PCC Group
Annual Report 2020

PCC. Creating value together

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Cover photo

Tank farm of advanced sulfonation plant No. 2 of PCC Exol SA for the manufacture of surfactants at the PCC chemicals site in Brzeg Dolny (Poland).

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Gender advisory

For the sake of readability, this report may occasionally make reference to people using masculine or feminine pronouns. All references to persons apply equally to all genders. All readers should feel equally addressed by the content of this report.

We thank you for your understanding.

Preface by the Chairman of the Administrative Board of PCC SE

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

Dear Customers,
Business Partners and Investors,
Colleagues, Employees,
Ladies and Gentlemen,

I am delighted to present to you herewith the annual report of PCC SE for fiscal 2020 which, as in the previous year, has been published in this climate-friendly and cost-conscious digital format. The year under review – 2020 – was hugely impacted by the coronavirus pandemic. While the resultant increase in demand for certain goods in the course of the pandemic exerted a reasonably positive effect on the results of some of our affiliates, developments in relation to the silicon metal project of PCC BakkiSilicon hf. and a persistently marked downward price trend for the chlorine by-products caustic soda lye and caustic soda solid had a significant, adverse impact on the sales and earnings of the PCC Group.

Consolidated sales in fiscal 2020 amounted to € 716.8 million, 6.6 % below the level of the previous year. The main reason for the decline was the drastic drop in average selling prices for chemical feedstocks that resulted from the coronavirus pandemic. Our affiliates were, however, also able to benefit on the purchasing side from these same falling prices. The increasing proportion of higher-value products in our portfolio and the expansion investments completed in 2020, including in the Surfactants and Specialty Chemicals segments (Phosphorus and Naphthalene Derivatives business unit) and in the Intermodal Transport business unit, also had a positive impact on earnings development.

However, our total investment volume of € 66.6 million in 2020 was almost € 100 million lower than in the previous year (€ 163.5 million). This was partly due to the coronavirus pandemic and the associated restrictions, with safety considerations meaning we also had to severely curb access for external companies to our production sites. Many planned capital expenditure projects were therefore postponed or even shelved altogether. Additionally, the prior-year figure still included over € 60 million in capital investment relating to our silicon metal plant in Iceland, which did not start regular operations until the end of 2019. We plan to again significantly expand our capital expenditures in 2021. For example, new investments are earmarked for our Chemicals division and in the Intermodal Transport business unit, which should lead to a surge in growth in the coming years. Our first priority remains to achieve a steady and sustainable increase in our enterprise value. As of December 31, 2020, the valuation of our share portfolio totaled € 853.8 million.

Earnings from core business activities flat versus prior year

Despite the coronavirus pandemic and the continuing losses of the silicon metal business of PCC BakkiSilicon hf., the PCC Group was able to generate gross profit of € 216.5 million in the past fiscal year (previous year: € 252.6 million). Gross margin came in at 30.2 %, thus exceeding our expectations. Consolidated earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) amounted to € 83.8 million (previous year: € 99.0 million), while operating profit (EBIT) totaled € 11.3 million (previous year: € 43.3 million). At the pre-tax level (EBT), however, we made a significant loss of € – 38.4 million (previous year: € 19.3 million). However, adjusted for the losses incurred by PCC BakkiSilicon hf., EBITDA and EBIT of the PCC Group were slightly up on the previous year. In some core businesses of the Chemicals division, earnings actually came in significantly higher than in 2019. At € 115.4 million, operating cash flow also showed a substantial improvement in fiscal 2020 compared to the previous year (€ 93.0 million), despite the pandemic-related impacts and challenges.

Once again, the Chemicals division with its segments Polyols, Surfactants, Chlorine, Specialty Chemicals and Consumer Products was our main revenue generator in 2020. Due to the aforementioned drastic drop in prices for chemical feedstocks, the sales figure achieved of € 578.9 million was significantly lower than in the previous year (€ 646.3 million). By contrast, the Logistics division was able to almost match the sales level of the previous year (€ 97.1 million), with revenues generated across all business units in fiscal 2020 coming in at € 96.0 million.

Sales of the Energy division amounted to € 11.4 million (previous year: € 12.4 million), while the Holding/Projects division generated revenues of € 30.5 million. In the previous year, sales of this latter division had amounted to € 11.6 million, with the revenues of the silicon metal plant of PCC BakkiSilicon hf. having only been included in Group sales from the end of 2019 following the commencement of regular operations there.

The Chemicals division also made by far the largest contribution on the earnings side in 2020. The Polyols and Surfactants segments in particular posted a strong performance. Due to the pandemic, demand for surfactants for the manufacture of detergents, sanitizers and cleaning agents remained at a high level throughout the year. The Polyols segment, on the other hand, initially faced a sharp drop in demand as the coronavirus pandemic took hold. By June 2020, however, demand for polyether polyols for the mattress and furniture industries, among others, again picked up very strongly, with corresponding positive effects on sales and earnings development in this business area. As a further factor, feedstock purchase prices were also more favorable due to the pandemic. Consequently, 2020 saw the polyether polyols business post the best result in its history, with the earnings of the Polyols segment as a whole also showing a significant year-on-year improvement. The Surfactants segment likewise posted a solid improvement in 2020, exceeding the already exceptionally good results of the previous year. In the Chlorine segment, earnings were down year on year due in particular to the aforementioned significantly lower price levels prevailing for the chlorine by-products caustic soda lye and caustic soda solid. Nevertheless, the Chlorine segment, which also includes the MCAA (monochloroacetic acid) business unit, again made a significant, positive contribution to earnings in fiscal 2020. The Specialty Chemicals segment likewise closed 2020 in positive earnings territory. By contrast, the Consumer Products segment again remained in deficit throughout the year under review. The losses incurred are, however, largely attributable to an exceptional item associated with the closure of our matches factory planned for 2021, a measure that we are unfortunately forced to take due to a lack of sufficient commercial viability. Appropriate provisions have been recognized in the annual financial statements of this affiliate for the costs resulting from the closure. By contrast, the largest affiliate in the Consumer Products segment, PCC Consumer Products Kosmet Sp. z o.o., was able to achieve a gratifying turnaround in fiscal 2020, having benefited from the boom in demand for disinfectants, sanitizers and antibacterial soaps, especially at the beginning of the coronavirus pandemic.

PCC's Logistics division remained dominated by PCC Intermodal S.A. in 2020. Due in part to the weak second quarter caused by the pandemic, this affiliate did not quite match the exceptionally good figures achieved in the previous year. In addition, PCC Intermodal S.A. found itself exposed to increased competitive pressure from the road haulage sector as a result of lower fuel prices. Nevertheless, PCC Intermodal S.A. succeeded in holding its own in this difficult market environment. With the lockdown lifted and imports from Asia on the rise again, the operating rates of the train services offered by PCC Intermodal S.A. saw a significant upturn, particularly on the routes between Rotterdam/Antwerp and Poland, and actually reached pre-crisis levels in some cases. The decision taken prior to the coronavirus crisis to invest in further container platforms, which were delivered in the third quarter, was therefore already beginning to pay off before fiscal 2020 drew to a close.

»The year 2020 was hugely impacted by the coronavirus pandemic. However, increased demand in the course of the pandemic had a positive effect on some of our affiliates.«

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

In the Energy division, the Conventional Energies business unit with the power plant of PCC Rokita SA and the combined power and heat utility PCC Energetyka Blachownia Sp. z o.o. remained the strongest contributor to results. Within the Renewable Energies business unit, the number of small hydropower plants in operation remained unchanged at five. The sixth such power plant began trial operations in March 2020. However, final commissioning was postponed beyond the turn of the year due to regulatory issues and is now scheduled for 2021.

In the Holding/Projects division, the main focus continued to be on the still largest project in our corporate history: the silicon metal production plant of PCC BakkiSilicon hf. in Iceland. Due to the drastic collapse in silicon metal prices in the wake of the coronavirus pandemic, this affiliate, like many other silicon metal producers worldwide, was forced to temporarily halt production. During the shutdown phase, necessary modifications to the roof of the facility's filter house were carried out by the plant constructor, an undertaking that took several weeks to complete – time that was additionally utilized for regular maintenance work and outstanding contractually guaranteed upgrades and repairs. Huge efforts were likewise made on improving the commercial side of the business. Currently, prices for silicon metal are again showing a clear upward trend. The plant was therefore restarted at the end of April. By contrast, the business performance of our dimethyl ether (DME) production plant in Russia, which we have been operating together with a Russian joint venture partner in the Tula region since 2019, was much more encouraging. Steadily rising volumes in the course of the year meant that this associate was able to report a turnaround, at least at the EBITDA level.

Expectations for 2021

As in previous years, the PCC Group strategy will in 2021 be resolutely aligned to the sustainable growth of our affiliates and associates in conjunction with a steady increase in their respective enterprise values. As a predominantly long-term investor, the holding company PCC SE will continue to support its Group companies in expanding their particular strengths, while also further optimizing and diversifying its investment portfolio. The focus will be particularly on the geographic expansion of our core business in the high-growth Asian region. And we were able to pass an important milestone in this regard at the end of 2020, with PETRONAS Chemicals Group Berhad, one of Southeast Asia's leading chemical producers, acquiring a stake in our Malaysian subsidiary PCC Oxyalkylates Malaysia Sdn. Bhd. The shareholding was successfully transferred in November 2020. Together with this strong partner, we are planning to establish a production facility for oxyalkylates particularly in the form of specialty chemical solutions in the fields of polyols and surfactants, covering a wide range of industrial applications and aimed at driving the growth of our core business across all segments. Additional growth is also anticipated from the further optimization of our existing production facilities, including our MCAA plant. The Consumer Products segment as a whole is likewise expected to achieve a turnaround in 2021. And we plan to continue expanding the Intermodal Transport business unit by investing in additional terminals and acquiring further locomotives.

Assuming a recovery in the global economy, as has been forecasted by most experts for at least the second half of the year, the earnings curve of the PCC Group should therefore show a significant upturn in 2021. Renewed start-up losses incurred by PCC BakkiSilicon hf. will again weigh on Group earnings in 2021, however – although these should be significantly lower than in the previous year due to higher silicon metal prices and the improvements now achieved on both the technical and purchasing sides. With demand for silicon metal experiencing strong growth, including from new fields of application such as battery manufacturing, there are signs of a significantly improved economic environment developing for our Icelandic plant compared to the difficult start-up phase from 2018 to 2020.

A word of thanks

As is the case every year, but particularly in view of the extraordinary situation we find ourselves in, I would like to extend a huge vote of thanks to you, our employees. With your commitment and dependability, your flexibility and creativity, you have met head-on the challenges of this year marked so indelibly by the pandemic and its multiple constraints. To witness how each and every one of you – individually and in concert – drive our entrepreneurial success makes me proud indeed. My Administrative Board colleagues, the Group management and I are acutely aware that your huge dedication remains the essential basis for our business development going forward.

I must also extend my gratitude to you, our several thousand investors. As our financial backers, your confidence in and commitment to us are, of course, also key to our success. By subscribing to our bonds, a large number of you have supported our progress over many years; indeed, some of you have accompanied us on our journey ever since our first bond issuance in October 1998 – more than two decades ago. The confidence you place in us means we bear a great responsibility, of which we are constantly conscious. Please be assured, therefore, that we will continue to dedicate our efforts to maintaining your faith in us as your partner.

I trust that PCC SE can look forward to enjoying your continued confidence and support as we pursue our long-term investment policy as the basis for the further development of our Group and the platform for steady growth in the enterprise value of our affiliates.

Duisburg, May 2021
Yours

Waldemar Preussner
Chairman of the Administrative Board of PCC SE

Corporate bodies

Administrative Board and Managing Directors of PCC SE

Waldemar Preussner

Chairman of the Administrative Board of PCC SE

In 1993, Waldemar Preussner (62) established the company Petro Carbo Chem Rohstoffhandelsgesellschaft mbH (today: PCC Trade & Services GmbH), utilizing his many years of experience in harnessing the opportunities arising from market liberalization in Eastern Europe. This company remains at the core of today's PCC Group. 1998 then saw the carve-out of the holding company PCC AG, and in 2007 its corporate form was changed to that of a European corporation (SE). Waldemar Preussner is the sole shareholder of PCC SE and Chairman of its Administrative Board. He also holds a number of supervisory board mandates within the PCC Group.

Ulrike Warnecke

Managing director of PCC SE

Ulrike Warnecke (58) has held a number of managerial positions with the PCC Group since PCC was first established. As a Managing Director of the holding company PCC SE, she is primarily responsible for the corporate functions Finance, Human Resources and Public Relations. Her operational responsibilities extend to the segments Specialty Chemicals and Consumer Products. Among other roles, she is also the Managing Director of our most important trading company, PCC Trade & Services GmbH, Vice Chairwoman of the Supervisory Board of PCC Consumer Products S.A. and a member of the Supervisory Board of PCC BakkiSilicon hf.

The Administrative Board of PCC SE is made up of three members:
- Waldemar Preussner, Dipl.-Volkswirt (Chairman)
- Dr. rer. oec. (BY) Alfred Pelzer (Vice Chairman)
- Reinhard Quint

PCC SE is headed by its two Managing Directors:
- Ulrike Warnecke
- Dr. rer. oec. (BY) Alfred Pelzer

Dr. rer. oec. (BY) Alfred Pelzer

Vice Chairman of the Administrative Board and Managing Director of PCC SE

Dr. rer. oec. (BY) Alfred Pelzer (61) has been in managerial positions with PCC since 1995. He has been Vice Chairman of the Administrative Board of PCC SE since 2007. He is also a Managing Director of PCC SE with primary operational responsibility for chemical production as the main revenue generator of our Group, logistics, sales and distribution. He holds a number of supervisory board mandates within the PCC Group, including at PCC Rokita SA, PCC Exol SA, PCC MCAA Sp. z o.o., PCC Synteza S.A. and PCC Intermodal S.A.

Reinhard Quint

Member of the Administrative Board of PCC SE

Reinhard Quint (78) began supporting the PCC Group in an advisory, non-executive capacity in 2002. He has been a member of the Administrative Board of PCC SE since the transformation of the company into a Societas Europaea in 2007. He is also a member of the Corporate Development Council of Duisburger Hafen AG. Prior to that he was for many years Chairman of ThyssenKrupp Services AG (known today as ThyssenKrupp Materials International GmbH) in Essen, Germany.

The Direktinvest unit of PCC SE

PCC bonds: an essential financing instrument since 1998 – flexible and independent of banks

PCC SE finances itself through a combination of equity funds and borrowings, with – in particular – the issuance of corporate bonds (bearer debentures) having been adopted as an essential financing instrument. This allows us as the holding company of the PCC Group to respond quickly to new market or investment opportunities, enabling us to both flexibly finance business purchases and drive the organic growth of our Group without undue reliance on banks. The issuance of bonds to a wide circle of private and institutional investors will therefore remain a central element of our financing strategy going forward. At the same time, we are broadening our funding base through targeted project and loan financing.

PCC is one of Germany's most experienced midmarket issuers of corporate securities: Since the first issuance on October 1, 1998, we have – as of December 31, 2020 – issued 77 bonds and one profit participation certificate. Of these instruments, we have redeemed 56 bonds and the profit participation certificate as of the reporting date, with all interest payments duly made and debt servicing requirements satisfied to schedule.

The relatively small bearer debenture issuance volumes in amounts up to €40 million provide us with the flexibility necessary to cover our financing requirements. At the same time, we benefit from a balanced process of fund inflows and repayment outflows without excessive peak burdens. In keeping with our conservative business philosophy, we only seek funds through our security placements to the extent needed by PCC as a growth-led investor to promote the further development of the Group.

PCC SE bonds per December 31, 2020

PCC. Direktinvest

ISIN	Coupon rate p. a.	Beginning of tenor	End of tenor	Listing	Nominal value in €k as of Dec. 31, 2020
DE000A2E4Z04	4.00 %	Jul. 1, 2017	Apr. 1, 2021	Frankfurt	19,927
DE000A2AAY85	4.00 %	Oct. 17, 2016	Jul. 1, 2021	Frankfurt	23,687
DE000A13SH30	6.75 %	Dec. 1, 2014	Oct. 1, 2021	Frankfurt	19,890
DE000A2YPFD5	2.00 %	Oct. 1, 2019	Dec. 1, 2021	–[1]	2,500
DE000A2G9HY2	3.00 %	Apr. 1, 2018	Feb. 1, 2022	Frankfurt	9,588
DE000A14KJ43	6.50 %	May 1, 2015	Apr. 1, 2022	Frankfurt	16,181
DE000A254TD7	3.00 %	Apr. 30, 2020	May 1, 2022	Frankfurt	14,631
DE000A2GSSY5	4.00 %	Oct. 1, 2017	Jul. 1, 2022	Frankfurt	24,968
DE000A162AQ4	6.00 %	Oct. 1, 2015	Oct. 1, 2022	Frankfurt	24,860
DE000A2TSTW0	3.00 %	Mar. 1, 2019	Feb. 1, 2023	Frankfurt	18,447
DE000A2G8670	4.00 %	Jan. 1, 2018	Apr. 1, 2023	Frankfurt	21,802
DE000A3H2VT6	3.00 %	Nov. 2, 2020	Jul. 1, 2023	Frankfurt	2,845
DE000A2LQZH9	4.00 %	Jul. 1, 2018	Oct. 1, 2023	Frankfurt	28,783
DE000A2YPFX3	3.00 %	Dec. 2, 2019	Jan. 1, 2024	Frankfurt	4,511
DE000A2NBFT4	4.00 %	Oct. 1, 2018	Apr. 1, 2024	Frankfurt	21,124
DE000A2NBJL3	4.00 %	Jan. 1, 2019	Jul. 1, 2024	Frankfurt	24,985
DE000A2TSEM3	4.00 %	Jul. 1, 2019	Oct. 1, 2024	Frankfurt	29,946
DE000A254TZ0	4.00 %	Apr. 1, 2020	Dec. 1, 2024	Frankfurt	34,503
DE000A2YN1K5	4.00 %	Oct. 22, 2019	Feb. 1, 2025	Frankfurt	29,133
DE000A2YPFY1	4.00 %	Dec. 2, 2019	Jul. 1, 2025	Frankfurt	23,818
DE000A3H2VU4	4.00 %	Nov. 2, 2020	Oct. 1, 2025	Frankfurt	6,996

1 Due to shortness of tenor, no plans for inclusion in the open market of the Frankfurt Stock Exchange.

PCC SE securities in circulation

As of December 31, 2020, there were a total of 21 bonds in circulation, representing a combined nominal volume of around €403.6 million. After the balance sheet date, the 4.00 % bond ISIN DE000A2E4Z04 with a placed volume of €19.9 million was redeemed in full on maturity as of April 1, 2021. The bonds of PCC SE currently available for subscription can be found on the internet at www.pcc-direktinvest.eu.

Credible, transparent financial information for our investors

We consistently publish relevant, up-to-date corporate and financial data relating to PCC in a prompt and consistently transparent fashion. All such information can be found on the internet under the PCC.Direktinvest section of www.pcc.eu and also at www.pcc-financialdata.eu. The audited annual financial statements of the PCC Group are likewise available there as PDF downloads, while our online archive provides access to all our past annual and quarterly reports. The PCC.Direktinvest section on www.pcc.eu further contains information relating to any new or upcoming security issuances, as well as to PCC bonds currently in circulation.

PCC Group management in direct dialog with our investors

Several times a year, the PCC Group management enters into direct personal dialog with the investment community. Until the onset of the coronavirus pandemic, PCC SE invited its direct investors once a year, usually in early summer, to our traditional Investors' Day at the PCC Villa, our Group headquarters located in Duisburg-Homberg. Between 1,000 and 1,500 of our investors have over the years regularly availed themselves of this chance to engage directly with the Chairman of the Administrative Board, Waldemar Preussner, and the Managing Directors, Ulrike Warnecke and Dr. Alfred Pelzer, as well as with the decision-makers and product managers of the German Group companies. In addition, we generally hold a series of PCC information evenings for investors and prospective bondholders in several major German cities in the fall of each year. For reasons of safety in the wake of the ongoing coronavirus pandemic, we canceled the Investors' Day and the information evenings scheduled for 2020. Now, however, we are planning to hold our first PCC Internet Investor Conference in order to present this annual report together with our business performance relating to the first quarter of 2021. The first of several such online events in the pipeline, this will similarly offer an opportunity for investors to put their questions directly to the Group management.

