mandatory as of 30 June 2020 was waived.

As a result of the outbreak of the coronavirus pandemic, the IASB issued amendments to IFRS 16 Leases on May 28, 2020, to make it easier for lessees to recognize concessions, such as deferral of rental installments or rent discounts, granted in direct connection with the outbreak of the coronavirus pandemic. The amendments are effective for reporting periods beginning on or after June 1, 2020; earlier application is permitted. At the current time, no such situation exists in the AlzChem Group. Consequently, the amendments to IFRS 16 are not applied prematurely.

The explanations in the notes to the consolidated financial statements of AlzChem Group AG as of December 31, 2019 apply accordingly, particularly with regard to the principal accounting and valuation methods. The consolidated interim financial statements are prepared under the going concern assumption.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT WERE APPLIED FOR THE FIRST TIME IN THE FISCAL YEAR

Beginning with the fiscal year 2020, the following standards and interpretations revised or newly issued by the IASB were required to be newly applied:

- Amendments to IAS 1 und IAS 8

The amendments to IAS 1 and 8 clarify the definition of 'material' within IFRS. Information is material if it is reasonably expected that its omission, misstatement or concealment could influence the decisions of the primary recipients of multi-purpose financial statements that they make on the basis of such financial statements that provide financial information about a particular company. The first-time application of these amendments did not have a material impact on the net assets, financial position and earnings position of AlzChem.

- Amendments to IAS 39/IFRS 7 and IFRS 9

The amendments to IAS 39/IFRS 7 and IFRS 9 from the interest rate benchmark reform deal with the possible effects of the IBOR reform on the accounting treatment of certain hedging transactions. Certain hedge accounting rules have been amended so that companies apply these hedge accounting rules on the assumption that the reference interest rate on which the hedged cash flows and the cash flows from the hedging instrument are based is not changed by the reform of the reference interest rate. These amendments are mandatory for all hedging relationships affected by the reference rate reform. The first-time application of these amendments did not have a material impact on the net assets, financial position and earnings position of AlzChem.

- Amendments to IFRS 3

The amendments to IFRS 3 clarify the definition of a business operation and aim to resolve the inconsistencies that arise when a company determines whether it has acquired a business

operation or a group of assets. The first-time application of these amendments did not have a material impact on the net assets, financial position and earnings position of AlzChem.

IV. EXPLANATIONS ON THE INCOME STATEMENT

1. SALES

The sales revenues of the AlzChem Group can be broken down into product sales and services as follows:

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Sales from product sales	90,438	96,502	176,768	185,657
Sales from services	5,682	6,009	11,476	11,594
	96,120	102,511	188,244	197,251

Sales revenues are distributed among the segments shown in the segment reporting as follows:

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Product sales in the Specialty Chemicals segment	51,686	57,854	101,749	110,053
Product sales in the Basics & Intermediates segment	37,844	38,266	73,309	74,278
Product sales in the Other & Holding segment	909	382	1,710	1,326
Service sales in the Other & Holding segment	5,682	6,009	11,476	11,594
	96,120	102,511	188,244	197,251

Total sales revenues are distributed geographically as follows:

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Germany	31,358	34,718	60,604	60,836
European Union	30,484	22,273	62,979	52,320
Rest of Europe	4,249	10,596	8,095	20,572
NAFTA	11,481	9,935	23,551	24,314
Asia	8,643	10,126	16,522	18,638
Rest of the world	9,905	14,863	16,494	20,571
	96,120	102,511	188,244	197,251

2. OTHER OPERATING INCOME

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Own work capitalized	2,667	1,314	4,499	2,241
Income from currency translation	164	557	1,616	1,668
Income from services to third parties	98	139	316	182
Income from the release of provisions and liabilities	2,660	346	3,124	409
Income from grants	291	129	506	229
Income from energy tax refunds	92	37	189	37
Income from the valuation of derivatives	0	6	0	6
Miscellaneous other income	141	120	292	301
	6,114	2,648	10,541	5,073

3. OTHER OPERATING EXPENSES

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Selling expenses	4,467	3,975	8,319	7,760
Environmental and disposal costs	2,380	2,502	4,677	4,725
Maintenance	2,018	1,985	4,352	4,060
Other external services	2,518	1,777	4,265	3,540
Consulting, research and development costs	1,171	1,334	2,122	2,687
Insurances	854	834	1,724	1,630
Expenses from currency translation	715	727	1,582	2,139
IT costs	903	657	1,521	1,336
Miscellaneous other expenses	2,447	4,399	9,918	9,315
	17,473	18,190	38,480	37,192