PCC SE bond maturities 2020

PCC. Direktinvest

ISIN	Coupon rate p. a.	Beginning of tenor	End of tenor	Listing	Redemption volume in €k
DE000A2E4ZZ4	3.00 %	Jul. 1, 2017	Feb. 1, 2020	Frankfurt	7,481
DE000A14KJ35	6.00 %	May 1, 2015	Apr. 1, 2020	Frankfurt	18,218
DE000A2NBFU2	2.00 %	Oct. 1, 2018	May 1, 2020	–[1]	5,000
DE000A2E4HH0	3.00 %	Oct. 1, 2017	Jul. 1, 2020	Frankfurt	19,210
DE000A162AP6	5.00 %	Oct. 1, 2015	Oct. 1, 2020	Frankfurt	25,000
DE000A2TR422	2.00 %	Apr. 1, 2019	Dec. 1, 2020	–[1]	4,480

1 Due to shortness of tenor, not included in the open market of the Frankfurt Stock Exchange.

PCC affiliates listed in Poland

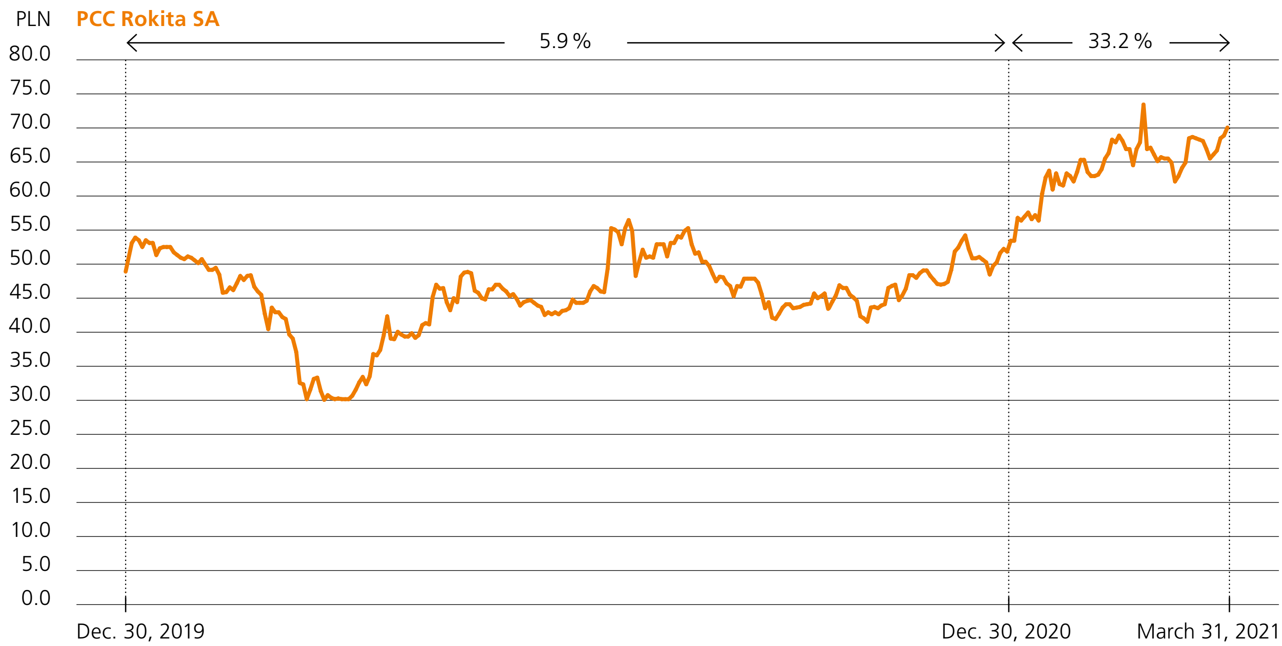
Capitalized share value of the PCC companies listed on the Warsaw Stock Exchange at € 350.5 million

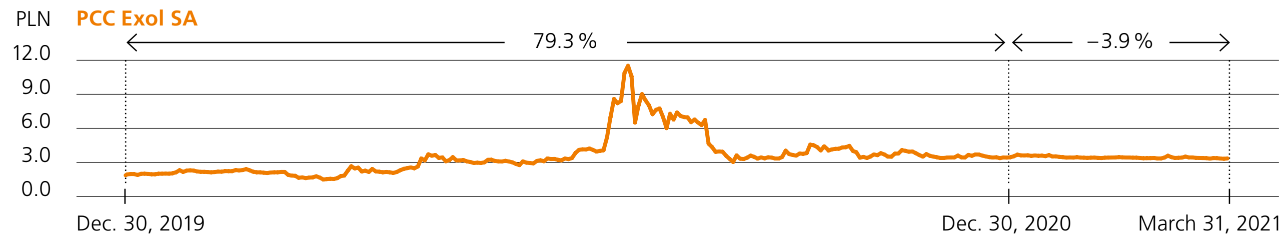
Two PCC Group companies – PCC Rokita SA and PCC Exol SA – are listed on the Warsaw Stock Exchange (GPW). The market value of the shares held by PCC SE and its subsidiaries in these affiliates as of December 31, 2020 was € 299.1 million, while their total market capitalization per the reporting date amounted to the equivalent of € 350.5 million, an increase of 15.8 % versus the previous year. Accelerating economic recovery in the second half of the year and fiscal policy measures have served to support this positive share price performance. PCC holds a clear strategic majority of around 85 % in each of the two listed subsidiaries. The main advantages of stock exchange listings are transparent company valuations, a strengthened equity base for the entities involved, and the possibility of financing future investments through further equity measures. Moreover, strategic minority investors or investment funds can invest in the two companies via the stock exchange.

Reflecting operational business performance, the global stock markets were impacted by the effects of the coronavirus pandemic in 2020. After suffering a historic slump at the start of the pandemic, the major markets recovered over the course of the year. This trend reversal was also clearly evident in chemicals stocks, with the STOXX Europe 600 Chemicals sector index up 7.8 % on the start of the year as of the reporting date.

Following intra-Group restructuring, the shares of PCC SE in the two listed affiliates are now held by our wholly owned subsidiary PCC Chemicals GmbH domiciled in Duisburg.

Price performance of PCC shares on the Warsaw Stock Exchange (GPW)





PCC Rokita SA share price rise 5.9 % in 2020

As of December 30, 2020, the closing price for shares in PCC Rokita SA (PLPCCRK00076) was PLN 51.80, representing an increase of 5.9 % year on year. The market capitalization figure at the end of the year was thus the equivalent of € 225.5 million. The share price has continued to increase in the course of the current fiscal year, rising to a closing value of PLN 69.00 as of March 31, 2021, more than twice the original issue price of PLN 33.16 when the company was first floated in 2014. Including the share packages owned by our subsidiaries, PCC SE holds 84.17 % of the interest in PCC Rokita SA.

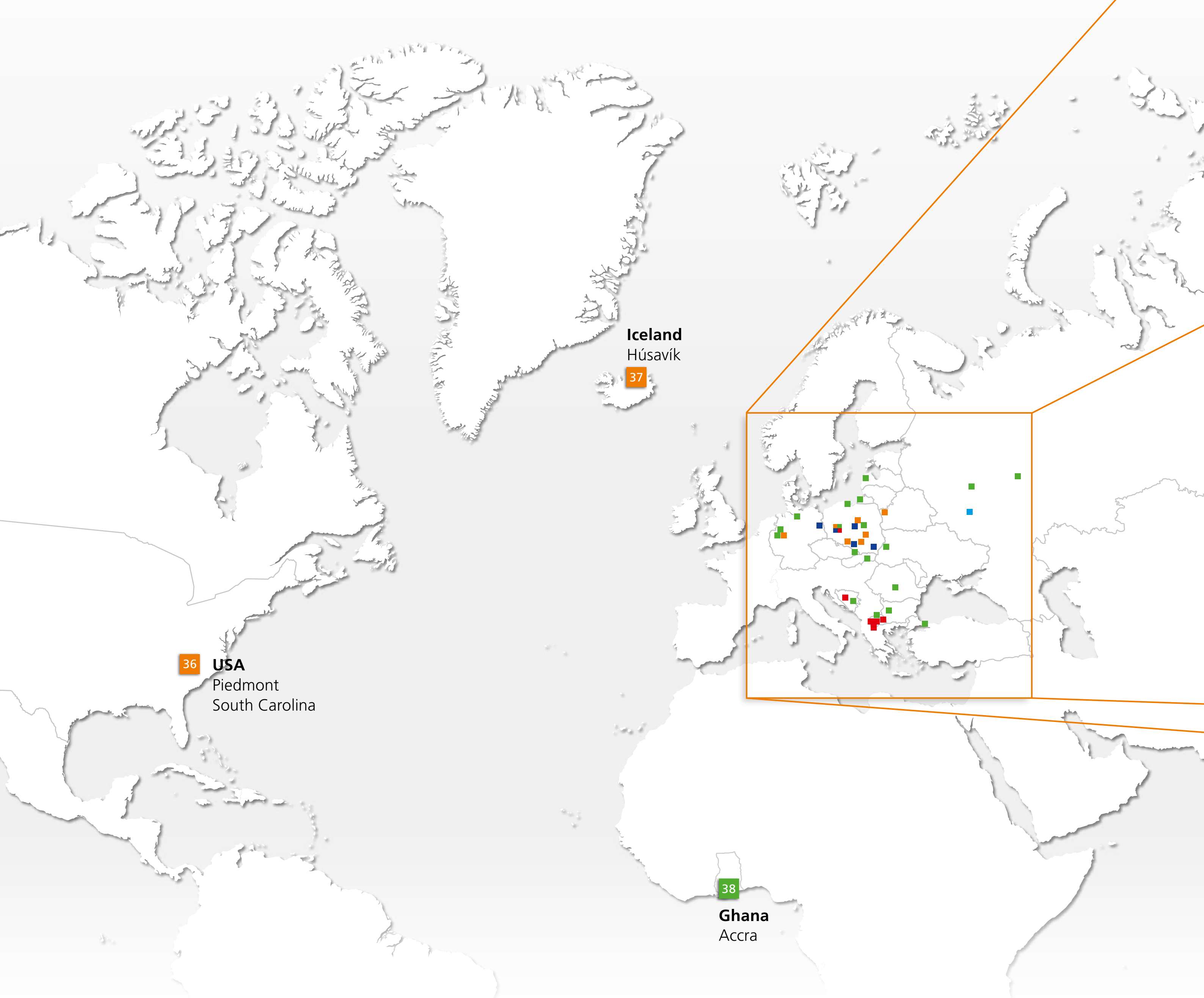
PCC Exol SA sees share price grow 79.3 % in 2020

In the case of PCC Exol SA (PLPCCEX00010), the share price reflects the success with which this surfactants manufacturer combated the crisis to continue its operating business throughout last year. The closing price as of December 30, 2020 was PLN 3.30, representing a strong year-on-year increase of 79.3 %. As a result, the market capitalization value of PCC Exol SA rose to the equivalent of € 125.0 million. The current fiscal year has seen the share price decline slightly to PLN 3.17 as of March 31, 2021, 3.9 % below the 2020 closing price. PCC SE took advantage of market opportunities in the course of 2020 to increase its stake in PCC Exol SA to 87.45 % of its shares, this figure again including the share packages held by our subsidiaries.

PCC Rokita SA again made a significant contribution to Group earnings in 2020. The photo here shows the modern membrane electrolysis plant used in chlorine production by this Group subsidiary in Brzeg Dolny.

PCC Group sites

3,176 employees – 40 sites – 18 countries
The PCC Group companies occupy 40 sites in 18 countries (as of December 31, 2020), with most of our 3,176 employees working in Europe. Beyond these frontiers, the PCC Group is also represented in North America, Asia and Africa.



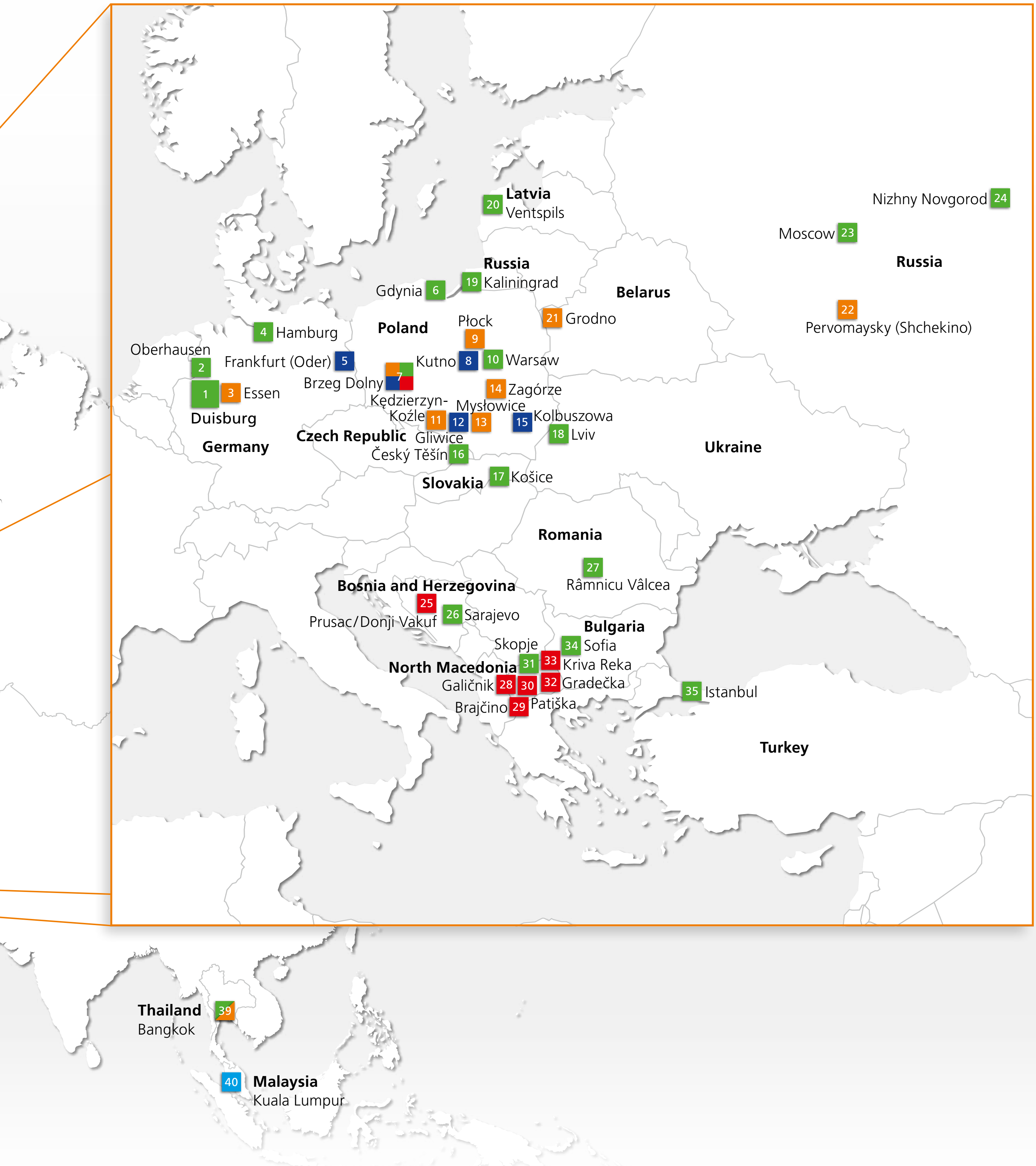
Trading / Sales and distribution / Administration

1 Duisburg (Group headquarters)

All the sites indicated in green are trading companies, sales, distribution and administration units or regional offices.

Production sites

- 3 Essen (DE)
- 7 Brzeg Dolny (PL)
- 9 Płock (PL)
- 11 Kędzierzyn-Koźle (PL)
- 13 Mysłowice (PL)
- 14 Zagórze (PL)
- 21 Grodno (BY)
- 22 Pervomaysky (Shchekino) (RU)
- 36 Piedmont, South Carolina (US)
- 37 Húsavík (IS)
- 39 Bangkok (TH)



Power plants

- 7 Brzeg Dolny (PL)
- 25 Prusac/Donji Vakuf (BA)
- 28 Galičnik (MK)
- 29 Brajčino (MK)
- 30 Patiška (MK)
- 32 Gradečka (MK)
- 33 Kriva Reka (MK) – Trial operation

Container terminals

- 5 Frankfurt (Oder) (DE)
- 7 Brzeg Dolny (PL)
- 8 Kutno (PL)
- 12 Gliwice (PL)
- 15 Kolbuszowa (depot) (PL)

Projects

- 40 Kuala Lumpur (MY)

The structure of the PCC Group

Aside from holding company PCC SE, the PCC Group comprises a total of 78 affiliates in Germany and abroad. The fully consolidated entities are shown on this double page (status as of December 31, 2020). The percentages indicated for the companies in this segment-aligned presentation represent the shares held both directly or indirectly (via subsidiaries) by PCC SE. For a detailed schedule of shareholdings, please refer to Note (44) to the consolidated financial statements at the back of this report.

Polyols segment

Polyols business unit
of PCC Rokita SA
Brzeg Dolny (Poland)
(84.17 %)

PCC Prodex Sp. z o.o.
Brzeg Dolny (Poland)
(84.17 %)

PCC Prodex GmbH
Essen (Germany)
(100 %)

PolyU GmbH
Oberhausen (Germany)
(100%)

PCC PU Sp. z o.o.
Brzeg Dolny (Poland)
(84.17 %)

PCC Therm Sp. z o.o.
Brzeg Dolny (Poland)
(100 %)

PCC Bulgaria EOOD
Sofia (Bulgaria)
(100 %)

IRPC Polyol Company Ltd.*
Bangkok (Thailand)
(42.09 %)

PCC Insulations GmbH
Duisburg (Germany)
(100 %)

Surfactants segment

PCC Exol SA
Brzeg Dolny (Poland)
(87.45 %)

PCC Chemax, Inc.
Piedmont, SC (USA)
(87.45 %)

PCC Exol Kimya Sanayi
ve Ticaret Limited Şirketi
Istanbul (Turkey)
(85.81 %)

Chlorine segment

Chlorine business unit
of PCC Rokita SA
Brzeg Dolny (Poland)
(84.17 %)

MCAA SE
Brzeg Dolny (Poland)
(100 %)

PCC MCAA Sp. z o.o.
Brzeg Dolny (Poland)
(98.88 %)

Specialty Chemicals segment

Phosphorus and Naphthalene Derivatives business
unit of PCC Rokita SA
Brzeg Dolny (Poland)
(84.17 %)

PCC Synteza S.A.
Kędzierzyn-Koźle (Poland)
(100 %)

PCC Silicium S.A.
Zagórze (Poland)
(99.99 %)

PCC Specialties GmbH
Oberhausen (Germany)
(100 %)

Commodity Trading business unit

PCC Trade & Services GmbH
Duisburg (Germany)
(100 %)

PCC MORAVA-CHEM s.r.o.
Český Těšín (Czech Republic)
(100 %)

NOVOBALT terminal

AO Novobalt Terminal
Kaliningrad (Russia)
(100 %)

EURO URETHANE

S.C. EURO Urethane S.R.L.
Râmnicu Vâlcea (Romania)
(58.72 %)

* Joint venture consolidated using the equity method

PCC SE, holding company of the PCC Group, Duisburg (Germany)

Consumer Products segment

PCC Consumer Products S.A.
Brzeg Dolny (Poland)
(100 %)

PCC Consumer Products Kosmet Sp. z o.o.
Brzeg Dolny (Poland)
(100 %)

OOO PCC Consumer Products Navigator
Grodno (Belarus)
(100 %)

OOO PCC Consumer Products
Moscow (Russia)
(100 %)

PCC Packaging Sp. z o.o.
Brzeg Dolny (Poland)
(100 %)

Energy segment

Energy business unit of PCC Rokita SA
Brzeg Dolny (Poland)
(84.17 %)

PCC Energetyka Blachownia Sp. z o.o.
Kędzierzyn-Koźle (Poland)
(84.46 %)

PCC DEG Renewables GmbH
Duisburg (Germany)
(60 %)

GRID BH d.o.o.
Sarajevo (Bosnia and Herzegovina)
(51.37 %)

PCC HYDRO DOOEL Skopje
Skopje (North Macedonia)
(60 %)

PCC NEW HYDRO DOOEL Skopje
Skopje (North Macedonia)
(60 %)

PCC Izvorsko EOOD
Sofia (Bulgaria)
(100 %)

Logistics segment

PCC Intermodal S.A.
Gdynia (Poland)
(98.80 %)

PCC Intermodal GmbH
Duisburg (Germany)
(98.80 %)

PCC Autochem Sp. z o.o.
Brzeg Dolny (Poland)
(84.17 %)

ZAO PCC Rail
Moscow (Russia)
(100 %)

Holding / Projects segment

PCC Chemicals GmbH
Duisburg (Germany)
(100 %)

Headquarters business unit of PCC Rokita SA
Brzeg Dolny (Poland)
(84.17 %)

PCC IT S.A.
Brzeg Dolny (Poland)
(100 %)

PCC Apakor Sp. z o.o.
Brzeg Dolny (Poland)
(83.82 %)

distripark.com Sp. z o.o.
Brzeg Dolny (Poland)
(92.09 %)

Ekologistyka Sp. z o.o.
Brzeg Dolny (Poland)
(84.17 %)

LabMatic Sp. z o.o.
Brzeg Dolny (Poland)
(84.17 %)

ChemiPark Technologiczny Sp. z o.o.
Brzeg Dolny (Poland)
(84.17 %)

Aqua Łososiowice Sp. z o.o.
Brzeg Dolny (Poland)
(84.17 %)

Projects business unit

PCC Integrated Chemistries GmbH
Duisburg (Germany)
(100 %)

PCC BakkiSilicon hf.
Húsavík (Iceland)
(86.50 %)

PCC Seaview Residences ehf.
Húsavík (Iceland)
(100 %)

OOO DME Aerosol *
Pervomaysky (Russia)
(50 %)

Elpis Sp. z o.o.
Brzeg Dolny (Poland)
(85.81 %)

PCC Oxyalkylates Malaysia Sdn. Bhd. *
Kuala Lumpur (Malaysia)
(50 %)

CATCH66 GmbH
Duisburg (Germany)
(100 %)

* Joint venture consolidated using the equity method

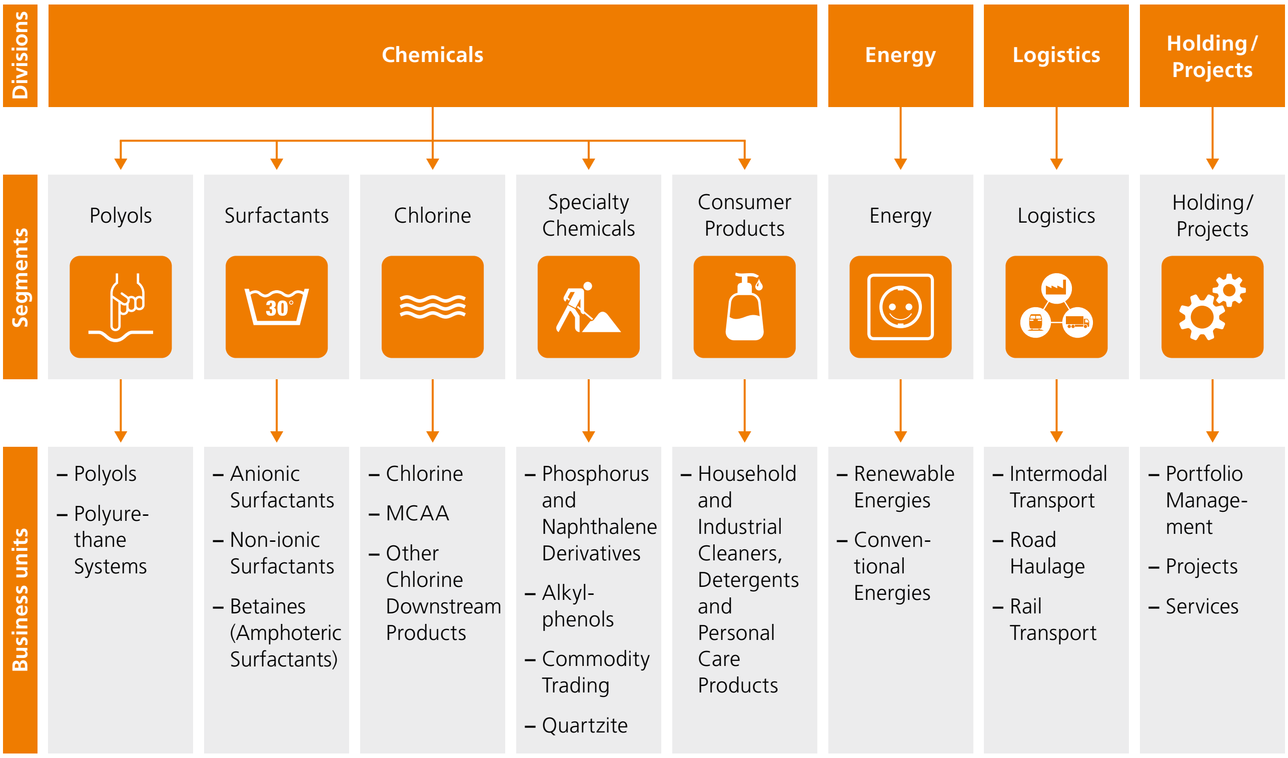
Group management report

Despite the coronavirus-related decline in commodity prices, the PCC Group generated consolidated sales of € 716.8 million in fiscal 2020, representing a decrease of 6.6 % year on year. At the pre-tax level (EBT), we recorded a deficit of € –38.4 million. Adjusted for the loss posted in respect of our silicon metal production plant, however, both our operating result (EBIT) and our EBITDA showed an improvement on good prior-year figures.

Organization of the PCC Group

The PCC Group has some 3,200 employees working at 40 sites in 18 countries. Our investment portfolio is divided into eight segments. The seven segments Polyols, Surfactants, Chlorine, Specialty Chemicals, Consumer Products, Energy and Logistics are assigned full operational responsibility. Allocated to these seven segments are a total of 18 business units that are managed by our international companies and entities. The eighth segment, Holding/Projects, comprising our parent and holding company PCC SE together with other companies and entities, is primarily responsible for providing corporate services in the fields of finance, business development, information technology, environmental protection, site infrastructure management, research & development, engineering & technology and maintenance & repair. In addition, PCC BakkiSilicon hf. (silicon metal production in Iceland), OOO DME Aerosol (dimethyl ether production in Russia), PCC Oxyalkylates Malaysia Sdn. Bhd. (planned oxyalkylates production project in Malaysia) and a number of smaller project companies are also managed within this segment.

The divisions, segments and business units of the PCC Group

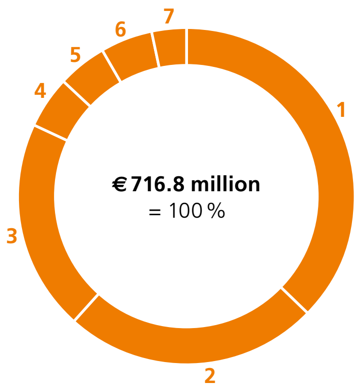


The group strategy of PCC is geared to sustainable corporate investment and business development, with the primary objectives of generating and steadily growing enterprise value. As a growth-led investor predominantly aligned to the long term, the holding company PCC SE supports its portfolio of affiliated businesses in their entrepreneurial development and in the expansion of their various specific strengths. The existing investment portfolio is subject to a regime of proactive management and continual optimization. Group policy encompasses both ongoing scrutiny of further projects and acquisitions with the objective of competence-related diversification into new market segments. On the other hand, non-core activities are developed only to a certain degree of market maturity and then offered for sale or otherwise divested. Overall, this is intended to secure further sustainable growth in the long term.

For the purpose of our financial communication, we pool our business activities within seven regions: Germany, Poland, Other EU Member States, Other Europe, USA, Asia, and Other Regions. In fiscal 2020, we generated 20.2 % (previous year: 23.3 %) of our sales with customers in Germany, with 37.4 % attributable to customers in Poland (previous year: 36.1 %). Including PCC SE, the consolidated financial statements of the PCC Group for 2020 cover a scope of 49 fully consolidated entities. There are also three joint ventures accounted for using the equity method.

Sales 2020 by region in %

1	Poland	**37.4 %**	4	Other Regions	**5.1 %**
2	Other EU Member States	**24.4 %**	5	Asia	**5.0 %**
3	Germany	**20.2 %**	6	Other Europe	**4.8 %**
			7	USA	**3.1 %**

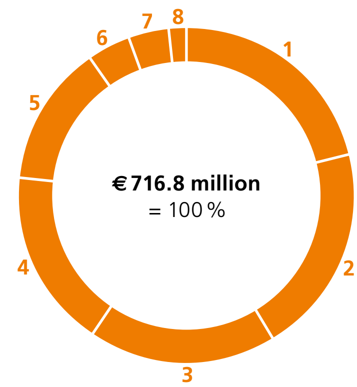


Core business activities

Consolidated sales in fiscal 2020 amounted to € 716.8 million, thus coming in € 50.7 million or 6.6 % below the corresponding figure of € 767.5 million for the previous year. For 2020, the PCC Group anticipated an increase in sales and therefore fell significantly short of expectations, due essentially to the pandemic. One of the main causes was the drastic slump in average selling prices for chemical commodities that resulted from the coronavirus pandemic. As a result, the Chemicals division's sales declined substantially more markedly (by € 67.4 million or 10.4 %) than Group revenue as a whole. With € 578.9 million or 80.8 % of consolidated sales (previous year: 84.2 %), the Chemicals division nevertheless remained the Group's primary source of revenues. Despite pandemic-related influences, sales of the Logistics division remained almost constant at € 96.0 million in fiscal 2020 (previous year: € 97.1 million). As a result, this division's share of Group sales increased to 13.4 % (previous year: 12.7 %). Sales in the Energy segment decreased by 8.1 % to € 11.4 million (previous year: € 12.4 million). Revenues in the Holding/Projects segment grew by € 18.8 million to € 30.5 million. The main reason for this was the higher sales figure reported by PCC BakkiSilicon hf. due to the fact that this entity had only just started regular operations by the end of the previous fiscal year. Business development in the individual Group segments again varied greatly, as the following detailed analysis shows.

Sales 2020 by segment in %

1	Specialty Chemicals	**21.4 %**	5	Logistics	**13.4 %**
2	Polyols	**20.2 %**	6	Holding/Projects	**4.3 %**
3	Chlorine	**18.3 %**	7	Consumer Products	**3.8 %**
4	Surfactants	**17.2 %**	8	Energy	**1.6 %**



Business performance by segment

Polyols

Polyols are basic feedstocks used in the production of polyurethane (PU) foams and PU systems that have a wide range of applications in a large number of industries. Flexible PU foams are used, among other things, in the manufacture of comfortable mattresses. Rigid PU foams are employed in the refrigeration industry for insulation purposes and in the construction industry as sealing foam. Special prepolymer foams are used, for instance, in the production of polishing discs for the automotive industry, while PU systems are employed e.g. in thermal insulation systems, in block constructions incorporating thermal insulation panels, and as polyurethane adhesives for mining applications.

The Polyols segment comprises the Polyols and Polyurethane Systems business units. Managed under this segment are the corresponding business unit of PCC Rokita SA, Brzeg Dolny (Poland), i.e. its Polyols business unit engaged in the production and sale of polyether polyols, and PCC PU Sp. z o.o., Brzeg Dolny, which focuses on the manufacture, sale and distribution of polyester polyols. The Polyols segment also includes the specialty foam and polishing disc manufacturer PCC Prodex GmbH, Essen (Germany), and the systems house PCC Prodex Sp. z o.o., Brzeg Dolny (Poland), as well as the intermediate holding company PCC Insulations GmbH, Duisburg (Germany), under which all our activities relating to the production, sale and distribution of insulation and other building materials are pooled. PCC Therm Sp. z o.o., Brzeg Dolny, and PCC Bulgaria EOOD, Sofia, as well as the corresponding business area of the Czech company PCC Morava-Chem s.r.o., Český Těšín, also count among these reassigned entities. As of 2020, the business activities of these affiliates were still in their developmental phase, with the timeline somewhat shifted due to the advent of the coronavirus pandemic. This also applies to the activities of PolyU GmbH, Oberhausen (Germany), within which our development activities aligned to customer-specific specialty products were merged in 2020. The Polyols segment is completed by the Thai company IRPC Polyol Company Ltd., Bangkok, in which the PCC Group holds a 50 % stake through a joint venture entered into with Thailand's IRPC Public Company Ltd. This company is accounted for within the Group using the equity method. The number of employees in the Polyols segment at year-end was 237 (previous year: 265).

The Polyols segment generated sales of € 144.5 million in fiscal 2020, an increase of 2.4 % versus the previous year (€ 141.1 million). The share of Group sales rose to 20.2 % (previous year: 18.4 %). Sales fell short of expectations due to the pandemic, but in terms of earnings, the Polyols segment closed fiscal 2020 significantly up on the previous year and also much better than had been expected before the coronavirus crisis. This positive development was driven by the performance of our Polyether Polyols unit. As a result of the coronavirus pandemic, sales and earnings in this business area (as in all others) initially slumped sharply, but from mid-June, demand from the furniture and mattress industries showed signs of increasing recovery. In addition, there was a partial shortfall in the European polyether polyols market resulting from an explosion accident at a Spanish chemicals park in January 2020. The competitor affected by this has not yet resumed production. Consequently, selling prices for polyether polyols rose significantly in the course of the year. As a result, the Polyols business unit was able to utilize its five production lines to full capacity, while at the same time also benefiting from lower purchase prices for inputs such as propylene oxide and ethylene oxide. The increasing proportion of higher-value specialty polyols in the product portfolio also had a positive effect.

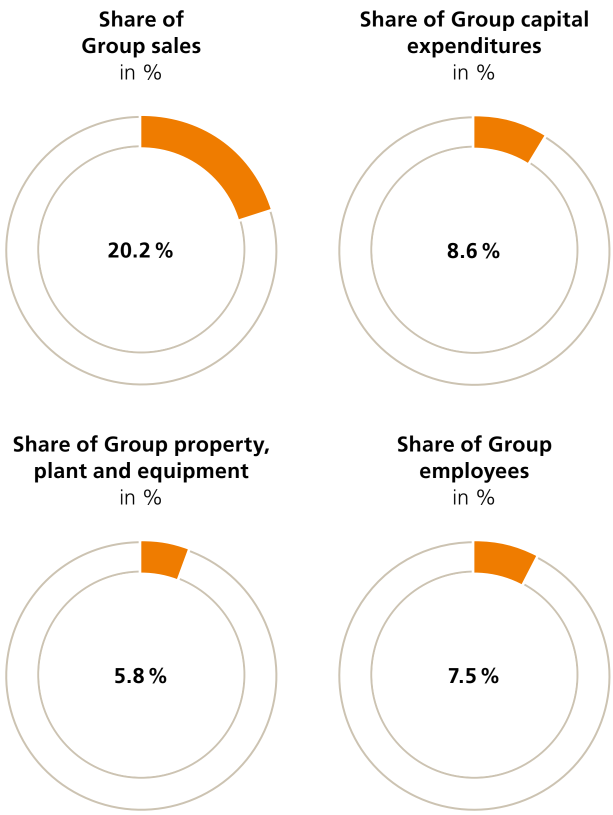
The development and expansion of the polyester polyols, polyurethane systems, specialty foam and polishing discs busi-

Polyols segment Figures in € m	**2020**	**2019**	Absolute change	Relative change
Net external sales, consolidated	**144.5**	141.1	3.4	2.4 %
Sales to other PCC segments	**32.8**	31.2	1.6	5.2 %
Total sales of the segment (total operating output)	**177.2**	172.2	5.0	2.9 %
EBITDA	**23.9**	8.2	15.7	> 100 %
Property, plant and equipment	**49.4**	51.4	−2.0	−4.0 %
Capital expenditures on intangible assets and property, plant and equipment	**5.8**	6.5	−0.7	−11.2 %
Employees (at Dec. 31)	**237**	265	−28	−10.6 %

nesses together with the insulation and other construction materials business area experienced a slowdown in 2020 due to the coronavirus pandemic and consequently all continued to post losses. Thanks to the recovery in demand over the course of the year, PCC PU Sp. z o.o. and PCC Prodex GmbH were at least able to improve their performance compared to the previous year. And, for the first time, the Thai joint venture IRPC Polyol Company Ltd. achieved a positive earnings result. The sharp rise in demand in Southeast Asian countries as a result of the pandemic-related lockdown of the Chinese economy in the second quarter of 2020, which upturn gratifyingly continued even after China reopened, can be cited as a key reason for this. Thanks to the positive development of the Polyether Polyols business area, the Polyols segment closed fiscal 2020 with profits overall significantly up on the previous year, enabling it to make a substantial, positive contribution to Group earnings.

Diversification of the product portfolio of the Polyols segment is set to continue and expand in the future as a means of strengthening the basis for success in this segment going forward. Among the points of focus in this regard will be the development of customer-specific applications. These activities were brought together under the umbrella of PolyU GmbH in 2020 in order to both make better use of synergy effects and reduce cost levels. The acquisition of a further milling machine for PCC Prodex GmbH in Essen, which was decided upon in 2020, constitutes a further step toward permanently increasing the efficiency of polishing disc production at this site. The associated improvements in earnings should now lead to a turnaround at this affiliate in 2021. Geographic expansion is also to be further promoted, especially into the markets of Asia, which continue to exhibit dynamic growth. This applies not only to the Polyols segment, but also across all segments and core businesses of the PCC Group. At the end of 2020, PCC SE reached a further important milestone in this context with conclusion of the sale of 50 % of the shares in its Malaysian subsidiary PCC Oxyalkylates Malaysia Sdn. Bhd. to PETRONAS Chemicals Group Berhad (PCG). Together with PCG, one of Southeast Asia’s leading integrated chemical

Key facts and figures for the Polyols segment 2020



producers, PCC SE plans to develop the various emerging markets for oxyalkylates (a group of chemicals comprising non-ionic surfactants and polyether polyols) located in this growth region.

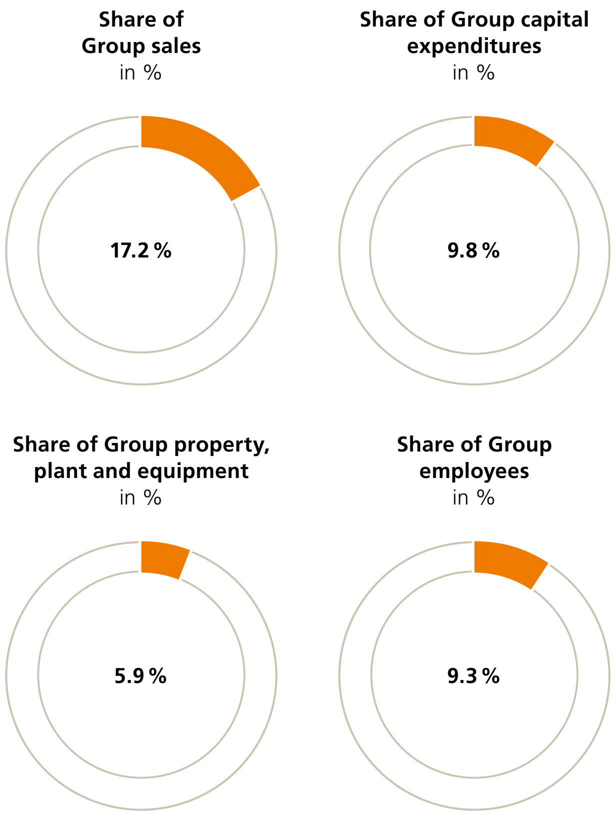
Surfactants

Surfactants – or surface-active agents – have an extremely wide range of applications. They reduce the surface tension of a liquid or the interfacial tension between, for example, a solid surface and a liquid. The actions they produce include foaming, wetting, emulsifying and cleaning. Surfactants are basic components of laundry and home care cleaners and detergents, other cleaning agents, and personal care products. They are also used, for example, in the textile and agrochemicals industries as well as in the production of lubricants, paints, coatings and plastics.

The Surfactants segment is divided into the business units Anionic Surfactants, Non-ionic Surfactants and Betaines (Amphoteric Surfactants). Its portfolio includes PCC Exol SA, Brzeg Dolny, its Turkish sales company in Istanbul and PCC Chemax, Inc. in Piedmont (South Carolina, USA). This segment generated sales of € 123.1 million in 2020, on a par with the previous year (€ 123.2 million). Its share of total sales of the PCC Group increased by 1.1 percentage points to 17.2 %. The number of employees at year-end was 296 (previous year: 289).

The dominant affiliate in this segment continues to be PCC Exol SA, which once again improved its performance in 2020 compared to an already highly successful previous year. The increasing share of specialty products with higher margins in the product portfolio was of particular significance in this respect. In addition, PCC Exol SA was able to benefit in 2020 from lower prices for its main raw materials ethylene oxide and fatty alcohols. Consequently, PCC Exol SA and, with it, the Surfactants segment as a whole once again closed fiscal 2020 with a successful set of figures at all earnings levels, outperforming those of the previous year. The other portfolio companies managed in this segment likewise made positive contributions to the results achieved.

Key facts and figures for the Surfactants segment 2020



As in the case of the Polyols segment, the PCC Group also plans to further diversify its product portfolio in the Surfactants segment and thus to continuously expand the proportion of higher-value specialty products. We are also aiming to increase our internationalization right across the segment, with a particular focus on the Asian market. In addition, we expect a new plant for the production of high-quality specialty surfactants to come on stream at the Brzeg Dolny site in the second quarter of 2021. This will enable ongoing expansion of the product portfolio, while at the same time improving the segment's competitiveness.

Surfactants segment Figures in € m	**2020**	2019	Absolute change	Relative change
Net external sales, consolidated	**123.1**	123.2	−0.2	−0.1 %
Sales to other PCC segments	**26.5**	27.3	−0.7	−2.7 %
Total sales of the segment (total operating output)	**149.6**	150.5	−0.9	−0.6 %
EBITDA	**15.7**	13.0	2.7	20.5 %
Property, plant and equipment	**50.4**	49.7	0.7	1.3 %
Capital expenditures on intangible assets and property, plant and equipment	**6.6**	9.6	−3.0	−31.5 %
Employees (at Dec. 31)	**296**	289	7	2.4 %

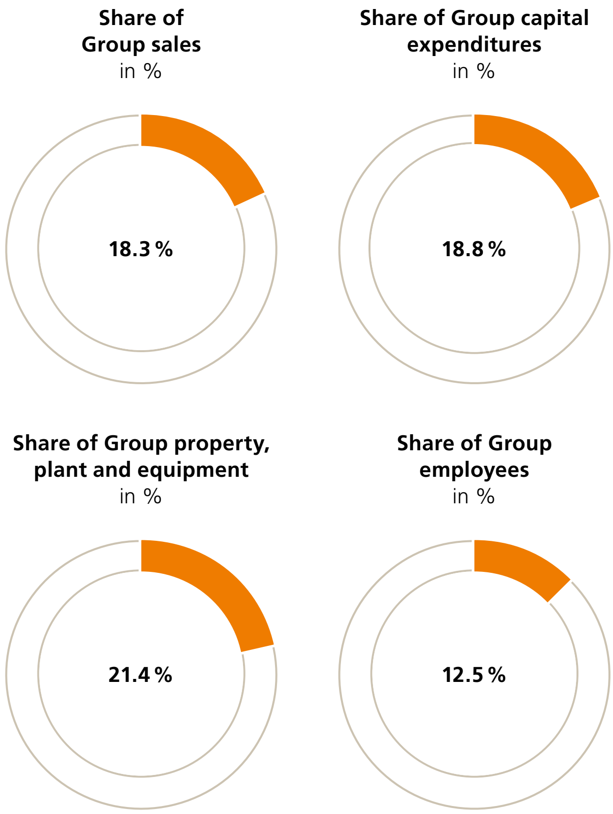
Chlorine

Chlorine is one of the most important and most-produced raw materials used in the chemicals industry. Within the PCC Group, it is used, among other things, for the production of propylene oxide for polyols production, and as a feedstock for the manufacture of monochloroacetic acid (MCAA) and phosphorus derivatives. Chlorine is also employed as a disinfectant and, like various chlorine co-products and derivatives, is used in water management and petrochemistry.

The Chlorine segment is divided into three business units: Chlorine, MCAA, and Other Chlorine Downstream Products. This segment includes the corresponding Chlorine business unit of PCC Rokita SA, MCAA SE and PCC MCAA Sp. z o.o., all located in Brzeg Dolny. Sales in this segment amounted to € 131.2 million in 2020, down 15.2 % versus the previous year (€ 154.8 million). The share of Group sales decreased to 18.3 % (previous year: 20.2 %). The segment employed 396 people as of the end of the past fiscal year (previous year: 399).

The main reason for the decline in sales was the sharp fall in selling prices, particularly in the Chlorine business unit, for the co-products caustic soda solid and caustic soda lye that occur during chlorine production. One reason for this development was the increasing supply of caustic soda from China and India. Secondly, the regional supply of caustic soda also increased further compared to previous years, with local competitors of PCC Rokita SA resuming full-year chlorine production in fiscal 2020 following the completion of upgrades to their manufacturing facilities. The previous year had seen a series of temporary interruptions to such supplies. Despite this challenging market environment, the Chlorine business unit closed the 2020 fiscal year well in the black, although with profits falling short of the previous year's results.

Key facts and figures for the Chlorine segment 2020



Within the MCAA business unit, on the other hand, sales remained at the prior-year level. Although PCC MCAA Sp. z o.o. had to absorb the loss of a previous major customer, which was taken over by a competitor in 2020, the ensuing shortfall was almost completely offset thanks to the pandemic-related high demand for monochloroacetic acid, which is used among other things for the production of skin-friendly surfactants (betaines). In addition, this affiliate also benefited from favorable raw material purchase prices (for acetic acid, among others). At the same time, the production process and its input factors were further optimized. At least at the

Chlorine segment Figures in € m	**2020**	**2019**	Absolute change	Relative change
Net external sales, consolidated	**131.2**	154.8	−23.6	−15.2 %
Sales to other PCC segments	**71.9**	76.2	−4.2	−5.6 %
Total sales of the segment (total operating output)	**203.2**	231.0	−27.8	−12.0 %
EBITDA	**38.9**	55.7	−16.8	−30.1 %
Property, plant and equipment	**183.6**	203.9	−20.2	−9.9 %
Capital expenditures on intangible assets and property, plant and equipment	**12.5**	27.7	−15.2	−54.9 %
Employees (at Dec. 31)	**396**	399	−3	−0.8 %

operating level, PCC MCAA Sp. z o.o. was therefore able to significantly exceed both its good prior-year result and expectations for fiscal 2020. At the pre-tax level, however, a loss in the low single-digit million range was reported due to the devaluation of the Polish złoty against the euro and the resultant currency translation effects as of year-end, which are non-cash and therefore have no effect on liquidity.