4. FINANCIAL RESULT

The financial result for the 1st half-year 2020 includes an interest expense of EUR 603 thousand (1st half-year 2019: EUR 1,041 thousand) from additions to pension provisions. Of this amount, EUR 302 thousand was attributable to the 2nd quarter 2020 (2nd quarter 2019: EUR 521 thousand). As of March 31, 2020, the interest rates to be used for discounting non-current provisions were significantly higher than as of December 31, 2019 due to reporting date factors. Thus, as of March 31, 2020, a significant income from the change in interest rates resulted. However, as of June 30, 2020, the interest rates to be used as a basis had decreased again to approximately the level of December 31, 2019, which is why the income from the interest rate change recorded in the 1st quarter 2020 had to be eliminated again. This resulted in a negative interest income in total in the separate analysis of the 2nd quarter 2020, which had a corresponding impact on the financial result.

V. EXPLANATIONS ON THE BALANCE SHEET

5. EQUITY

The share capital of AlzChem Group AG, Trostberg, remains unchanged at EUR 101,763,350.00 on the reporting date.

In the 1st half-year 2020, a dividend of EUR 7,632 thousand was distributed to the shareholders of AlzChem Group AG (same period of the previous year: EUR 9,159 thousand). This corresponds to a dividend per share of EUR 0.75 (same period of the previous year: EUR 0.90).

6. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions and similar obligations increased by EUR 3,524 thousand to EUR 138,153 thousand as of June 30, 2020 compared to December 31, 2019. This increase includes an amount of EUR 3,052 thousand that was recognized directly in equity under other comprehensive income. The reason for the increase in pension provisions is the decline in the discount rate from 0.90% as of December 31, 2019 to 0.80% as of June 30, 2020. The related deferred tax assets, the change in which was also recognized in other comprehensive income, increased by EUR 855 thousand to EUR 19,966 thousand as of June 30, 2020.

7. FINANCIAL ASSETS AND LIABILITIES

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 per measurement category in accordance with IFRS 9:

12/31/2019 in EUR thousand	At amortized cost	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	Fair value
Balance sheet item	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Fair value
Financial assets	-	-	20	20	20
Other receivables and other assets	11,182	-	-	11,182	11,182
Trade receivables	6,202	26,299	-	32,501	32,501
Cash and cash equivalents	9,061	-	-	9,061	9,061
Total financial assets	26,445	26,299	20	52,764	52,764

06/30/2020 in EUR thousand	At amortized cost		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	Financial assets at fair value through profit or loss	
Balance sheet item	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Fair value
Financial assets	-	-	26	26	26
Other receivables and other assets	9,919	-	-	9,919	9,919
Trade receivables	5,848	44,170	-	50,018	50,018
Cash and cash equivalents	10,099	-	-	10,099	10,099
Total financial assets	25,866	44,170	26	70,062	70,062

The following table shows the carrying amounts and fair values of financial liabilities by measurement category in accordance with IFRS 9:

12/31/2019 in EUR thousand	At amortized cost		Total amount
	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	
Balance sheet item	Carrying amount	Carrying amount	Fair value
Loan liabilities to banks	62,682	62,682	66,102
Trade payables	24,069	24,069	24,069
Other liabilities	4,892	4,892	4,892
Total financial liabilities	91,643	91,643	95,063

06/30/2020 in EUR thousand	At amortized cost		Total amount
	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	
Balance sheet item	Carrying amount	Carrying amount	Carrying amount
Loan liabilities to banks	70,413	70,413	73,561
Trade payables	23,893	23,893	23,893
Other liabilities	4,090	4,090	4,090
Total financial liabilities	98,396	98,396	101,544

The fair values of the financial instruments were determined on the basis of the market information available on the balance sheet date and on the basis of the methods and premises described below.

Due to the short-term maturities of the financial assets, it is assumed that the fair values approximate the carrying amounts.

The balance sheet items trade payables and other liabilities generally contain liabilities with regularly short residual terms, so that it is assumed that the fair values approximate the carrying amounts.

The item loan liabilities to banks includes current and non-current financial liabilities. The fair values of liabilities with remaining terms of more than one year are determined by discounting the cash flows associated with the liabilities, taking into account the current interest rate parameters observable on the market. The Group's individual creditworthiness is taken into account in the form of standard market creditworthiness or liquidity spreads when determining the present value. This procedure corresponds to hierarchy level 2 of IFRS 13.