Specialty Chemicals

The portfolio of the Specialty Chemicals segment is particularly broad: Our manufactures range from phosphorus-based flame retardants, plasticizers and stabilizers to additives for hydraulic oils and admixtures formulated to improve the working properties of fresh concrete. The traditional commodity trading business of the PCC Group and our quartzite quarry in Poland have also remained part of this segment to date.

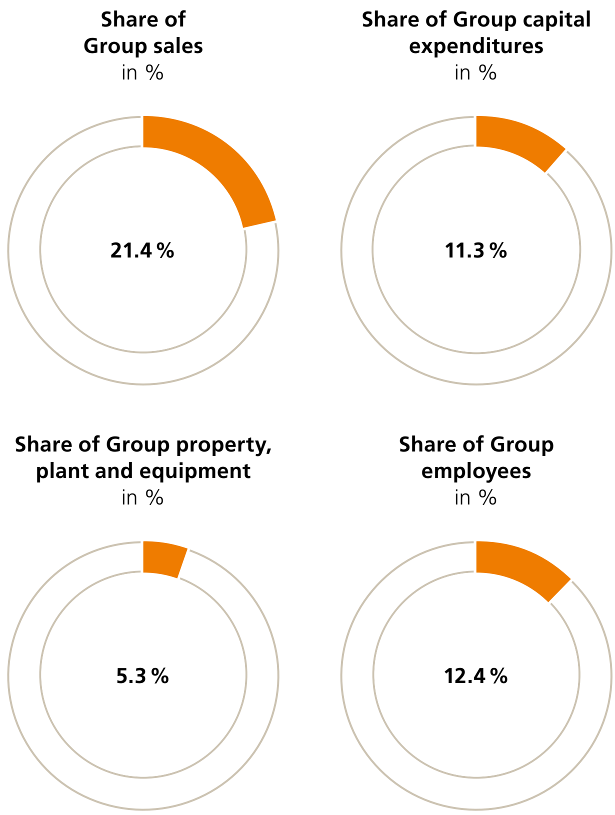
The Specialty Chemicals segment comprises the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA, the alkylphenol manufacturer PCC Synteza S.A., Kędzierzyn-Koźle (Poland), and the following companies: PCC Trade & Services GmbH, Duisburg (Germany), PCC Morava-Chem s.r.o., Český Těšín (Czech Republic), AO Novobalt Terminal, Kaliningrad (Russia), PCC Silicium S.A., Zagórze (Poland), and S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea (Romania). Also included in this segment is PCC Specialties GmbH, Oberhausen, the business operations of which were taken over by PolyU GmbH in 2020. Since then, PCC Specialties GmbH has not been engaged in any form of business activity. PolyU GmbH, which was still in its developmental phase in 2020, has been reallocated to the Polyols segment. Overall, the Specialty Chemicals segment generated sales of €153.2 million in the past fiscal year. This thus fell short of the previous year's figure of €205.6 million by 25.5%, mainly due to the collapse in commodity price levels resulting from the coronavirus pandemic. Nevertheless, the segment remained the Group's strongest revenue generator. The number of employees at year-end decreased to 395 (previous year: 403).

Once again, PCC Trade & Services GmbH was the main sales driver in the Specialty Chemicals segment in 2020. However, due to the pandemic, sales and earnings of this affiliate were significantly lower than in the previous year and also below our expectations. The main reasons here were the decline in demand for coke and anthracite from the steel industry, among others, and the drastic slump in the price of crude oil – a primary indicator of basic chemical commodity price trends – at the beginning of the pandemic. In parallel with the decline in sales, however, the cost of materials also decreased, with the result that PCC Trade & Services GmbH was still able to close fiscal 2020 in positive territory, despite the difficult market environment. The commodity trading activities of PCC Morava-Chem s.r.o., on the other hand, again resulted in a deficit. However, thanks to an unplanned major order for Russian anthracite in the second quarter, losses were significantly lower overall than in the previous year and than originally expected. Nevertheless, in the absence of further unexpected orders, it can be assumed that the trading business of this affiliate is likely to lose further significance going forward. At PCC Trade & Services GmbH, by contrast, the commodity trading business began to pick up toward the end of the year, with the trend continuing well into fiscal 2021. Prices for chemical feedstocks and also for coke and anthracite have again started to show an upward trend. Moreover, the availability of coke oven by-products, which form part of the core business of PCC Trade & Services GmbH, is also on the rise once more compared to the previous year, as Russian coke plants in particular have ramped up their production in response to the sharp rise in demand from the countries of Asia (particularly China) that are now enjoying renewed economic growth.

Specialty Chemicals segment Figures in €m	**2020**	2019	Absolute change	Relative change
Net external sales, consolidated	**153.2**	205.6	−52.4	−25.5 %
Sales to other PCC segments	**8.2**	24.0	−15.9	−66.0 %
Total sales of the segment (total operating output)	**161.4**	229.7	−68.3	−29.7 %
EBITDA	**9.3**	10.5	−1.2	−11.1 %
Property, plant and equipment	**45.6**	46.0	−0.4	−0.9 %
Capital expenditures on intangible assets and property, plant and equipment	**7.5**	15.8	−8.3	−52.3 %
Employees (at Dec. 31)	**395**	403	−8	−2.0 %

Alkylphenol manufacturer PCC Synteza S.A. and the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA both closed fiscal 2020 in positive territory. However, sales and earnings of PCC Synteza S.A. remained significantly below the previous year and also below our expectations, partly due to the initial sharp drop in demand caused by the pandemic. The Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA, on the other hand, was able to significantly exceed both the good prior-year results and our earnings expectations for 2020. Although this business unit also initially experienced a sharp drop in demand in the second quarter due to the pandemic, this trend had already reversed by summer 2020. As a result, prices for admixtures and additives for the construction industry and also for phosphorus-based flame retardants rose again significantly. In the case of certain flame retardants, the lack of imports from China had the effect of further accelerating the upward trend. The expansion of production capacity for highly specialized, innovative phosphorus derivatives also had a positive impact on the sales and earnings development of this business unit. The last stage of commissioning of the corresponding production facility with an annual capacity of 3,000 metric tons was successfully completed in the fourth quarter of 2020. This plant will contribute to further growth in this business unit on a full-year basis in 2021. New growth opportunities should also arise for PCC Synteza S.A. in 2021 as a result of the development of specialty chemicals planned jointly with PCC Rokita SA and PolyU GmbH.

Key facts and figures for the Specialty Chemicals segment 2020



The sales and earnings performance of PCC Silicium S.A. remained below the levels of the previous year due to a lack of quartzite deliveries to PCC BakkiSilicon hf. in Iceland. This was compounded by negative currency effects, as a result of which the company reported an overall loss. At least at the operating level, however, PCC Silicium S.A. ended fiscal 2020 on a clearly positive note and also significantly better than expected. This is partly due to the continued high level of sales to customers in the ferroalloy industry of quartzite grades that are not suitable for the silicon metal production of PCC BakkiSilicon hf. PCC Silicium S.A. also benefited almost throughout the year (with the exception of the vacation month of August) from the large number of new infrastructure projects in the region and the associated persistently strong demand for ballast for the construction of roads and railroad tracks. In August 2020, the company received a new license for quartzite extraction on an additional 8.9 hectares (22 acres) of land, valid until 2040. Thus, in 2020, an important foundation stone was laid for securing the future of PCC Silicium S.A. and the long-term supply of raw material to PCC BakkiSilicon hf.

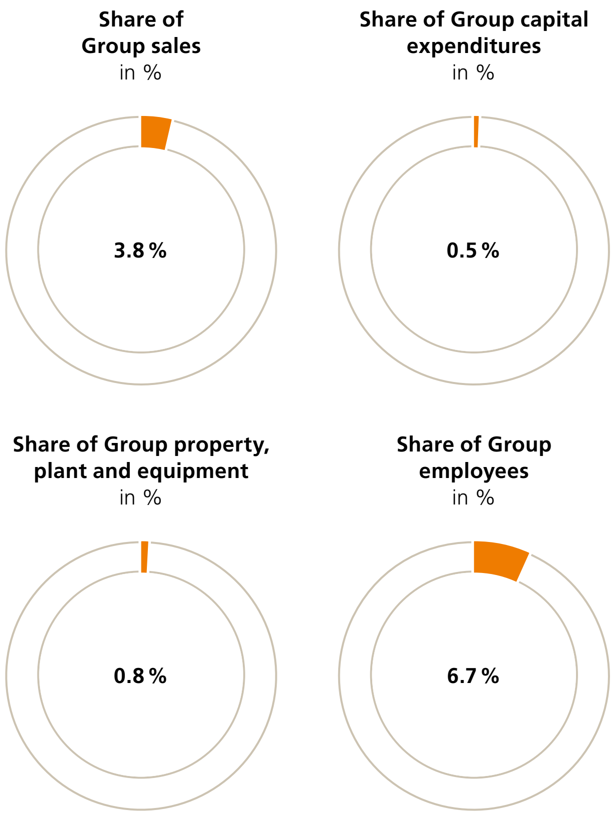
Consumer Products

In the Consumer Products segment, our focus is on the production of household cleaners, sanitizers, detergents and personal care products. The affiliates in this segment manufacture private-label products for well-known discounters and retail chains, although the focus is increasingly shifting toward PCC's own brands. We also produce detergents and cleaning agents used in industrial applications for supply to cleaning companies, hotels and restaurants, the food industry, agricultural interests and similar. Until the close of the fiscal year under review, the segment's product portfolio also included matches and firelighters.

The segment is managed by PCC Consumer Products S.A., Brzeg Dolny. Sales in this segment increased by 25.0 % to € 27.0 million in fiscal 2020 (previous year: € 21.6 million). The share of Group sales rose to 3.8 % (previous year: 2.8 %). As of year-end 2020, the segment employed 214 people (previous year: 384).

Again in 2020, developments in the Consumer Products segment were dominated by the performance of PCC Consumer Products Kosmet Sp. z o.o. ("PCC CP Kosmet"), Brzeg Dolny, which manufactures household cleaners, sanitizers, detergents and personal care products. Responding to a spike in demand following the outbreak of the coronavirus pandemic, PCC CP Kosmet increasingly focused on the production of hand sanitizers, disinfectants and antibacterial soaps. After several years of losses, PCC CP Kosmet achieved its first turnaround to a positive earnings result in the second quarter of 2020. While the boom in sanitizers, disinfectants and soaps slowed considerably over the course of the year, this decrease in demand was at least partially offset in the second half of 2020 by a steady increase in sales to a large international discount chain which had been acquired as a new customer in the previous year. In addition, exports to Kazakhstan, among others, picked up again with the lifting of the lockdown there in the course of 2020. PCC CP Kosmet was therefore able to increase its sales by around a third compared to the previous year and, following significant losses in the previous year, achieve a positive result. This gratifying development was further boosted by increased automation of the production process (including in the filling section) and the associated savings in personnel costs. The other affiliates of the PCC Consumer Products subgroup in Belarus and Russia, PCC Packaging Sp. z o.o., Brzeg Dolny, and the matches factory PCC Consumer Products Czechowice S.A. i.L. (in liquidation), Czechowice-Dziedzice (Poland), failed to meet their sales and earnings expectations in 2020,

Key facts and figures for the Consumer Products segment 2020



Consumer Products segment Figures in € m	**2020**	**2019**	Absolute change	Relative change
Net external sales, consolidated	**27.0**	21.6	5.4	25.0 %
Sales to other PCC segments	**2.0**	1.4	0.6	42.6 %
Total sales of the segment (total operating output)	**29.0**	23.0	6.0	26.0 %
EBITDA	**5.7**	−2.6	8.3	> 100 %
Property, plant and equipment	**6.8**	9.9	−3.1	−31.4 %
Capital expenditures on intangible assets and property, plant and equipment	**0.4**	0.2	0.2	> 100 %
Employees (at Dec. 31)	**214**	384	−170	−44.3 %

with each entity once again reporting losses as of the end of the year. In the case of the matches factory, the increasingly sharp decline in the market for standard matches in particular had a negative impact on business development, with alternative products such as firelighters – although easing the situation marginally – unable to provide any permanent respite. The expansion of the product portfolio to include the manufacture of wooden cutlery, planned for 2020, had also been postponed due to the pandemic-related delay in the delivery of the additional machine required for this purpose from China. Moreover, according to recent findings, the additional earnings expected from this business area would not be sufficient to compensate for the increasing losses from the Matches business. This applies particularly in view of the fact that the company would have had to undertake in the near future substantial capital expenditure in the areas of, among others, fire protection and emission control as a result of new official directives. At the end of 2020, it was therefore decided to liquidate PCC Consumer Products Czechowice Sp. z o.o., and this process is currently being implemented. The financial resources required as part of this liquidation process (including for severance payments) are being provided by PCC SE. In the meantime, negotiations have also begun with several prospective buyers regarding the monetization of the matches factory's assets. The outcome of these talks has yet to be determined.

PCC SE anticipates further recovery to ensue in the other consumer goods activities of this segment over the long term. The expansion of the customer portfolio pursued by PCC CP Kosmet and further progress in the development of business in the Eastern European markets, coupled with a stronger focus on the company's own brands, are expected to lead to new growth in the Consumer Products segment in the years ahead. Further automation of the production and filling processes and the associated cost savings, as well as the leveraging of synergy effects, should further boost the current positive trend. An important step in this direction was taken in December 2020 with the acquisition under company law of PCC Packaging Sp. z o.o. by PCC CP Kosmet.

Energy

The Energy segment (equivalent to the Energy division) comprises two business units: Conventional Energies, which in particular supplies our major chemicals site in Poland with electricity and process steam, and Renewable Energies, within which we plan, engineer and operate small hydroelectric power plants in Southeast Europe. So far, we have connected five of these environmentally friendly power-generating facilities to their respective grids.

In this segment, we manage within the Conventional Energies area the corresponding Energy business unit of PCC Rokita SA, and also PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland). PCC DEG Renewables GmbH, Duisburg, including its subsidiaries in Bosnia and Herzegovina, North Macedonia and Bulgaria, is also incorporated within the Energy segment. In the past fiscal year, the affiliates in this segment generated sales of € 11.4 million (previous year: € 12.4 million). The number of employees at year-end was 170 (previous year: 184).

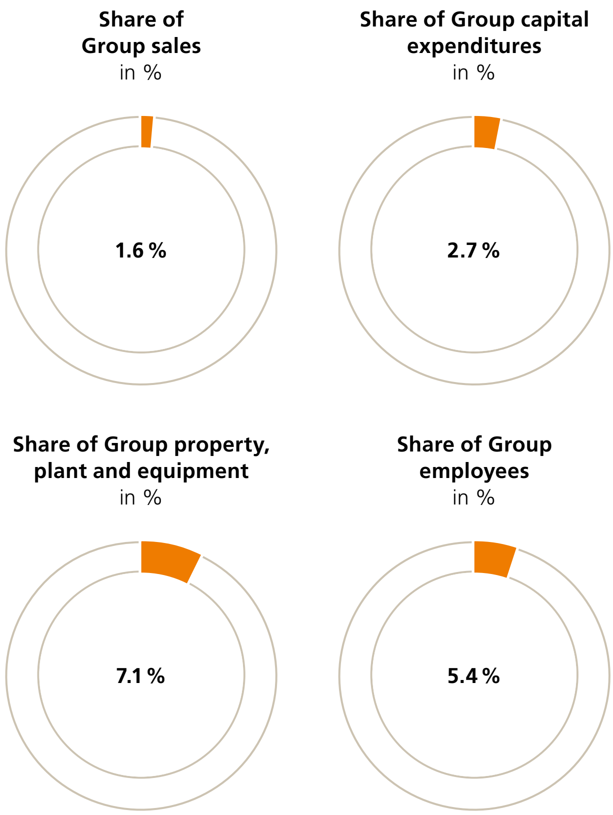
The main contributor to sales and earnings in this segment remained the Conventional Energies business unit with PCC Energetyka Blachownia Sp. z o.o., a utility company that operates in the electricity and heat supply sector, and the Energy business unit of PCC Rokita SA. The activities of the latter include securing a reliable supply of electricity and process steam to our Brzeg Dolny site through its own power plant.

Within the Renewable Energies business unit, the number of small hydroelectric power plants in operation at the end of 2020 remained at five. One of these is in Bosnia and Her-

Energy segment Figures in € m	**2020**	**2019**	Absolute change	Relative change
Net external sales, consolidated	**11.4**	12.4	– 1.0	– 8.1 %
Sales to other PCC segments	**23.9**	21.8	2.1	9.7 %
Total sales of the segment (total operating output)	**35.3**	34.2	1.1	3.2 %
EBITDA	**– 4.9**	1.2	– 6.1	> 100 %
Property, plant and equipment	**60.6**	67.7	– 7.2	– 10.6 %
Capital expenditures on intangible assets and property, plant and equipment	**1.8**	2.5	– 0.7	– 28.1 %
Employees (at Dec. 31)	**170**	184	– 14	– 7.6 %

zegovina; there are four in North Macedonia, where a fifth power plant began test operations in March 2020. Its final commissioning has been delayed due to regulatory problems. Approvals are still pending for a further three sites in Bosnia and Herzegovina, and there is still no sign of this lengthy process being concluded. Although the 2020 business performance of the power plants in operation was below the level of the previous year due to unfavorable hydrology in the region, they nevertheless delivered a stable cash flow. In addition, there are also commitments relating to a number of wind power projects in Bulgaria which are currently on hold because neither the political nor the economic conditions for implementation are conducive to their pursuit. As a consequence, one of these Bulgarian project companies, Novi Energii OOD, Sofia, was sold by PCC DEG Renewables GmbH to a local co-partner at the end of 2020. PCC SE in turn entered into talks with its own co-partner within PCC DEG Renewables GmbH, namely Deutsche Entwicklungsgesellschaft mbH (DEG), Cologne, in 2020 concerning the latter's withdrawal from the joint venture. DEG had exercised its corresponding put option as of the reporting date. However, the associated negotiations were delayed beyond the turn of the year 2020/2021 due to the pandemic and are now to be concluded in 2021 as part of an independent evaluation process. Looking forward, the departure of DEG should give PCC SE greater flexibility in the monetization of the respective assets.

Key facts and figures for the Energy segment 2020



Logistics

The Logistics segment (equivalent to the Logistics division) is divided into three business units: Intermodal Transport, Road Haulage and Rail Transport. PCC Intermodal S.A. is one of Poland's leading providers of container transport services. The logistics network based on several wholly owned container terminals extends from Eastern Europe to the Benelux countries. PCC's tanker fleet specializes in the Europe-wide road haulage of liquid chemicals. And in Russia, PCC maintains a fleet of broad-gauge railway freight cars.

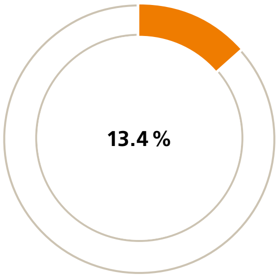
The Logistics segment includes the Polish company PCC Intermodal S.A., Gdynia, and its German subsidiary PCC Intermodal GmbH, Duisburg, as well as PCC Autochem Sp. z o.o., Brzeg Dolny, and, in Russia, ZAO PCC Rail, Moscow. Sales of the Logistics division amounted to €96.0 million in the fiscal year under review, and were thus slightly down on the previous year (€97.1 million). The number of employees as of the reporting date was 576 (previous year: 559).

The Logistics segment is dominated by PCC Intermodal S.A., the portfolio of which includes regular combined transport services both within Poland and on international routes starting from Rotterdam, Hamburg and Duisburg, among others. With the outbreak of the coronavirus pandemic and the resultant partial lockdown of entire industries, the international transport business initially declined sharply in 2020. The situation was exacerbated by a lack of imports from Asia and increased competition from road transport resulting from significantly lower fuel prices. PCC Intermodal S.A. was nevertheless able to hold its own in this difficult market environment and, following the lifting of the lockdown, had succeeded by the end of the second quarter of 2020 in achieving an operating rate – at least on its services to and from Rotterdam – that matched the good level of the previous year. With increasing imports from Asia (especially from China), both by sea and overland, the utilization of all its services then rose steadily and in some cases even exceeded the exceptionally good level of the previous year. The decision taken prior to the coronavirus crisis to invest in further container platforms, which were delivered in the third quarter, was therefore already beginning to pay off before 2020 drew to a close. On the earnings side, PCC Intermodal S.A. was unable to match the exceptionally good performance of the previous year due to the weak second quarter caused by the pandemic; however, the company still closed fiscal 2020 with a clear profit. Issue of an invitation to tender for additional locomotives in 2020 also laid an important foundation stone for further growth. The construction of additional terminals should also provide support for business expansion in the long term – hence the continued pursuit in 2020 of just such a project south of the Polish seaports of Gdynia and Gdańsk. The land required for this undertaking has, for a number of years now, been in the ownership of a company in which PCC SE owns shares, thus providing PCC Intermodal S.A. with planning security.

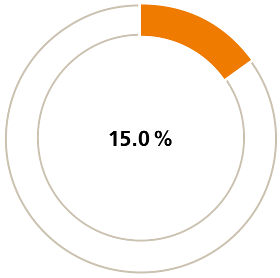
The road tanker haulage company PCC Autochem Sp. z o.o. posted a stable business performance, closing fiscal 2020 on a positive note and in line with our expectations. By contrast, the Russian freight car operator ZAO PCC Rail reported significantly weaker sales and margin figures in 2020 compared to the previous year due to the pandemic-related economic downturn in Russia. ZAO PCC Rail also incurred significant foreign exchange losses in the fiscal year under review. These negative translation effects mainly resulted from the foreign currency valuation as of the reporting date of funds granted to it for investments in its freight car fleet. As a result of the aforementioned developments, ZAO PCC Rail had to suspend its previously regular installment payments to redeem these loans. Rail car tariffs in Russia are currently still at a low level due to the crisis, with recovery only likely as 2021 proceeds. This should enable ZAO PCC Rail to generate positive cash flows again in the medium term and resume its loan repayments. At present, the ZAO PCC Rail fleet still comprises 433 freight cars, 394 of which are leased to Russia's largest rail freight operator. Given the prevailing rail car hire situation, business development at ZAO PCC Rail should stabilize over the course of 2021. In any event, the railways are set to remain the main source of transport in Russia for the foreseeable future.

Key facts and figures for the Logistics segment 2020

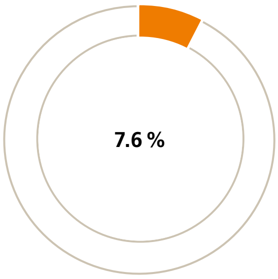
Share of Group sales
in %



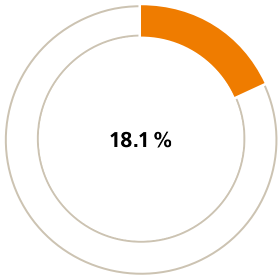
Share of Group capital expenditures
in %



Share of Group property, plant and equipment
in %



Share of Group employees
in %



Logistics segment Figures in € m	**2020**	2019	Absolute change	Relative change
Net external sales, consolidated	**96.0**	97.1	−1.2	−1.2 %
Sales to other PCC segments	**13.4**	15.7	−2.3	−14.6 %
Total sales of the segment (total operating output)	**109.4**	112.8	−3.5	−3.1 %
EBITDA	**18.2**	21.8	−3.6	−16.3 %
Property, plant and equipment	**64.8**	66.4	−1.6	−2.4 %
Capital expenditures on intangible assets and property, plant and equipment	**10.0**	10.8	−0.8	−7.7 %
Employees (at Dec. 31)	**576**	559	17	3.0 %

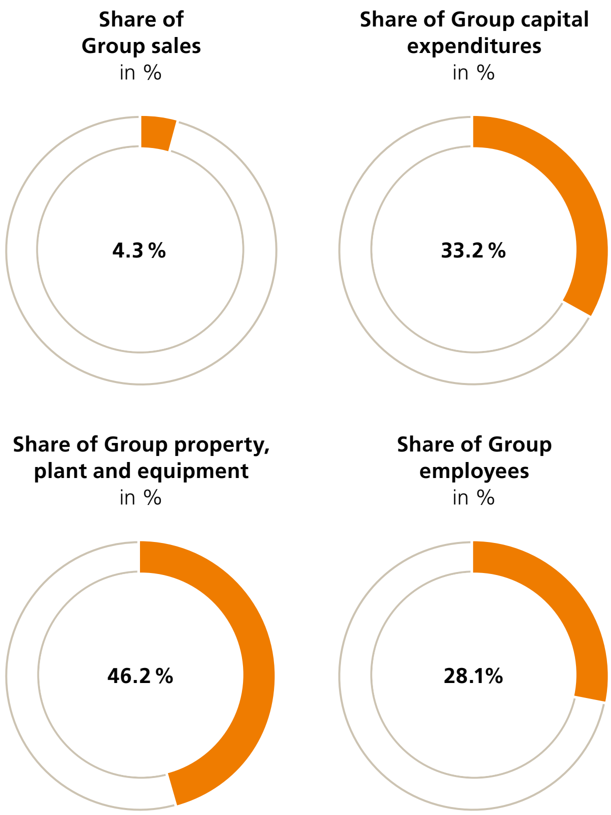
Holding / Projects

The Holding / Projects segment (equivalent to the Holding / Projects division) provides centralized and cross-segment services for the Group companies, including in the areas of finance, marketing and public relations, law, information technology, research and development, and repair and maintenance. In addition, projects of the PCC Group are managed in their developmental phase within this segment, as in the case of the silicon metal production plant in Iceland, the dimethyl ether facility in Russia and the Malaysian project company PCC Oxyalkylates Malaysia Sdn. Bhd.

In addition to the Group holding company PCC SE, the Holding/Projects segment includes the following portfolio entities: PCC IT S.A., PCC Apakor Sp. z o.o., LabMatic Sp. z o.o. and Ekologistyka Sp. z o.o., all of which are based in Brzeg Dolny. These affiliates, supplemented by the Headquarters business unit of PCC Rokita SA, largely provide cross-company and intra-Group services. Also consolidated within this segment is distripark.com Sp. z o.o., Brzeg Dolny, a joint subsidiary of PCC Rokita SA and PCC SE. Products of the PCC Group and those of third-party suppliers are marketed directly to smaller customers (B2B) via the internet platform of this portfolio company. The German counterpart of distripak.com Sp. z o.o., Distripark GmbH, Oberhausen, was merged with PCC Trade & Services GmbH in the past fiscal year for reasons of rationalization. It has since continued its business under the umbrella of this, the largest trading company of the PCC Group.

In addition, the project companies of PCC SE, namely the Icelandic entity PCC BakkiSilicon hf., Húsavík, the Russian joint venture OOO DME Aerosol, Pervomaysky, and the Malaysian joint venture PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur, are incorporated within the Holding/Projects segment. The two latter investments are accounted for using the equity method. The development of PCC Oxyalkylates Malaysia Sdn. Bhd. reached an important milestone at the end of 2020, as at the end of November PCC SE successfully completed the sale of 50 % of its shares in this entity to PETRONAS Chemicals Group Berhad (PCG), one of Southeast Asia's leading chemical producers. Together with this strong partner, PCC SE is planning to establish a production facility for oxyalkylates, particularly in the form of specialty chemical solutions in the fields of polyols and surfactants, for a wide range of industrial applications.

Key facts and figures for the Holding / Projects segment 2020



The expansion of core businesses of the PCC Group in the high-growth region of Southeast Asia is thus to be vigorously pursued across all segments in 2021.

Holding / Projects segment (incl. consolidation) Figures in € m	**2020**	2019	Absolute change	Relative change
Net external sales, consolidated	**30.5**	11.6	18.8	> 100 %
Sales to other PCC segments	**50.3**	54.2	−3.9	−7.2 %
Total sales of the segment (total operating output)	**80.7**	65.8	14.9	22.7 %
EBITDA	**−23.0**	−8.8	−14.2	> 100 %
Property, plant and equipment	**395.7**	438.3	−42.7	−9.7 %
Capital expenditures on intangible assets and property, plant and equipment	**22.1**	90.4	−68.3	−75.5 %
Employees (at Dec. 31)	**892**	1,100	−208	−18.9 %

PCC SE's second joint venture, OOO DME Aerosol, which we operate jointly with a Russian partner in the Tula region, saw its production plant for high-purity aerosol-grade dimethyl ether (DME) commissioned at the end of 2018. The associate's revenue and earnings performance in the course of the fiscal year was very encouraging, with increasing sales volumes enabling OOO DME Aerosol to achieve a turnaround at the EBITDA level in the course of the year. In particular, sales to Poland and the Southeast European markets were expanded in cooperation with PCC Trade & Services GmbH. Moreover, DME blends were added to the sales portfolio at the end of 2020, with further sales potential becoming available in 2021. Overall, the aim for 2021 is to achieve continuous plant operation, which should lead to significant cost savings and thus to a further sustainable improvement in the earnings situation. In 2020, OOO DME Aerosol was again supported by the injection of liquid funds in the form of loans from both co-partners. This situation will also continue through 2021.

PCC BakkiSilicon hf., of which the silicon metal plant with its nominal annual capacity of 32,000 metric tons commenced regular operations in 2019, faced a drastic slump in silicon metal prices in fiscal 2020 as a result of the coronavirus pandemic and the associated global economic downturn. Consequently, sales and earnings of this affiliate were significantly below our expectations. Like many other silicon metal producers worldwide, PCC BakkiSilicon hf. was therefore forced to temporarily shut down production. The first of the two electric arc furnaces was taken out of service in the second quarter of 2020, and the second was shut down in July in preparation for the necessary upgrade to the roof of the facility's filter house by the plant constructor, an undertaking of several weeks in duration. The first of the two furnaces was re-ignited at the end of April 2021.

The upgrade was originally scheduled for May 2020, but had to be postponed until August due to coronavirus restrictions. At the same time, a large number of on-site employees were laid off, at least temporarily, in order to minimize overhead expenses during the shutdown phase. The company's remaining team used the shutdown period for regular maintenance work together with other outstanding and contractually guaranteed modification and repair measures. Due to the sometimes lengthy delivery times for the materials required for this purpose, PCC BakkiSilicon hf. decided in the fall of 2020 to speed up the process by carrying out this work itself and to partially draw on the plant constructor's warranty accordingly. In January 2021, PCC SE came to a bilateral agreement with the constructor of the Icelandic silicon metal plant with respect to the warranty claims of PCC BakkiSilicon hf. With the agreement of the other stakeholders in the silicon metal project, the threat of arbitration proceedings was averted. During the shutdown phase, PCC BakkiSilicon hf. also worked hard together with PCC SE on pursuing improvements on the commercial side, with some significant successes being achieved. In addition, an initial restructuring of the financing of PCC BakkiSilicon hf. was agreed in the fiscal year under review, and negotiations are currently being conducted with all stakeholders on further adjustments aimed at achieving a sustained improvement in the company's economic situation. All these measures are designed to ensure that PCC BakkiSilicon hf. remains on track for sustained success over the long term. Encouragingly, prices for silicon metal are now showing a clear upward trend again. There are also signs of strong growth in demand for silicon metal going forward, among other things from new areas of application such as battery manufacturing, indicating the likelihood of a significantly improved economic environment for this business area.

Earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) of the Holding/Projects segment in the past fiscal year were substantially impacted by the losses incurred by PCC BakkiSilicon hf., coming in at €−23.0 million (previous year: €−8.8 million), with consolidation effects included. The number of employees working within the segment at the end of the fiscal year was 892 (previous year: 1,100).

Business development and financial performance

Development of selected Group indicators

Key financials of the PCC Group per IFRS		2020	2019	Absolute change	Relative change
Sales	**€m**	**716.8**	767.5	−50.7	−6.6 %
Polyols segment	€m	**144.5**	141.1	3.4	2.4 %
Surfactants segment	€m	**123.1**	123.2	−0.2	−0.1 %
Chlorine segment	€m	**131.2**	154.8	−23.6	−15.2 %
Specialty Chemicals segment	€m	**153.2**	205.6	−52.4	−25.5 %
Consumer Products segment	€m	**27.0**	21.6	5.4	25.0 %
Energy segment	€m	**11.4**	12.4	−1.0	−8.1 %
Logistics segment	€m	**96.0**	97.1	−1.2	−1.2 %
Holding/Projects segment	€m	**30.5**	11.6	18.8	> 100 %
Gross profit	€m	**216.5**	252.6	−36.1	−14.3 %
EBITDA [1]	€m	**83.8**	99.0	−15.1	−15.3 %
EBIT [2]	€m	**11.3**	43.3	−32.0	−73.9 %
EBT [3]	€m	**−38.4**	19.3	−57.7	> 100 %
Net result	€m	**−39.9**	7.0	−47.0	> 100 %
Gross cash flow [4]	€m	**85.9**	73.5	12.4	16.8 %
ROCE [5]	%	**1.1**	4.2	−3.1 [9]	−74.4 %
Net debt [6]	€m	**858.8**	896.2	−37.4	−4.2 %
Net debt/EBITDA		**10.2**	9.1	1.1	12.1 %
Group equity	**€m**	**74.8**	147.6	−72.8	−49.3 %
Equity ratio [7]	%	**6.1**	11.0	−4.9 [9]	−44.4 %
Return on equity [8]	%	**−35.9**	4.7	−40.6 [9]	> 100 %
Capital expenditures	**€m**	**66.6**	163.5	−96.9	−59.3 %
Employees (Dec. 31)		**3,176**	3,583	−407	−11.4 %
Germany		**165**	170	−5	−2.9 %
International		**3,011**	3,413	−402	−11.8 %

Rounding differences possible.

1 EBITDA (Earnings before Interest and other financial items, Taxes, Depreciation and Amortization)
2 EBIT (Earnings before Interest and other financial items, and Taxes) = Operating profit = EBITDA – Depreciation and amortization
3 EBT (Earnings before Taxes) = EBIT – Interest and other financial items
4 Gross cash flow = Net result adjusted for non-cash income and expenses
5 ROCE (Return on Capital Employed) = EBIT/(Average equity + Average interest-bearing borrowings)
6 Net debt = Interest-bearing borrowings – Liquid funds – Other current securities
7 Equity ratio = Equity capital/Total assets
8 Return on equity = Net result for the year/Average equity
9 Change in percentage points

Earnings position

Fiscal 2020 was heavily impacted by the coronavirus crisis, during which PCC regarded safeguarding the health and safety of our employees as our highest priority. Operationally, the focus across the Group was on continuing and maintaining the activities of the business units within the constraints imposed by the pandemic. The PCC Group temporarily suspended investment activities, partly as a Covid-19 protection measure. Global economic performance declined as a result of the pandemic, with consumption, commerce and the international trade in goods collapsing, particularly in the second quarter, accompanied by a significant increase in unemployment in many parts of the world. It was only through the expansive monetary easing policies implemented in many countries that the economic situation was stabilized in the third and fourth quarters.

The PCC Group felt the effects of the pandemic in very different ways across its diversified portfolio of businesses. The chemicals business proved robust in the coronavirus crisis, with demand remaining consistently high while raw material prices experienced a significant collapse. The intermodal transport business picked up again after the slump in the second quarter and also served to support the stability of our supply chains in Europe. We had to temporarily suspend production at the silicon metal plant in Iceland due to a huge decline in prices and also customer plant shutdowns. These effects were similarly reflected in the net assets, financial position and results of operations of the PCC Group.

Overall, the PCC Group ended fiscal 2020 with earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) of € 83.8 million, down € 15.1 million or 15.3 % on the prior-year figure of € 99.0 million. Consolidated sales in 2020 amounted to € 716.8 million, which represents a decrease of € 50.7 million or 6.6 % compared to the previous year's revenues of € 767.5 million. These sales figures reflect a situation characterized by consistently high volume demand coupled with a slump in world market prices as a result of the coronavirus pandemic.

At € 67.4 million, most of this decline in sales was attributable to the segments of the Chemicals division and, in particular, to the commodity trading business of the Specialty Chemicals segment. The Logistics segment reported sales stabilized at a constant level, while the Holding/Projects segment posted a rise in revenues of € 18.8 million year on year. There was no material impact of sales in 2020 arising from changes in the scope of consolidation.

For most of the PCC Group companies, the euro is not the functional currency. Consequently, exchange rate effects in the translation of sales and earnings figures have an impact on the consolidated statement of income. On the basis of unchanged exchange rates versus the previous year, PCC Group sales would have been € 739.1 million, an increase of € 22.3 million or 3.1 % on the nominal figure. The background to this is that, as a result of the coronavirus pandemic and the massive expansion of monetary and fiscal policy in many economic regions, the currencies of relevance to the PCC Group – the Polish złoty and the US dollar – depreciated.

The gross profit of the PCC Group also declined in 2020, falling by 14.3 % to € 216.5 million (previous year: € 252.6 million). However, the gross margin held flat at a relatively high level of 30.2 % (previous year: 32.9 %), with our affiliates benefiting on the procurement side from lower raw material costs. Ongoing optimization of inputs, feedstock mix and production processes, and the associated reduction in raw material usage, also had a positive effect. At the beginning of the fourth quarter, however, the PCC Group again witnessed rising procurement costs. Further developments are currently difficult to predict due to the still unclear pandemic situation and its global impact on international trade relations, crises and trade conflicts, and also political imponderables.

Due to inflation, personnel expenses increased year on year by 3.5 % from € 94.6 million to € 97.9 million. The number of employees at the Group decreased by 11.4 % from 3,583 to 3,176 as of the reporting date. Part of this decline was attributable to the Holding/Projects segment, where around 90 employees were laid off as part of the temporary shutdown of the production facility in Iceland. As a result of the deconsolidation of the discontinued Matches business, the Consumer Products segment recorded a reduction of 170 employees, all of whom are attributable to the Poland region. The Intermodal Transport business unit recorded a growth-related increase in the number of employees, while the headcount in all other segments of the PCC Group declined. Restructuring measures within the Group led to the elimination of duplicate structures, among other things. A regional analysis shows that 346 jobs were lost in Poland and 53 in the Other Europe region; in the Germany region, which also includes the holding company PCC SE, there was a loss of five positions.

At € 35.5 million, other operating income was € 21.2 million above the corresponding prior-year figure of € 14.3 million. This increase is mainly due to the default penalties of € 13.6 million received by PCC BakkiSilicon hf. (previous year: zero).

Research and development work aimed at creating new products, processes and technologies, as well as at further improving existing customer solutions, is constantly ongoing in the segments of the Chemicals division. Cross-company project teams are also formed for this purpose. In the past fiscal year, the PCC Group recognized expenditures of

€ 10.4 million for research and development (R&D), once again underscoring its annual commitment in this domain (previous year: € 14.8 million).

Capital expenditures totaled € 66.6 million in 2020, a significant decrease of 59.3 % versus the prior-year level of € 163.5 million. The advent of the coronavirus pandemic saw the PCC Group reduce its growth and investment program to a minimum. The highest priority was given to reducing the number of contacts by external companies or non-company personnel to the extent absolutely necessary to maintain our own production operations. The capital expenditures implemented primarily involved the Chlorine and Logistics segments, with replacement investments elsewhere also ongoing. In addition, € 2.8 million was invested in the at-equity associate PCC Oxyalkylates Malaysia Sdn. Bhd. for the project development of chemical facilities in Southeast Asia (previous year: € 2.0 million). In this project, the 50/50 joint venture agreement with PETRONAS Chemicals Group Berhad was finalized in the fourth quarter of 2020. The supplier of a turnkey plant was also nominated before the end of 2020.

The investments halted in 2020 are to be resumed in 2021, subject to continued economic viability, and are expected to contribute to sales growth and an increase in the earnings and margins of the PCC Group in the coming years. At the same time, all completed investments represent an increase in depreciation, amortization and interest expense in the consolidated statement of income. The expenditures relating to uncompleted investments continue to be capitalized. Depreciation, amortization and impairment of intangible assets, property, plant and equipment, and right-of-use assets, increased in 2020 by 30.2 %, from € 55.7 million to € 72.5 million, mainly as a result of the first-time full-year recognition of depreciation and amortization of the silicon metal plant.

Interest and similar expenses result from bond liabilities, liabilities to banks and lease liabilities. In the year under review, these expenses increased by 37.1 % from € 27.1 million to € 37.1 million. This increase is mainly due to the discontinuation of the capitalization of interest during construction. Both PCC SE and other Group companies were able to benefit from the continuing favorable market interest rate environment and to finance or refinance their operations accordingly. The weighted interest rate of all interest-bearing liabilities decreased from 4.8 % to 3.6 %. The value of financial liabilities decreased by € 24.0 million or 2.5 % year on year.

Interest accruing on the creation of a qualifying asset is capitalized during the construction period.

Gains and losses arising from foreign exchange differences are recognized in the financial result under currency translation result. In fiscal 2020, these differences produced a net loss of € – 8.6 million (previous year: € 0.5 million).

Compared to the previous year, earnings before taxes (EBT) decreased by € 57.7 million from € 19.3 million to € – 38.4 million. This was mainly due to the aforementioned increases in depreciation, amortization, impairment losses, interest expense and exchange rate differences. The liquidation of the Matches operation initiated by resolution resulted in a charge against earnings of € – 6.5 million arising from impairments of financial assets.

Total comprehensive income of the PCC Group decreased from € 9.3 million to € – 62.3 million, largely as a result of currency translation effects of around € – 22.4 million (previous year: € 3.1 million) not recognized in profit or loss.

Net assets

Total assets decreased by € 118.2 million or 8.8 % year on year, to € 1,224.2 million, with the decline reflected in almost every line item on the balance sheet. Intangible assets fell by € 7.7 million to € 37.5 million. A more significant decrease in absolute terms was recorded for property, plant and equipment, which fell by € 76.5 million, or 8.2 %, to € 856.9 million, mainly as a result of depreciation and exchange rate effects. This is the first fiscal year in which the silicon metal plant in Iceland has been included for a full year in the depreciation and amortization figures. Right-of-use assets decreased in value by € 10.7 million or 16.2 % to € 55.4 million as of the reporting date.

Investments accounted for using the equity method increased by € 2.2 million compared to the previous year, with the figure now also including the valuation of PCC Oxyalkylates Malaysia Sdn. Bhd. which, following the establishment of the joint venture with PETRONAS Chemicals Group Berhad, is valued at equity as of the reporting date. This balance sheet item also includes the joint venture shares in the Thai IRPC Polyol Company Ltd. and our shares in the Russian joint venture OOO DME Aerosol. If accumulated losses exceed the equity value, this is carried at an amortized equity value of zero. As of year-end, this remained the case at OOO DME Aerosol.

Current assets as of the balance sheet date amounted to € 233.7 million (previous year: € 265.9 million). Inventories in particular decreased by € 22.8 million from € 80.7 million to € 57.9 million, partially countervailed by an increase in cash and cash equivalents of € 13.3 million to € 73.7 million. Conversely, trade accounts receivable decreased from € 80.7 million to € 72.0 million. Other receivables and other assets fell from € 42.9 million to € 29.5 million as a result of loan repayments from enterprises in which participating interests are held and the reduction in tax receivables.

As in the previous year, there were no assets held for sale as of December 31, 2020.

Financial position

Total equity of the PCC Group decreased by € 72.8 million to € 74.8 million. This development is mainly due to the loss made in the past fiscal year and differences from currency translation recognized in other comprehensive income. With Group earnings showing a deficit for the year, revenue reserves/other reserves declined by € 42.9 million to € 77.1 million. Minority interests decreased by € 7.5 million to € 33.2 million. Other equity items declined further by € 22.4 million from € – 18.1 million to € – 40.5 million, mainly as a result of the aforementioned currency translation differences recognized in other comprehensive income, which declined further by € 22.4 million from € – 18.0 million to € – 40.4 million. On the other hand, the remeasurement of defined benefit pension obligations resulted in no material change compared to the previous year. The equity ratio decreased from 11.0 % to 6.1 % as a result of the aforementioned effects.

Long-term investments are financed with long-term borrowings. Non-current provisions and liabilities declined slightly in 2020 to € 874.5 million (previous year: € 883.3 million). Deferred tax liabilities decreased to € 7.5 million (previous year: € 10.3 million). Non-current financial liabilities fell by € 6.0 million to € 812.0 million, primarily as a result of lease liabilities. At € 41.8 million, other liabilities came in slightly below the previous year's level (€ 43.0 million).

Of the bond liabilities in existence, PCC SE redeemed in full and on maturity a total of six bonds during 2020: bond ISIN DE000A2E4ZZ4 in the amount of € 7.5 million on February 1, bond ISIN DE000A14KJ35 in the amount of € 18.2 million on April 1, bond ISIN DE000A2NBFU2 in the amount of € 5.0 million on May 1, bond ISIN DE000A2E4HH0 in the amount of € 19.2 million on July 1, bond ISIN DE000A162AP6 in the amount of € 25.0 million on October 1, and bond ISIN DE000A2TR422 in the amount of € 4.5 million on December 1. This resulted in a total repayment volume of € 79.4 million for 2020 (previous year: € 64.7 million). The nominal issue volume placed by the end of the year totaled € 73.6 million. In the past fiscal year, these funds were used primarily as liquidity reserves to safeguard against indeterminate developments in the coronavirus pandemic and for the partial refinancing of liabilities due in 2020. Aside from PCC SE, the bonds of which are denominated in euros, other Group companies also issue bonds. Those issued by PCC Rokita SA and PCC Exol SA in Poland, denominated in złoty, had a value of € 68.1 million (previous year: € 84.0 million) as of year-end 2020. The US dollar-denominated bond issued by the Icelandic company PCC BakkiSilicon hf. decreased in value from € 77.2 million to € 70.7 million due to the depreciation of the US dollar against the euro.