The category "financial assets measured at fair value through profit or loss" includes, among other things, the fair values of the derivative financial instruments under the balance sheet item financial assets. The fair values 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 procedure corresponds to level 2 in the hierarchy level of IFRS 13.

The following table shows the financial assets that are carried at fair value on a recurring basis after initial recognition and their measurement level according to IFRS 13:

12/31/2019 in EUR thousand

Assets	Level 2	Level 3	Total
Trade receivables			
- Valued at fair value through other income	26,299	-	26,299
Financial assets			
- Valued at fair value through profit or loss	0	20	20
Total assets	26,299	20	26,319

06/30/2020 in EUR thousand

Assets	Level 2	Level 3	Total
Trade receivables			
- Valued at fair value through other income	44,170	-	44,170
Financial assets			
- Valued at fair value through profit or loss	6	20	26
Total assets	44,176	20	44,196

Financial liabilities were not recognized at fair value in the reporting period.

No reclassifications between the individual hierarchies for the purpose of determining fair values were made in the reporting period.

The fair value of trade receivables measured at fair value through other comprehensive income is allocated to level 2. The fair values of trade receivables measured at fair value are derived by reference to transactions in comparable instruments. In particular, the transaction prices are used in the context of the sale of receivables, where the buyer regularly uses the nominal value. In case of a default event, these values are adjusted by the value adjustment requirement.

The AlzChem Group holds an investment in the category "measured at fair value through profit or loss", whose market value is to be allocated to level 3. There were no changes through additions or disposals in the reporting period. In the absence of reliable input parameters for a more complex model and due to the minor importance of these investments 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 effect on the significance of the item for the AlzChem Group or on the net assets, financial position and earnings position of the AlzChem Group. In the 1st half-year 2020, income from these financial assets of EUR 16 thousand (1st half-year 2019: EUR 62 thousand; 2nd quarter 2020: EUR 11 thousand; 2nd quarter 2019: EUR 53 thousand) was recognized, which is disclosed within the financial result.

VI. OTHER EXPLANATIONS

8. EXPLANATIONS ON SEGMENT REPORTING

The presentation of the key figures in the segment reporting follows the internal management reporting.

In the period under review, one customer each contributed at least 10% of total consolidated sales. The sales of this customer, which exceeded the 10% threshold in the respective period, are shown below and are included in the Specialty Chemicals, Basic & Intermediates and Other & Holding segments:

in EUR thousand	2nd quarter 2019	2nd quarter 2020	1st half-year 2019	1st half-year 2020
Sales	-	13,422	19,132	22,317
	-	13,422	19,132	22,317

9. RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

Related persons include persons in key positions of the AlzChem Group.

The companies controlled by the shareholders LIVIA Corporate Development SE, HDI Vier CE GmbH (both based in Munich) and

four two na GmbH, Bichl, and companies controlled by their shareholders or legal representatives are considered related companies of the AlzChem Group.

No transactions were conducted with related companies (as defined above) in the reporting period.

10. SEASONAL INFLUENCES

The business of the AlzChem Group is partly subject to seasonal influences. In particular, the supply cycles for agrochemical products mean that sales and thus EBITDA are slightly higher in the 1st half-year of a fiscal year than in the 2nd half-year.

11. EVENTS AFTER THE BALANCE SHEET DATE

Between the balance sheet date of the 1st half-year 2020 and the date of preparation of the consolidated interim financial statements, there were no events with a material impact on the net assets, financial position and earnings position of the AlzChem Group.

Trostberg, July 31, 2020

AlzChem Group AG

The Management Board



Andreas Niedermaier (CEO)



Klaus Englmaier (COO)



Dr. Georg Weichselbaumer (CSO)

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FINANCIAL CALENDAR

September 21, 2020	Baader Investment Conference
September 22, 2020	Berenberg and Goldman Sachs Ninth German Corporate Conference
September 29, 2020	Family Office Day, Wien
Oktober 11 to November 10, 2020	Quiet Period*
November 11, 2020	Quarterly Statement 3rd Quarter 2020
November 16 to 17, 2020	Deutsches Eigenkapitalforum
November 30, 2020	Berenberg European Conference, London
Dezember 8 to 9, 2020	MKK Münchner Kapitalmarkt Konferenz, München

* During a "Quiet Period", AlzChem Group AG only communicates with the capital market to a limited extent before publishing quarterly and full-year results.

REMARKS

This half-year financial 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.

This half-year financial report is also available in German. In the event of deviations, only the German version is binding.

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