Current provisions and liabilities decreased by € 36.6 million to € 274.9 million, while trade accounts payable rose to € 87.3 million (previous year: € 83.7 million). Financial liabilities decreased by € 18.0 million to € 119.6 million, mainly as a result of the € 29.0 million reduction in bond liabilities. Other liabilities decreased significantly, by € 32.7 million to around € 40.8 million, mainly due to the € 24.8 million reduction in liabilities from investments.

Provisions for pensions and similar obligations and other provisions rose by € 5.5 million to € 26.3 million (previous year: € 20.8 million).

Figures in € k	**Dec. 31, 2020**	Dec. 31, 2019
Cash and cash equivalents	**73,745**	60,490
Financial liabilities	**932,555**	956,660
Net financial liabilities	**858,810**	**896,171**

The net debt of the PCC Group fell from € 896.2 million to € 858.8 million in the fiscal year under review, supported by both the increase in cash and cash equivalents and the reduction in financial liabilities. Due to the lower earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) compared to the previous year, the ratio of net debt to EBITDA deteriorated from 9.1 to 10.2 in fiscal 2020. Although the level of financial liabilities is likely to remain virtually constant, we currently anticipate further improving this metric in fiscal 2021 due to the expected growth in EBITDA. Our aim of reducing this value to below 5.0 remains unchanged.

Overall, management considers the development of the net assets, financial position and results of operations in fiscal 2020 to be satisfactory, particularly against the background of the coronavirus pandemic, and with the exception of the effects arising from the silicon metal plant in Iceland. Our core business activities in the Chemicals segments and the Logistics segment proved robust in the crisis. By contrast, operating losses and, for the first time, full-year depreciation, amortization and interest expenses from the temporarily shut down silicon metal plant in Iceland had a negative impact on earnings development. Although the completed disposals and the liquidation of loss-making business activities result in an additional burden in 2020, they will strengthen the Group in the future. Despite the fact that not all areas met the expectations documented in the previous year's reporting – due to factors arising particularly from the pandemic that could not have been foreseen – some business areas performed significantly better in 2020 than had been anticipated before the pandemic. Moreover, setting aside the temporary shutdown of silicon metal production in Iceland, further important milestones for the long-term improvement of the earnings situation and the increase in the value of the company were achieved in 2020.

Opportunities for and risks to future development

The ongoing coronavirus pandemic and the associated return to a partial shutdown are still having a negative impact on the German and European economies. Uncertainties regarding future developments also remain high worldwide. The only exceptions are the Asian countries (China in particular), which are once again now recording significant growth. For further details, please refer to the section "Outlook for 2021".

Aside from general economic risks, there are also political risks in the form of the trade conflict between China and the USA, and the Russia-Ukraine dispute, which lie outside our control. However, the impact on the operating business of our affiliates from these conflicts remains negligible. The situation could change, for example, if the EU were to extend its economic sanctions against Russia, or Russia were to impose corresponding export restrictions or other sanctions that specifically affect the business of a PCC company. At the time of preparation of this management report, however, such eventualities appear to be unlikely.

Negative effects, particularly on economic growth in Europe, the main sales market for PCC SE's affiliates, could also result from Brexit, the specific terms of which have only recently been finalized. The consequences of this for the future development of the PCC Group cannot yet be fully foreseen.

Other indirect factors that could affect the performance of our affiliates and thus their dividend payments to the Group holding company, PCC SE, include price-change and default risks. In particular, default risks could increase in the course of an ongoing crisis emanating from the coronavirus pandemic. These risks are to be eliminated as far as possible through the conclusion of commercial credit insurance policies by our Group companies. Price-change risks are minimized through the conclusion of back-to-back transactions, through price formulas and/or through the use of price-hedging instruments.

In addition, both PCC SE and the operationally active affiliates are exposed to the risk of changes in interest rates and foreign exchange parities. However, these can be at least partially eliminated by hedging transactions. The foreign exchange rate and foreign currency risk encountered in the PCC Group would be significantly reduced if the euro were to be introduced in Poland as its official currency. This is, however, unlikely to happen in the near future.

Further risks may arise from changes in the legal or regulatory framework. For example, applicable tax law, including its administrative application, is subject to constant change. Future changes in the law and differing interpretations of the law by the tax authorities or courts cannot be ruled out. This could possibly result in higher tax burdens for PCC SE and its affiliates at home and abroad.

Negative effects may also result from subsequent changes in the assessment of state aid measures and from any associated repayment claims. For example, the European Commission is currently examining whether the financial aid granted directly by the Polish government to PCC MCAA Sp. z o.o. in the years 2012 and 2013, equating to around € 16 million, is compatible with the EU regulations on state regional aid. The proceedings are directed against the Polish government and are being conducted in an open-ended manner. A negative decision by the EU Commission could, however, lead to the financial aid mentioned being clawed back, together with loss of the tax benefits additionally granted within this support framework. The occurrence of similar scenarios in the future can also not be ruled out.

Our affiliates in the Chemicals division are, moreover, exposed to the risk of rising environmental protection costs in the wake of increasingly stringent waste, effluent and other pan-European environmental regulations. Investment requirements possibly resulting from these could, in the future, have a negative effect on the earnings position of this division and thus also on the dividend flows from the affiliates concerned to the Group holding company. The same applies to possible additional charges arising in connection with the EU's REACH regulation (European legislation on the registration, evaluation, authorization and restriction of chemicals). REACH-like regulations are also currently being planned or are already being introduced by other countries. This applies to Russia, Turkey, the USA and some Asian countries, among others. It remains to be seen what consequences this will have for the future development of the PCC Group.

Particularly for the affiliates operating in the Chemicals division, there are also risks in the supply of strategically important raw materials. These can often only be obtained from just a few vendors. For this reason, PCC SE is increasingly examining the possibility of backward integration, in particular for the essential raw material ethylene oxide.

Some affiliates of PCC SE also find themselves confronted with growing obsolescence in respect of their assets. This applies particularly to the production plant of PCC Synteza S.A. and the freight cars of ZAO PCC Rail. With further intensive usage, the risk of accidents and production stoppages, as well as expenses for maintenance and repairs, increase.

In our financial planning, we anticipate continuing, regular liquidity inflows arising in the future from the issuance of corporate bonds by the holding company. The possibility of obstacles within the SME bonds market could, at least temporarily, lead to potential liquidity bottlenecks. Hence, work is continuing to replace the liquidity loans granted to subsidiaries by local bank loans. Moreover, any new large-scale projects will only be implemented where appropriate project financing can be obtained for them. In addition to corporate bonds, the development of alternative sources of financing at the institutional level is also to be considered over the longer term. However, the latter will require the satisfaction of certain prerequisites, including a significant reduction in our debt ratio, and we will continue to focus on this objective as we move forward.

Last but not least, PCC SE and its affiliates are also exposed to personnel risks. The possible departure of key personnel, including from management or from the field of research and development, and the associated possible loss of long-standing contacts, industry experience or know-how, for example, could have at least temporary negative effects on the continuation of business activities. Moreover, the considerable influence of the sole shareholder of PCC SE could, under certain circumstances, entail a higher risk of erroneous business decisions being taken than might be the case with a more widely diversified ownership structure. At the same time, however, the structure at PCC also offers the possibility of responding more quickly and flexibly to new investment opportunities, thus enabling further sustainable growth of the PCC Group.

The increasing focus of our affiliates on higher-grade products and the planned diversification with respect to sales markets will, in the view of management, be the primary source of opportunity for the future growth of the PCC Group. Added to this are further modernization and expansion investments through which our market position in the individual segments is to be further extended. In the long term, PCC SE should then benefit from the resulting increases in earnings in the form of improving dividends. Additional earnings potential could result from the sale of peripheral activities or marketable projects, portfolio entities and investments.

Internal control system and risk management in relation to the Group accounting process

The consolidated financial statements of PCC SE as of December 31, 2020 have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable on the closing date and as adopted in the European Union (EU), and in supplementary compliance with the statutory disclosure requirements specified in Section 315e (1) HGB (German Commercial Code).

The consolidated financial statements are prepared within the PCC Group in a multi-stage process using standardized consolidation software supplied by IDL GmbH Mitte. The pre-consolidated financial statements of individual subsidiaries, duly audited by their own auditors, are incorporated by PCC SE within the consolidated financial statements. Responsibility for advice and support with respect to the consolidation system, for the consolidation chart of accounts standardized across the Group, and for implementation of the consolidation adjustments, lies with PCC SE. The companies incorporated within the consolidated financial statements are required to abide by standard accounting and financial reporting guidelines. These also specify the recognition and valuation principles to be applied in compliance with the provisions of IFRSs.

All the companies included in the consolidated financial statements are provided with a binding, uniform calendar of due dates for the preparation of their financial statements and completion of the associated audits. Both automated and manual controls are integrated throughout the drafting and preparation process. Procedural rules ensure that all business transactions and the preparation of the annual financial statements are recorded, processed and documented in full, promptly, accurately and with correct period allocation. Before the final submission to PCC SE, a quality-assuring review process is performed within the subsidiaries of the PCC Group by their own executive bodies or with direct involvement of their management. This internal procedure concludes with a formal written confirmation of the system's effectiveness together with a signed release of the financial statements of the individual companies or subgroup and related information for consolidation.

Internal control system and risk management in relation to the ongoing control of affiliates

PCC SE controls its affiliates on the basis of a rolling three-year planning regime, with the budget for the current fiscal year being reviewed twice annually and any necessary adjustments being documented in Forecast I or Forecast II as appropriate. However, the original budget remains the point of reference for the ongoing monthly reporting of the individual companies. The binding submission dates for budget planning, Forecast I and Forecast II, and also for the individual monthly reports are communicated and agreed for the following 12 months at the end of each fiscal year on the basis of a Group-wide reporting calendar.

The current performance of the individual affiliates is the subject of regular review meetings. These are attended not only by members of the Group financial control and performance management teams but also by members of the associated departments of the individual affiliates or business units and also the senior management of PCC SE, together with the management or business unit directors of the entities involved. The Managing Directors and the members of the Administrative Board of PCC SE also perform supervisory board duties at various affiliates. Both within these management and oversight bodies and in the aforementioned review meetings, any deviations from budget at the affiliates or business units are discussed and countermeasures considered. The implementation of the latter is the responsibility of the local management in each case.

Aided by a treasury information platform available throughout the organization, PCC SE also continuously reviews the development of the liquidity situation and exposure to foreign exchange fluctuations within the Group. Aside from weekly cash flow reports, the Group Controlling department also prepares a six-month liquidity plan – updated at the beginning of each and every month – on the basis of the data and information submitted. Liquidity planning at PCC SE is undertaken by senior management with a 24-month horizon in respect of bond financing. The information is then made available to the Administrative Board. Fluctuations in liquidity and temporary cash requirements in the individual entities and segments can thus be quickly identified and resolved within the Group.

Sustainability report / Non-financial report

The "Sustainability report / Non-financial report" is a voluntary section that contains information pursuant to Sections 289b to 289e HGB (German Commercial Code) and Sections 315b and 315c HGB. In compliance with Section 317 (2) sentence 4 HGB, it is not subject of the audit.

The pursuit of sustainability is a core element of our long-term strategy and an essential component of both our operational remit and our corporate philosophy. All companies of the PCC Group are committed to an ethical and sustainable approach to their business activities, with continuous analysis being conducted in all areas and activities that can contribute to better environmental protection or more efficient use of natural resources. Through economic, social and environmental sustainability, we secure the future of our group of companies while at the same time contributing to the continued integrity of our environment. Our growth should not restrict the opportunities available to future generations; it should instead contribute to opening up new possibilities for them.

For the Group holding company PCC SE, sustainability in the economic sense of the term consists primarily in maintaining responsible, risk-conscious corporate governance coupled with a predominantly long-term view in the management of the investment portfolio. Our goal is to continuously and sustainably increase the value of this portfolio. This economic component of sustainability goes hand in hand with sustainability in the ecological and social senses. This includes protecting the environment and the climate with our production facilities and our products, for instance by using resources and energy ever more efficiently. We consistently act responsibly in our respective social environments, attaching particular importance to credible and transparent communication with all PCC stakeholders. Economic success and responsibility in the creation also of ecological and social benefits are mutually dependent. This holistic understanding of sustainable development is the basis of our Group-wide value-led growth strategy.

The Sustainability Report of the PCC Group is structured as follows:

- **Brief description of the business model**
- **Corporate social responsibility at PCC**
- **Sustainability in the PCC Group companies**
- **Non-financial report**

Brief description of the business model

Headquartered in Duisburg, Germany, PCC SE is a value-led investment holding company. We have a diversified portfolio of Group companies primarily active in the production of chemical commodities and specialty chemicals. It also has major interests in the field of container logistics. As a growth-oriented investor, PCC SE supports its portfolio of affiliated businesses in their entrepreneurial development and in the expansion of their various specific strengths.

PCC was founded in 1993 by Waldemar Preussner, who, as its sole shareholder, is today Chairman of the Administrative Board of PCC SE. With around 3,200 employees in 18 countries, the PCC Group generated consolidated sales of some €716.8 million in 2020. The majority of these revenues, around 80.8 %, was generated by the five segments of PCC's Chemicals division – Polyols, Surfactants, Chlorine, Specialty Chemicals and Consumer Products – operating primarily at sites in Central and Eastern Europe and, above all, in Poland. In the same period, PCC's earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) came in at €83.8 million. Capital expenditures in 2020 totaled €66.6 million, significantly lower than the previous year (€163.5 million), mainly due to the coronavirus crisis.

The Group strategy of PCC is geared to sustainable corporate investment and business development, with the aim of generating and growing enterprise value. The existing investment portfolio is subject to a regime of proactive management and continual optimization. Group policy encompasses both ongoing scrutiny of further projects and acquisitions with the objective of competence-related diversification into new market segments. Conversely, non-core activities are developed only to a certain degree of market maturity and then offered for sale or otherwise divested. Overall, this approach is intended to create the basis for further sustainable growth going forward.

The largest site of the PCC Group is located in Poland, some 40 kilometers north-west of Wrocław in the small town of Brzeg Dolny, the headquarters of our two largest chemical companies PCC Rokita SA and PCC Exol SA. There they produce chemicals such as polyols, chlorine, chlorine by-products and derivatives, surfactants and resin additives for the automotive, furniture, detergent and plastics industries. The Chemicals division as a whole is the main source of sales and earnings for our Group. In addition, our container logistics connect European destinations, partly via our own transshipment terminals, and in the Energy segment we operate a number of modern power plants. Within the Holding/Projects segment, we manage projects aligned to the future. Our current focus, for example, is on the construction of production facilities for specialty chemicals in Malaysia, the planning for which is being conducted jointly with a local petrochemical group.

Corporate social responsibility at PCC

Our sense of corporate social responsibility (CSR) or corporate citizenship forms the foundation of our sustainability strategy. For us, corporate social responsibility means that we listen to and properly take into account the concerns of all stakeholders associated with our Group. We have anchored the specific commitment of the PCC Group to CSR in special guidelines for those areas in which the interests of the respective stakeholders intersect with our own. One example of this is our Code of Ethics. This is binding for all employees in the Group and stipulates, among other things, the rules of fairness and reliability that apply in our dealings with colleagues and with our business partners.

As an international group of companies operating in many different markets, PCC maintains in some cases very close relationships with a wide variety of interest groups: Aside from our employees from various cultures, these include our customers, suppliers and other business partners, the residents neighboring our 40 locations in 18 countries, the private subscribers to our bonds, institutional investors and banks, not to mention government and public institutions such as regulatory authorities or universities.

We are in regular dialog with our stakeholders. Examples of this are our information evenings for investors and other interested parties, and our traditional annual Investors' Day. We had to cancel all events in 2020 due to safety concerns surrounding the coronavirus crisis. In 2021, we intend to digitally expand our communications mix to include online events such as internet-based investor conferences. Our two Group companies PCC Rokita SA and PCC Exol SA, both listed on the Warsaw Stock Exchange (GPW), also jointly organize an annual Investors' Day as well as various information events, some in collaboration with Wrocław University of Science and Technology.

However, the principle of open and transparent communication with all stakeholders is only one aspect of our commitment to corporate social responsibility. In practice, CSR at PCC naturally also means that we do not tolerate corruption, that we guarantee the safety of our employees in the workplace and that we consistently comply with environmental regulations. We make socially accepted standards our own, thereby underpinning them further. As a conscientious corporate citizen, we are also committed to adhering to standards that go beyond those generally accepted, for example, in the resolute support of environmental protection initiatives.

The holding company PCC SE assumes responsibility for strategic positions and mission statements in Group-wide areas such as transparency in communication with our bond subscribers. Meanwhile, the individual PCC Group companies serve as the actual drivers of the dialog with our diverse stakeholder groups at our different sites.

PCC's sustainability policy:

- PCC SE and all companies of the PCC Group are committed to an ethical and sustainable approach to all business activities.
- All actions are based on the principles of the worldwide Responsible Care® initiative. This represents the efforts of the chemicals industry to continuously improve environmental protection and occupational health and safety irrespective of legal requirements.
- PCC strives for a corporate culture in which continuous improvement, sustainable competitiveness and outstanding performance are in line with ethical standards.
- PCC assumes ethical responsibility for sustainable, economically effective, ecologically sound, and fair business practices.
- The Group's social responsibility is an integral part of the corporate philosophy.
- All employees of the PCC Group are trained according to their function, authority and qualifications to assume the responsibilities incumbent upon them.
- Our sustainability strategy is implemented in practice by the individual PCC companies in our Group segments, i.e. our five Chemicals segments and the Logistics, Energy and Holding/Projects segments.

Sustainability in the PCC Group companies

Sustainability in the Chemicals division

Increasingly, the Group companies of our Chemicals segments – Polyols, Surfactants, Chlorine, Specialty Chemicals and Consumer Products – are placing sustainability at the center of their strategic focus. They continue to increase the efficiency of their production facilities as they introduce ever more advanced and environmentally friendly technologies. We are conserving the planet's limited raw material resources by ensuring increasingly efficient consumption and an ever greater emphasis on the use of renewables. In Ghana, West Africa, for example, we are developing a sustainable supply chain for palm kernel oil as an input material for our surfactant production. Rather than being harvested on large plantations, the kernels needed for our palm kernel oil production are collected from small farmers in the region. And we are protecting our climate by further improving the efficacy of our emission avoidance technology. By completely switching our chlorine production to energy-efficient and environmentally acceptable membrane technology, for instance, we have – since 2015 – been able to cut emissions by 750 kilograms of CO_2 per metric ton of caustic soda produced, compared to the conventional amalgam process. Our production meets high environmental standards and we often satisfy new requirements long before they come into force. For example, with the technology switch in chlorine production, we were almost three years ahead of an amendment to the corresponding EU regulations.

Our chemical companies also pursue sustainability in what they produce. Their innovations render products that many people use in everyday life more durable, safer and more environmentally acceptable. The innovative chemical substances of our affiliates in the Chemicals division ensure, for example, that hydraulic oils need to be changed less frequently and that buildings can be insulated more effectively; they enable the production of even more skin-friendly cosmetics as well as comfortable foams that are also both virtually emission-free and extremely flame-retardant. Our ambition is that our chemistry should not only be creative and innovative but also sustainable.

Our chemical companies are underscoring this commitment with a new product portfolio of sustainable chemicals which was launched last year under the brand name GREENLINE and which already boasts more than 220 products. PCC's portfolio of green chemicals includes high-quality products offering a wide range of sustainability benefits – such as increasing the efficacy of detergents at low temperatures and thus reducing energy consumption. We manufacture the chlorine marketed under the GREENLINE brand using the environmentally friendly and resource-saving membrane process, while also ensuring the exclusive use of energy from renewable sources for the production process. Other chemicals that we sell under the "Eco Products" label are specifically suited to the manufacture of organic and eco-compatible products. Our portfolio also boasts a range of products based exclusively on natural ingredients, including a variety of household cleaners and personal care products. We have developed a range of natural detergents and cleaners that are particularly environmentally compatible, and many of our chemicals are 100 % biodegradable.

The recent history of our two largest chemical companies, PCC Rokita SA and PCC Exol SA, illustrates just how consistently and successfully the Group companies of PCC implement sustainability. They are among the most modern in their sector in Poland and beyond, and as such attach ever-increasing importance to CSR. PCC Rokita SA, one of Poland's biggest chemical manufacturers, is the main sales and earnings generator of the PCC Group. Through substantial investments in the modernization and expansion of production capacities, we have not only formed with PCC Rokita SA a flourishing chemical subgroup over almost two decades, we have likewise created what is now also an important economic factor for the region, for example as a major and multi-award-winning employer. Moreover, PCC Rokita SA supplies large parts of the nearby town of Brzeg Dolny with environmentally friendly district heat through its modern cogeneration plant.

PCC Exol SA, one of the most modern surfactants manufacturers in Central and Eastern Europe, is now playing a pioneering role in CSR. An important product group of PCC Exol SA is feedstocks for the cosmetics industry, and one of the key criteria for the qualification of suppliers to this sector is the Good Manufacturing Practice (GMP) system certified by the European industry association EFfCI. PCC Exol SA is the first company in Poland to implement and register this system. And the Group company also participates in reporting on environmental impacts as part of the Carbon Disclosure Project (CDP).

Sustainability in the Energy division
Sustainability is being successfully pursued within the Energy division, with positive results achieved in both the Conventional Energies and Renewable Energies business units. In the Conventional Energies area, dust emissions from our combined heat and power plant at the Brzeg Dolny chemicals site have been significantly reduced in recent years. This power plant also supplies the majority of households in the town with environmentally friendly heat. The Renewable Energies business unit focuses on the construction and operation of small hydropower plants, which are recognized for their particular environmental compatibility due to their relatively low impact on nature.

Sustainability in the Logistics division
The mainstay of our Logistics segment is our intermodal container transshipment business. PCC Intermodal S.A. runs combined transport operations throughout Europe on the basis of five wholly owned container handling terminals in Poland and Germany, which have been greatly expanded and modernized in recent years. In this way, it efficiently combines environmentally friendly rail and flexible road transport.

Sustainability in the Holding / Projects division
The facilities and business activities managed within the Holding / Projects division include a production plant for silicon metal in Iceland, which commenced regular operations at the end of October 2019. It has been designed as one of

the most environmentally compatible facilities of its type in the world. The plant's power requirement is entirely covered by renewable sources, primarily in the form of geothermal energy. State-of-the-art filtration systems mean the plant operates virtually free of dust emissions. This plant had to be shut down in mid-2020 due to the coronavirus pandemic, and the first of the two furnaces was reignited at the end of April 2021. The use of Iceland's geothermal resources cuts such emissions by around two-thirds on average as compared to other silicon metal production facilities around the world. After recommissioning, the plant will thus make a major contribution to reducing global greenhouse gas emissions in the energy-intensive production of silicon metal.

Initiatives and certifications
The goal of firmly anchoring sustainability in all companies of the PCC Group is also served by the involvement of PCC units in a large number of certification procedures, the signing of public agreements and membership in initiatives. For example, our chemical companies participate in the chemical industry's global Responsible Care® initiative. Several awards and high ratings in sustainability rankings, especially in the case of our production companies PCC Exol SA, PCC Rokita SA, PCC Synteza S.A. and PCC Consumer Products Kosmet Sp. z o.o. ("PCC CP Kosmet") serve to strengthen our strategic resolve in this regard. For example, three of our companies have been awarded a Gold certificate in the renowned EcoVadis sustainability ranking: PCC Exol SA (2017), PCC Synteza S.A. (2018), PCC CP Kosmet (2018) and, since 2021, PCC MCAA Sp. z o.o. are thus among the best-rated companies internationally. PCC Rokita SA achieved Silver status.

Documenting and communicating sustainability to the outside world raises awareness within our Group of its importance. It encourages beneficial interaction with "like-minded" companies and enables us to benchmark our progress in both absolute terms and in comparison to our competitors. And we are enthusiastically involved in initiatives to promote sustainable chemistry. Because this is also how we secure our future – in very much our own interest. The main certifications and initiatives are each assigned to the five sustainability aspects introduced in the following section.

Non-financial report

In compliance with Germany's CSR Directive Implementation Act (CSR-RUG) adopted on April 19, 2017, the PCC Group has published annually since fiscal 2017 a voluntary non-financial report pursuant to Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB). PCC SE presents its non-financial report as an integral part of the annual Group management report. Unless otherwise stated, the performance indicators relate to the companies included in the scope of consolidation. No adjustments are made in respect of the previous year to reflect changes in the scope of consolidation in the year under review.

This non-financial report is based on the requirements of the German Sustainability Code (DNK) and summarizes the key facts pertaining to the five aspects specified, namely environmental issues, employee issues, respect for human rights, social issues, and combating bribery and corruption.

In addition, the general section of this non-financial report describes measures and initiatives of the PCC Group and individual companies that demonstrate our Group's multifaceted commitment in relation to corporate social responsibility.

In the following we provide a report on the guidelines, risks, measures and goals as well as the key non-financial indicators for each of the five sustainability aspects mentioned. Our approach here is to present the PCC Group as a whole; hence we refrain from mentioning individual affiliates.

1. Environmental issues

Environmental issues in connection with our business activities affect in particular the interests of the residents neighboring our sites and other local communities. Here we are committed to complying with all applicable regulations, rules and standards with regard to environmental protection and, in addition, to pursuing all investments on the basis of advanced, environmentally compatible, yet efficient and, in particular, energy-saving technologies. In addition to the safety of our employees and local residents, the preservation of the environment takes top priority for us. We therefore protect it, for example, through the responsible use of raw materials and the reduction of energy consumption and greenhouse gases.

PCC policy in relation to environmental issues
The great importance we attach to environmental protection in the PCC Group has a decisive influence on our choice of manufacturing processes and products, as well as informing our commitment to sustainability and safety. This is also recorded in our Code of Ethics, which is binding for the entire PCC Group.

We implement all our investment projects using modern, environmentally acceptable and thus also energy-saving and economically efficient technologies.

PCC strives to minimize raw material and energy consumption in its production processes and continuously analyzes possibilities for improving working methods, manufacturing processes and products. Our aim here is to ensure that these are all safe and acceptable to employees, customers, the public and other stakeholders.

Every employee is jointly responsible for the protection of people and the environment in his or her sphere of action. The laws, regulations and internal guidelines on environmental protection, health, plant safety and occupational safety must be strictly observed at all times. Every line manager and supervisor is obliged to instruct, supervise and support his or her employees in the exercise of this responsibility. The commercial exploitation of natural resources such as air, water and minerals may generally only take place within the framework of a previously granted permit. The same applies to the construction and operation of production facilities as well as their modification or expansion. Any unauthorized release of substances is forbidden.

Waste must be disposed of in accordance with statutory regulations. If third parties are engaged for this purpose, it must be ensured that they also comply with prevailing environmental regulations and the corresponding specifications of PCC.

Measures

PCC's business activities exert an effect on the environment, particularly in the area of our chemical production. Significant environmental impacts include emissions of air pollutants, consumption of raw materials and feedstocks, handling of hazardous substances, usage of water and energy, wastewater pollution, waste disposal, accidents and noise emissions.

The companies of the PCC Group continuously combat these impacts by analyzing all areas and activities that could have an adverse effect on the environment and the efficient use of resources. In doing so, we carefully take into account the information provided by all interest groups, in particular local residents. This immediate dialog with stakeholders at the local level is among the tasks and duties assigned to the respective Group companies.

Moreover, we in the PCC Group pursue all our investment projects on the basis of advanced, environmentally compatible technologies that are both energy-saving and economically efficient. This relates above all to our manufacturing operations and particularly to our Chemicals division. One example of this is the switchover of our chlorine production technology to the environmentally acceptable membrane electrolysis process, which was completed in 2015. This energy-efficient technology has enabled us to substantially reduce electricity consumption by around 30 % and thus also significantly cut CO_2 emissions: Compared to the conventional amalgam process, we save 750 kilograms of CO_2 per metric ton of caustic soda produced. This technology switch has also meant that mercury, which had previously been used for chlorine electrolysis, has been completely eliminated from the production cycle.

Another example is our silicon metal production plant in Iceland, at which we commenced regular operations at the end of October 2019: The plant's power requirement is entirely covered by renewable sources, primarily in the form of geothermal energy. This has meant a drastic reduction in the CO_2 emissions otherwise associated with this industry. On average, the CO_2 emissions of the five most important silicon metal producer countries China, Brazil, the USA, France and Norway are almost three times higher than those of the PCC plant; compared to the average emissions of these countries, the PCC operation in Iceland saves 9.65 metric tons of CO_2 per metric ton of silicon metal. This was the conclusion of a PCC-commissioned study carried out by the Faculty of Energy Systems and Energy Economics at the Ruhr University Bochum led by Prof. Dr.-Ing. H.-J. Wagner. And the dust generated during silicon metal production in our plant is almost completely removed from the ambient air by high-efficiency filtration systems.

The largest business within our Logistics segment is intermodal container transport, an operation that efficiently combines environmentally friendly rail transport and flexible road haulage. Compared with pure road transport, our combined intermodal capability enabled emission savings of 315,077 metric tons of the greenhouse gas CO_2 in 2020 (previous year: 296,714 metric tons of CO_2) for a total productive output of 2,536.9 million ton-kilometers (previous year: 2,389.0 million ton-kilometers). These calculations are based on data from the European Environment Agency of November 5, 2015 for the reference year 2014.

In the Energy segment, we have in recent years reduced dust emissions from 50 to 20 milligrams per cubic meter by installing modern electrostatic precipitators at our combined heat and power plant located at the Brzeg Dolny chemical site. As a result, the plant is operating even more significantly below the current limit value of 100 mg/m^3 applicable in Poland than was previously the case. In the Renewable Energies business unit, our focus is on the construction and operation of small hydropower plants, which are known for their particular environmental compatibility due to their relatively low impact on nature.

Five of these units, four in North Macedonia and one in Bosnia and Herzegovina, have so far been connected to the grid. A fifth power plant in North Macedonia commenced trial operations in March 2020, with commissioning delayed beyond the end of the year due to regulatory problems. Our power plants already in production enable CO_2 emission savings of around 22,500 metric tons per year on average (multi-year mean value) – calculated in comparison to the CO_2 emissions of the regional electricity supply. The first four hydropower plants in North Macedonia were officially registered by the UNFCCC back in 2013 as climate protection projects as defined in the Kyoto Protocol.

Numerous certifications, the signing of public agreements and membership of initiatives document PCC's commitment to environmental issues.

Certifications and initiatives in relation to environmental issues

Certification / Initiative	Company
Certification of environmental management systems to ISO 14001:2015	– PCC Rokita SA – PCC Exol SA – LabAnalityka Sp. z o.o. – PCC MCAA Sp. z o.o. – PCC PU Sp. z o.o. – PCC Consumer Products Kosmet Sp. z o.o. (PCC CP Kosmet) – PCC Synteza S.A.
Certification of quality management systems to ISO 9001:2015	– PCC Rokita SA – PCC Exol SA – PCC CP Kosmet – LabAnalityka Sp. z o.o. – LabMatic Sp. z o.o. – PCC MCAA Sp. z o.o. – PCC Autochem Sp. z o.o. – PCC PU Sp. z o.o. – DME Aerosol LLC – PCC Prodex Sp. z o.o. – PCC Synteza S.A.
Certification of energy management systems to ISO 50001:2018	– PCC Rokita SA – PCC Exol SA – PCC CP Kosmet
Certification to ISO 17025:2018-02 "General requirements for the competence of testing and calibration laboratories"	– LabAnalityka Sp. z o.o.
SQAS (Safety and Quality Assessment System) certifications for tank cleaning and transport services	– PCC Autochem Sp. z o.o.
Certification in Good Manufacturing Practice (EFfCI)	– PCC Exol SA
Certification in Good Manufacturing Practices – Cosmetics – to ISO 22716	– PCC CP Kosmet

Certifications and initiatives in relation to environmental issues (continued)

Certification / Initiative	Company
IFS HPC certification of the safety and quality of products/processes of suppliers and manufacturers of household and personal hygiene chemical products	– PCC CP Kosmet
Membership of the global chemistry industry initiative Responsible Care®	– PCC Rokita SA – PCC Exol SA – PCC Synteza S.A.
Participation in the Global Compact of the United Nations	– PCC Exol SA
Certified member of the Roundtable on Sustainable Palm Oil	– PCC Exol SA – PCC CP Kosmet – PCC Organic Oils Ghana Ltd.
Participation in the Carbon Disclosure Project aligned to combating climate change	– PCC Exol SA
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2018)	– PCC Synteza S.A. – PCC CP Kosmet
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2017)	– PCC Exol SA
"Silver Status" rating of the sustainability platform for CSR reporting, EcoVadis (2020)	– PCC Rokita SA – PCC MCAA Sp. z o.o.
Membership of the European Chemical Industry Council, CEFIC, covering the safe usage of surfactants	– PCC Exol SA – PCC Autochem Sp. z o.o.
Membership of the European Committee of Organic Surfactants and their Intermediates	– PCC Exol SA
Product certifications through Ecocert according to the cosmetics standard COSMOS: Ecocert Cosmos	– PCC Exol SA

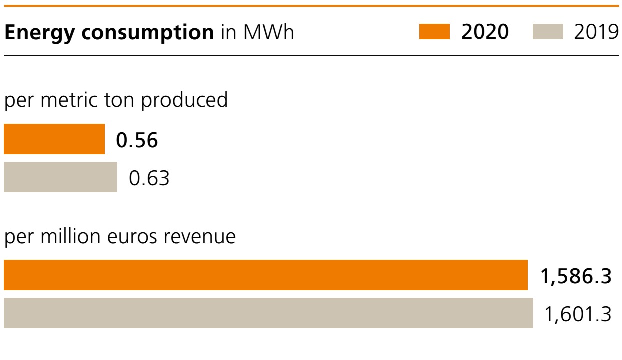
Certifications and initiatives in relation to environmental issues (continued)

Certification / Initiative	Company
Organic Agriculture Europe product certification by Ecocert to EU Regulation EC 834/2007	– PCC Organic Oils Ghana Ltd.
Product certification by Ecocert to USDA NOP (National Organic Program)	– PCC Organic Oils Ghana Ltd.
Inclusion in the "Green Chemistry Cluster" (Poland) for the promotion of sustainable innovation	– PCC Rokita SA
Member of the initiative "Charter for Sustainable Cleaning" of the A.I.S.E.	– PCC CP Kosmet

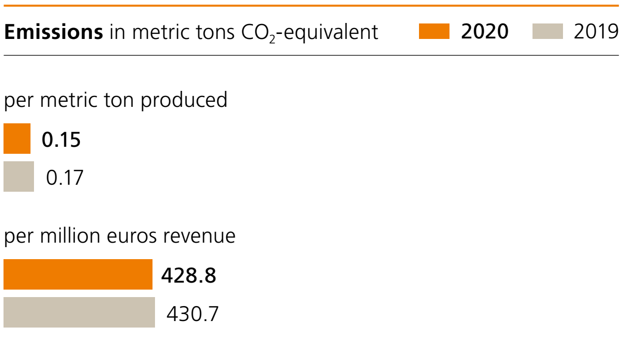
Performance indicators

The PCC Group determines the performance indicators relevant to its business activities on an annual basis. In addition to emissions of greenhouse gases (GHG) in the definition of Scope 1, these include both energy consumption and water usage within the environmental domain. Scope 1 defines greenhouse gas emissions arising directly from our own assets or those controlled by PCC companies. In the case of energy consumption, all energy sources are recorded together, i.e. electricity, gas, heat, steam, fuel oil, gasoline and diesel, without any distinction being made in the data record. The water usage data relate to both water for the production process, and wastewater. Similarly, we do not differentiate as to whether usage, consumption or emissions are due to the manufacture of a saleable end product or to internal further processing.

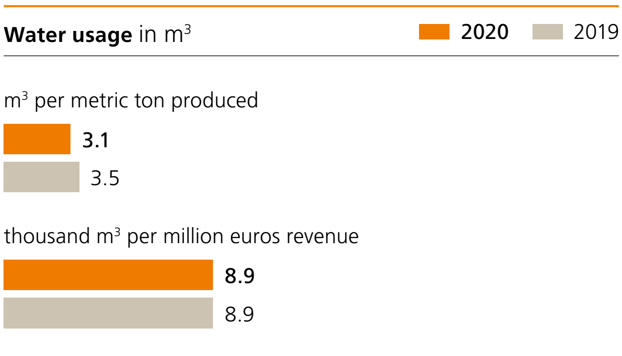
In 2020, the specific energy consumption of our affiliates in the segments of the Chemicals division decreased versus the prior year by 11.2 % and amounted to 0.56 MWh per metric ton produced (previous year: 0.63 MWh). Total energy usage amounted to 1,137,054 MWh (previous year: 1,229,024 MWh). Of this, 186,972 MWh or 16.4 % (previous year: 300,190 MWh or 24.4 %) was generated from renewable energy sources. This proportion decreased mainly due to the temporary shutdown of our silicon metal plant in Iceland, which is supplied exclusively with green electricity, mainly from geothermal energy. Specific energy consumption in relation to sales revenue amounted to 1,586.3 MWh per million euros (previous year: 1,601.3 MWh).



Absolute greenhouse gas emissions fell by 7.0 % in 2020 versus the previous year, to 307,369 metric tons of CO_2-equivalent (previous year: 330,571 metric tons). Most of the greenhouse gas emissions were again attributable to carbon dioxide (CO_2). Specifically, i.e. per metric ton produced, greenhouse gas emissions decreased year on year by 10.7 % to 0.15 metric tons of CO_2 (previous year: 0.17 metric tons of CO_2). In relation to sales revenue, greenhouse gas emissions amounted to 428.8 metric tons of CO_2 per million euros (previous year: 430.7 metric tons of CO_2).



Water usage and wastewater generation are mainly due to the manufacturing process of our affiliates in the Chemicals division. Absolute water consumption decreased by 7.5 % to 6,352,000 m³ in 2020 (previous year: 6,868,000 m³). Related to the volumes produced in the business areas indicated, specific water usage amounted to 3.1 m³ per metric ton produced, 11.2 % below the figure for the previous year (3.5 m³). In relation to sales revenue, water usage remained unchanged year on year at 8,900 m³ per million euros.



Goals
In the long term, the PCC Group aims to reduce specific consumption, particularly of energy and water. At the same time, the proportion of energy supplied from renewable sources is to be increased, while specific emissions of greenhouse gases are to be further reduced. Taking into account greenhouse gas emissions from the use of external electricity, which are included in Scope 2, our new silicon metal production plant in Iceland is a major contributor to reducing such emissions. Despite the increase in absolute volumes, it will be possible to further reduce specific emissions, as CO_2 volumes emitted from the Icelandic plant are well below the global average of comparable facilities. In addition to the high level of plant efficiency, this is due in particular to the exclusive use of electricity from renewable sources such as geothermal energy in order to power production.

2. Employee issues

Under the heading of employee issues, the first priority is always that of ensuring personnel safety. We invest in technical safety and training so as to continuously improve occupational health and safety not only within the PCC companies but also along the value chain. We regularly review compliance with our safety, health and environmental standards. Our continued investment in modern production facilities makes a significant contribution to occupational safety.

With the outbreak of the coronavirus pandemic, specific safeguarding measures were taken at short notice to ensure the health and safety of employees. Both at the Group holding company PCC SE and at its affiliates within the PCC Group, home office regulations and safety protocols for employees at the plants were developed and implemented at an early stage. Disinfectants, sanitizers and cleaning products from our own production were also made available to employees free of charge for home use. Required infrastructure, in particular to enable the implementation of home office solutions for a large number of employees, was purchased at short notice.

In addition, we also promote the individual development of our employees, even under the exceptional circumstances presented to us during the pandemic. We offer our employees scope to work under their own initiative on a results-led basis, together with opportunity to take on responsibility. They are thus given decision-making powers, with employee initiative and creativity also being specifically encouraged within the scope of each individual's potential. We support our people in their personal development, offering them task-aligned preparation as they take up new duties, coupled with personalized professional training. In our human resources management, we attach great importance to diversity, i.e. the promotion of cultural and professional individuality. Discrimination of all kinds is not tolerated within the organization. And the regulations requiring the equal treatment of men and women are binding.

PCC policy in relation to employee issues
In its Code of Ethics, PCC recognizes the four basic principles of the International Labour Organization (ILO). These are:
- Freedom of association and the right to collective bargaining
- Rejection of forced labor
- Rejection of child labor
- Rejection of discrimination in employment and occupation

This means that all employees have the right to fair, polite and respectful treatment. PCC does not tolerate any kind of discrimination or harassment of employees. Specifically, discrimination or harassment on the grounds of descent, race, religion, origin, gender, disability, age, marital status, sexual orientation, political opinions or membership of trade unions or political parties is prohibited at PCC.

Together with protection of the environment, the safety and protection of our employees and of local residents are of the highest priority. PCC is therefore committed to ensuring safe working conditions at all times. This also and especially applies in exceptional situations such as a pandemic, for example through the fast and large-scale implementation of home office solutions. In the event of an accident or malfunction, PCC takes the necessary measures to avert and repair the damage as quickly and effectively as possible and to inform the authorities.

The provisions on equality between men and women are non-negotiable. The equality imperative encompasses in particular areas such as task allocation, remuneration, training and promotion. All forms of sexual harassment in the workplace are prohibited. Sexual harassment is defined as any conduct with a sexual connotation which is undesirable to the person concerned and degrades his or her dignity.

Bullying as the deliberate exclusion and humiliation of employees is not tolerated. Bullying is defined as systematic, persistent or repeated hostile behavior with the purpose of isolating a person at the workplace, within the workforce or even from the workplace.

PCC shall take all reasonable measures to prevent discriminatory conduct and harassment. All employees are called upon to report any discrimination or harassment in their working environment to their supervisor, the human resources department or the compliance officer.

Measures
Within the PCC Group, there are risks to employees with regard to occupational health and safety, particularly in the manufacturing PCC companies. We are actively working to create a safe working environment for our people, continuously improving occupational conditions by using advanced technologies and investing in modern production facilities. For example, the complete technological switchover of our chlorine production to the modern membrane process has totally eliminated mercury from the production process, significantly improving workplace quality in the facilities concerned.

We ensure that all employees enjoy equal opportunities in every dimension for their professional development, in relation to access to further training and in terms of their promotion opportunities. In the PCC Group, we invest heavily in the training and continuous professional development of employees. Last year, time spent on such measures equated to 32,969 hours (previous year: 68,619 hours). The decrease compared to the previous year is mainly due to fewer training activities as a result of the pandemic. Occupational health and safety is invariably given high priority on the training agenda. Occupational accidents resulting in incapacity for work of more than one day amounted to 69 in 2020 (previous year: 72). The number of sick days due to occupational accidents substantially decreased Group-wide to 1,320 (previous year: 2,480). As a result, the number of sick days due to accidents at work per employee fell to an average of 0.42 (previous year: 0.69).

We reward the commitment of our people appropriately and respect all employee rights of freedom of organization and co-determination. We reject all forms of discrimination. Backed up by insights revealed in personal discussions, the relatively high average period of service with the PCC Group of almost nine years appears to indicate a certain degree of employee satisfaction. The average age of 39.8 years is evidence that we make use of the expertise of older employees while also providing entry opportunities for young people and that we embrace diversity, promoting good team performance through a mix of complementary skills and experience. The companies of the PCC Group support their employees through flexible working time models. The scope on offer ranges from working time accounts, part-time contracts and early retirement arrangements, to home office agreements. We encourage open communication between employees and, to the extent possible, with our stakeholders. PCC's commitment to employee issues is evidenced by numerous certifications, the signing of public agreements and membership of initiatives:

Certifications and initiatives in relation to employee issues

Certification / Initiative		Company
Certification of occupational health and safety management system to ISO 45001:2018		– PCC Rokita SA – PCC Exol SA – PCC CP Kosmet – PCC MCAA Sp. z o.o. – PCC PU Sp. z o.o. – PCC Synteza S.A.
Certification in Good Manufacturing Practices – Cosmetics – to ISO 22716		– PCC CP Kosmet
Certification in Good Manufacturing Practice (EFfCI)		– PCC Exol SA
Membership of the global chemistry industry initiative Responsible Care®		– PCC Rokita SA – PCC Exol SA – PCC Synteza S.A.
Participation in the Global Compact of the United Nations		– PCC Exol SA
Membership of the European Chemical Industry Council, CEFIC, covering the safe usage of surfactants		– PCC Exol SA – PCC Autochem Sp. z o.o.
Membership of the European Committee of Organic Surfactants and their Intermediates		– PCC Exol SA
Sedex Members' Ethical Trade Audit – Certification of sustainable and ethical behavior in business relationships		– PCC Exol SA
Certified member of the Roundtable on Sustainable Palm Oil		– PCC Exol SA – PCC CP Kosmet – PCC Organic Oils Ghana Ltd.
Signatory of the "Diversity Charter" promoting employee diversity in companies and combating discrimination		– PCC Rokita SA – PCC Exol SA

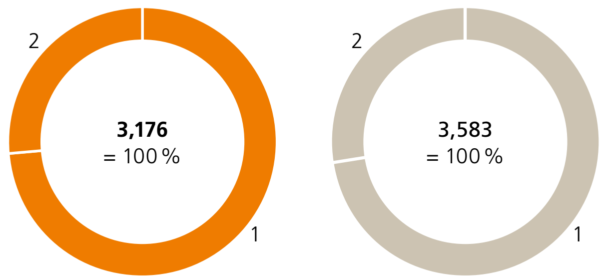
Certifications and initiatives in relation to employee issues (continued)

Certification / Initiative		Company
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2018)		– PCC Synteza S.A. – PCC CP Kosmet
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2017)		– PCC Exol SA
"Silver Status" rating of the sustainability platform for CSR reporting, EcoVadis (2020)		– PCC Rokita SA – PCC MCAA Sp. z o.o.

Performance indicators

The PCC Group is an internationally active conglomeration, as is reflected not only in the worldwide sale and distribution of products and services but also in the diversity of our employees. Around the world, we had in our employ people from 23 nations (previous year: 31). As a result of our extensive investments, particularly in new regions, our employee numbers have risen steadily in recent years; however, as of the end of fiscal 2020, it had decreased by 11.4 % to 3,176. The proportion of women in this total remained virtually unchanged at 26.2 % (previous year: 27.4 %).

Employees across the Group in % — 2020 / 2019



	2020		2019
1 Male	**73.8 %**	1 Male	72.6 %
2 Female	**26.2 %**	2 Female	27.4 %

The proportion of women in the first and second levels of management at our affiliates was 18.7 % in the year under review (previous year: 23.7 %).

Employees in years — 2020 / 2019

Goals

PCC has set itself the goal of continuously raising the standards of health and safety for the Group's employees. We continue to pay particular attention to accident prevention and health protection at the workplace as well as to health-related prevention measures. Beyond a safe, pleasant working environment based on mutual awareness and appreciation, it is a central goal of PCC to offer all employees opportunities for ongoing development, for example through targeted training. In addition, there are to be further improvements in family/career compatibility, one of the aims being to increase the proportion of women at all levels of the Group.

3. Respect for human rights

PCC respects the protection of international human rights in accordance with the UN Charter of Human Rights, recognizes them unreservedly and supports them within its sphere of influence. Violations of human rights are not tolerated and are duly sanctioned. This is underlined in particular by PCC Exol SA's membership of the United Nations Global Compact.

Measures

Both PCC SE and the companies in our investment portfolio are actively committed to respecting human rights. This is documented in particular by our participation in a number of initiatives.

Initiatives to promote respect for human rights

Initiatives		Company
Membership of the global chemistry industry initiative Responsible Care®	Odpowiedzialność i Troska® Responsible Care	– PCC Rokita SA – PCC Exol SA – PCC Synteza S.A.
Participation in the Global Compact of the United Nations	THE GLOBAL COMPACT WE SUPPORT	– PCC Exol SA
Signatory of the "Diversity Charter" promoting employee diversity in companies and combating discrimination	KARTA RÓŻNORODNOŚCI	– PCC Rokita SA – PCC Exol SA

Performance indicators
As in the previous year, no violations of human rights were reported in 2020, either in the companies of the PCC Group or in the holding company. Any potentially reported violation would be investigated by the Group management and sanctioned upon confirmation.

Goals
PCC is committed to fully prioritizing respect for human rights now and into the future. The respect for human rights enshrined in the Code of Ethics of the PCC Group is obligatory for all executive and supervisory bodies, managers and employees in all PCC companies. This applies in particular, but not exclusively, to new locations in regions in which PCC has not yet been commercially active. PCC believes that monitoring of compliance with human rights must be intensified in such places.

4. Social issues

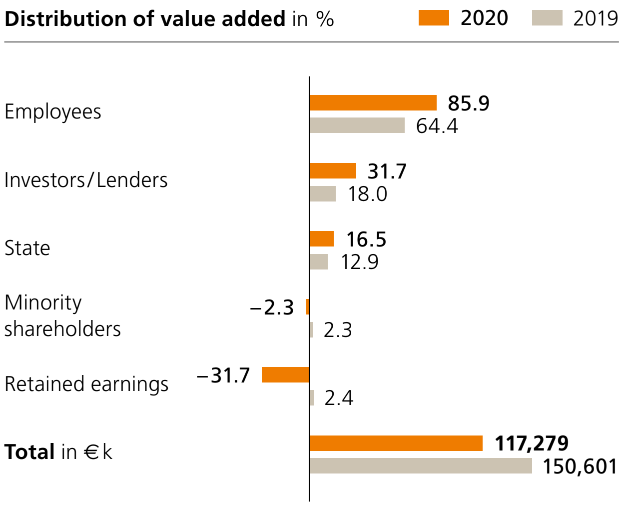
At PCC, business activity is closely linked to social responsibility. In the social sphere, we take into account not only the interests of the residents neighboring PCC sites but also those of the general public. Our Group companies are members of international organizations in the field of CSR and implement corresponding programs. PCC SE and its subsidiaries promote social initiatives and institutions. We also support our employees in their social volunteering work and we actively engage in dialog with local communities. Our social responsibility remit includes cooperation with universities and other educational institutions, as well as providing support to sport and culture. Sponsorship money is only granted on the legal basis applicable in each case. This also requires the approval of the senior management of PCC SE or the executive board or management of the respective Group companies. Cash payments and other financial contributions to politicians, parties, associations or other political organizations are strictly prohibited.

Performance indicators
The companies of the PCC Group have various stakeholders. The following value added statement shows that the largest portion of the total output generated in the Group has flowed back to our most important stakeholders, our employees. € 100.8 million or 85.9 % of the value added in the 2020 reporting year went to our employees in the form of wages and salaries, employer contributions to social security, pension benefits and other benefits.

Distribution of value added Figures in € k	**2020**	2019
Value added	**117,279**	**150,601**
Distribution		
Employees	100,768	97,027
State	19,309	19,462
Investors/Lenders	37,130	27,079
Minority shareholders	−2,735	3,407
Retained earnings	−37,193	3,626

The state received 16.5 % of the value added of the PCC Group in the form of tax payments such as corporate income taxes or property taxes. Our investors, subscribers to bonds and also minority shareholders in affiliates received € 37.3 million or 31.7 % of the value added through interest payments or dividends. Unlike in previous years, the Group's earnings in 2020, an exceptional year marked by the coronavirus crisis, did not result in any value added remaining in the company.

Distribution of value added in %



Achievements related to social issues
PCC SE and its subsidiaries engage in social initiatives, for instance as patrons of children's homes. At our Group headquarters we have, for example, been supporting the homeless charity Gemeinsam gegen Kälte Duisburg e.V. for several years now. And in Tanzania, we have been involved with the aid organization AOHM Amani Orphans' Home Mbigili for AIDS orphans, sponsoring the construction of a house and financing study scholarships. We also sponsor local and regional sports and cultural events. For instance, we are the name sponsor of the PCC Stadium in Duisburg-Homberg near our

Group headquarters and are the main sponsor of the football club VfB Homberg e.V., which is based there. Employees of our chemical plants in Poland are regularly involved in social initiatives, for example in support of orphanages, and our US subsidiary PCC Chemax, Inc. in Piedmont, South Carolina, has long been a partner of an aid organization for children with disabilities. As of year-end 2020, the PCC Group was providing support to 83 projects (previous year: 85).

Goals

PCC has set itself the goal of continuing to drive value creation within the Group for the benefit of all stakeholders. We strive to augment our commitment to our social responsibilities through the increasing involvement of our Group companies in international organizations and initiatives in the field of CSR, and are implementing corresponding programs in pace with this effort. We also want to further expand our involvement at a non-business level, for example in the form of cooperation with universities and other educational institutions.

5. Combating bribery and corruption

PCC does not tolerate any form of active or passive corruption, extortion or bribery. Our commitment in this regard is set out in the PCC Code of Ethics, which is binding on all employees of the PCC Group.

Measures

Business relations with suppliers and partners are to be conducted exclusively according to objective factual and commercial criteria. Personal interests have no role to play in such transactions. The prohibition on receiving or giving gifts applies not only to direct financial consideration but also to other benefits which could jeopardize the commercial independence of either party. Complementary to the relevant tax regulations and approval obligations, PCC has a strict policy in place governing the granting and acceptance of benefits, gifts or invitations. Adherence to this policy must be assured at all times.

Performance indicators

In order to ensure compliance with statutory provisions and the objectives that exist in this domain, all measures aligned to preventing and sanctioning corruption are only approved once all the bodies responsible have conducted their own thorough examinations. As in the previous year, the number of significant fines and penalties for non-compliance with laws and regulations was zero.

Anti-corruption initiatives

Initiatives	Company
Participation in the Global Compact of the United Nations	– PCC Exol SA
Membership of the global chemistry industry initiative Responsible Care®	– PCC Rokita SA – PCC Exol SA – PCC Synteza S.A.

Goals

PCC will continue to take uncompromising action against bribery and corruption on the basis of its zero-tolerance strategy. Our goal is to ensure that the Group remains untainted by cases of this nature.

Events after the balance sheet date

The bond carrying the ISIN code DE000A2E4Z04 issued by PCC SE with a placed volume of € 19.9 million was redeemed in full as of April 1, 2021. It was issued on July 1, 2017 with a coupon of 4.0 % p.a.

In January 2021, PCC SE came to a bilateral agreement with the constructor of the Icelandic silicon metal plant with respect to the warranty claims of PCC BakkiSilicon hf. With the agreement of the other stakeholders in the silicon metal project, the threat of arbitration proceedings was averted.

At the end of April 2021, PCC BakkiSilicon hf. resumed operations with the start-up of the first of its two electric arc furnaces. Furnace operations were temporarily suspended in July 2021 due to a modification to the roof on the filter house of the facility by the plant constructor, which was required in order to ensure compliance with licensing law. Subsequently, the coronavirus pandemic, among other events, triggered both a series of slumps in the price for silicon metal and demand-side production suspensions, causing the plant shutdown period to be extended.

Outlook for 2021

The focus of the PCC Group in fiscal 2021 will once again be on its predominantly long-term strategy of portfolio company investment and development. This will, as ever, include enhancing the core activities and competitiveness of the PCC Group through further capital expenditures. Looking ahead, green-field and brown-field projects will also be given due consideration as opportunities arise. This applies in particular with regard to the possible in-company production of strategically important raw materials. Moreover, the strategy of proactive investment portfolio management accompanied by ongoing portfolio optimization measures is likewise to be continued in the coming years. The primary objective remains to continuously and securely increase our enterprise value.

The business performance of the PCC Group in 2021 will remain heavily dependent on global economic developments, which continue to be strongly influenced by the coronavirus pandemic. In contrast to the Asian countries (particularly China), where economic growth has in the meantime picked up again, the growth prospects for the European region – the main sales market of the PCC Group – are currently no more than cautiously optimistic. Both the German government and the OECD had revised their original GDP growth forecasts downward at the beginning of the year. The German Federal Ministry of Economic Affairs recently raised its forecast to 3.5 %. However, due to the ongoing pandemic and the current increase in virus mutants, any growth spurt is now not expected until the second half of 2021. The forecasts emanating from government and various banks and institutes are still relatively far apart.

The current high level of uncertainty regarding the global spread of the coronavirus and the resulting macroeconomic consequences does not yet allow a sufficiently accurate estimate of the impact on our original forecast for business development in 2021. This forecast was prepared in the period September to November 2020 under the increasing influence of the second wave of coronavirus infections and the return to lockdown. The assumptions made therein, some of which were rather conservative, were significantly exceeded in terms of order intake and purchases registered by the Group's Polyols, Specialty Chemicals (including Commodity Trading) and Logistics segments with the start of the current year. However, the sustainability of this positive trend is substantially dependent on the further development of the infection rates, especially against the background of the increasingly observed virus mutants coupled with the rather sluggish progress in vaccination expansion, especially in Germany. The number of new infections is currently showing another slight upturn. This could possibly lead to a reversal of the cautious relaxations that have just been introduced or even to a further tightening of the current restrictions. At present, it is not possible to estimate with sufficient certainty any renewed adverse effects on business that may result from such developments.

Given the positive business performance of the majority of the affiliates of PCC SE, particularly PCC Rokita SA and PCC Exol SA, in fiscal 2020 despite the coronavirus pandemic, dividend distributions to PCC SE in 2021 should again be in the double-digit million euro range and, in all probability, above the previous year. PCC Rokita SA will again be making by far the largest contribution to the dividend income of PCC SE. Gains from the disposal of portfolio companies or other exceptional items have not been taken into account in this forecast.

The current budget planning for the years 2021 to 2023, which was prepared for the operating business of the Group companies and affiliates in the period from September to November 2020 and thus, as mentioned, under the impact of the second wave of coronavirus infections, anticipates sales growth in the range of around 5 % to 10 % for 2021. At Group level, total earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) are expected to be within the range of 15 % to 20 % above the level of fiscal 2020. Growth is anticipated in particular in the Chlorine segment as a result of the at least temporary rise in caustic soda prices, and in the Surfactants segment due to the capacity expansions at PCC Exol SA. Earnings are also expected to increase in the Intermodal Transport business unit. In the Specialty Chemicals segment, the anticipation is for stable development, with earnings across all business units remaining at the 2020 level. The Polyols segment is also expected to show stable development, with earnings flat in fiscal 2021, although the exceptionally good results of the fourth quarter of 2020, which we have so far seen continuing into 2021, have not been included in this planning. The 2021 budget anticipates a turnaround for the Consumer Products segment, thanks to the expectation of continued positive development at PCC Consumer Products Kosmet Sp. z o.o. By contrast, further losses are expected for the silicon metal production plant of PCC BakkiSilicon hf. in Iceland in 2021 due to the fact that the plant is yet to be recommissioned with part of the year already having been lost. However, the deficit should be far lower than in the previous year due to the increase in silicon metal prices and the significant improvements achieved on both the technical and procurement sides. The DME plant in Russia is expected to commence continuous production in 2021, which should also lead to an improved earnings situation. Overall, EBITDA of the PCC Group should therefore be significantly higher than the corresponding prior-year figure. Consolidated earnings before tax (EBT) are also likely to be substantially better than in 2020, but will in all probability remain in negative territory, largely as a result of the renewed losses incurred by PCC BakkiSilicon hf. Adjusted for the respective losses of this company, the budget assumes an increase in EBT of around one third. Possible negative effects arising from a resurgence of the current coronavirus crisis are not included in this analysis, since – as already mentioned – the associated impact cannot yet be assessed with sufficient certainty. Subject to positive economic development in the coming years, the total earnings curve should rise more steeply in 2022. Positive effects on the earnings development of PCC SE are anticipated in the following years in the form of substantially increased dividend payments. Contrary to the original budget planning, PCC SE now also anticipates slightly higher dividend income for 2021 due to the positive business performance witnessed in the fourth quarter of 2020. The indebtedness of both PCC SE and the PCC Group will continue to increase, at least over the medium term, as a result of these developments. In the long term, the PCC Group is aiming for a Net debt/EBITDA gearing ratio of around 5.

The main revenue and earnings generator in fiscal 2021 will again be the Chemicals division, followed at some significant distance by the Logistics division. We anticipate that the operating rate within the Chemicals division will largely be comparable with that maintained in 2020. Sales volumes are expected to increase further, among other things due to the capacity expansions in the Surfactants and Specialty Chemicals segments, and as a result of further process optimizations in the Chlorine and Consumer Products segments. In addition, PCC BakkiSilicon hf. is expected to contribute to the sales volumes and revenues of the PCC Group from April 2021 following the restart of its production facility. At the same time, average raw material price levels are likely to increase compared to those of the previous year.

Revenues in the Logistics segment are expected to increase by around 10 % in fiscal 2021, with the intermodal transport business contributing the lion's share. Due to the capacity expansions implemented or scheduled there and the existing order situation, business development in this area should be significantly above the level of the previous year. The road tanker haulage business managed under the Logistics segment is expected to perform positively, maintaining the level of the previous year. The sales and earnings of the freight car operator ZAO PCC Rail should at least stabilize in 2021. However, this presupposes a recovery of the Russian economy in 2021 combined with freight car tariffs rising again. The performance of the Russian ruble will also play an important role in determining ZAO PCC Rail's results.

The Energy segment will again be of minor significance for both Group sales and Group earnings in fiscal 2021.

Both in 2021 and in subsequent years, the focus of PCC SE's business activities will be on corporate investment and corporate development through activities predominantly aligned to a long-term perspective. In 2021, however, PCC SE will be concentrating primarily on supporting PCC BakkiSilicon hf. in the resumption of its production operations, in improving its earnings situation and in restructuring its financing.

A further major focus will be on the development of higher-value products for customer-specific applications, not only in the Specialty Chemicals segment but also in the Polyols and Surfactants segments. The PCC Group is also endeavoring to drive geographic expansion in respect of these two core business areas. A strong partner has been found in PETRONAS Chemicals Group Berhad for the establishment of oxyalkylates production in the emerging region of Southeast Asia. One of the essential prerequisites for the further growth of the PCC Group will be securing the long-term availability of raw material supplies. To this end, PCC SE has been working since 2018 on the development of a new major project for the production of a strategically important feedstock for its manufacturing companies, with a site in Germany among those being considered. Development of this major project has been delayed due to the coronavirus crisis, but is expected to move forward again in 2021.

Fundamentally, PCC SE will continue to adhere to its strategy of ongoing, proactive investment portfolio management and optimization. As part of this approach, activities that are not regarded as part of our core business will be gradually divested, with sustainable growth and a continuous improvement in our enterprise value remaining the key criteria guiding our corporate decision-making.

Duisburg, May 6, 2021

PCC SE

Ulrike Warnecke
Managing Director

Dr. rer. oec. (BY) Alfred Pelzer
Managing Director

Consolidated financial statements

Total assets decreased by € 118.2 million year on year, to € 1,224.2 million. Property, plant and equipment decreased by € 76.5 million to € 856.9 million, mainly due to depreciation and currency translation effects, with the silicon metal plant in Iceland included in full-year depreciation and amortization for the first time. Due to the advent of the coronavirus pandemic, fiscal 2020 saw PCC cut back significantly on its investment in new projects.

Consolidated balance sheet

Assets in €k	(Note)	**Dec. 31, 2020**	Dec. 31, 2019
Non-current assets		**990,528**	1,076,514
Intangible assets	(19)	37,464	45,203
Property, plant and equipment	(20)	856,872	933,418
Right-of-use assets	(21)	55,379	66,082
Investment property	(22)	–	1,212
Investments accounted for using the equity method	(12)	2,164	0
Non-current financial investments	(23)	4,970	5,017
Other non-current financial assets	(24)	19,731	18,713
Deferred tax assets	(34)	13,522	6,097
Other receivables and other assets	(27)	426	772
Current assets		**233,697**	265,879
Inventories	(25)	57,948	80,734
Trade accounts receivable	(26)	71,967	80,687
Other receivables and other assets	(27)	29,503	42,876
Income tax receivables		533	1,093
Cash and cash equivalents	(38)	73,745	60,490
Total assets		**1,224,225**	1,342,393

Consolidated balance sheet

CONTINUED

Equity and liabilities in € k	(Note)	**Dec. 31, 2020**	Dec. 31, 2019
Equity	(28)	**74,824**	147,633
Subscribed capital		5,000	5,000
Capital reserve		56	56
Revenue reserves/Other reserves		77,059	119,977
Other equity items/OCI		−40,508	−18,090
Minority interests	(29)	33,217	40,690
Non-current provisions and liabilities		**874,519**	883,268
Provisions for pensions and similar obligations	(30)	837	896
Other provisions	(31)	5,630	4,777
Current tax liabilities		6,685	6,224
Deferred tax liabilities	(34)	7,528	10,327
Financial liabilities	(32)	812,033	817,997
Other liabilities	(33)	41,807	43,047
Current provisions and liabilities		**274,882**	311,493
Provisions for pensions and similar obligations	(30)	58	99
Other provisions	(31)	19,726	14,983
Current tax liabilities		7,393	1,560
Trade accounts payable		87,265	83,695
Financial liabilities	(32)	119,628	137,669
Other liabilities	(33)	40,812	73,487
Total equity and liabilities		**1,224,225**	1,342,393

Consolidated statement of income

Figures in €k	(Note)	2020	2019
Sales revenue	(6)	**716,809**	767,520
Change in inventory of finished products and work in progress		−9,106	892
Other internal costs capitalized	(7)	8,910	14,040
Purchased goods and services	(8)	500,141	529,894
Personnel expenses	(9)	97,921	94,580
Other operating income	(10)	35,474	14,283
Other operating expenses	(11)	69,798	72,006
Result from investments accounted for using the equity method	(12)	−395	−1,285
Earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA)	(40)	**83,833**	98,970
Depreciation and amortization	(13)	72,546	55,711
Operating profit (EBIT)	(40)	**11,287**	43,259
Interest and similar income	(14)	2,391	2,787
Interest and similar expenses	(14)	37,130	27,079
Currency translation result	(15)	−8,629	466
Other financial income		100	29
Other financial expenses		6,456	168
Earnings before taxes (EBT)	(17)	**−38,436**	19,295
Taxes on income	(16)	1,492	12,261
Net result for the year		**−39,928**	7,033
Net result attributable to Group		−37,193	3,626
Net result attributable to minority interests		−2,735	3,407

Consolidated statement of comprehensive income

Figures in €k	2020	2019
Net result for the year	**–39,928**	7,033
Income and expenses recognized in equity for future recycling through profit or loss	**–22,455**	2,451
Exchange differences on translation of foreign operations	–22,430	3,086
Fair value measurement of financial assets	–25	–900
Fair value measurement of cash flow hedges	–	2
Deferred taxes on items for future recycling through profit or loss	–	263
Income and expenses recognized in equity not for future recycling through profit or loss	**40**	–168
Remeasurement of defined benefit pension plans	55	–191
Other changes not for future recycling through profit or loss	–5	–10
Deferred taxes on items not for future recycling through profit or loss	–9	33
Total income and expenses recognized in equity	**–22,414**	2,283
Total comprehensive income	**–62,342**	9,317
Share of comprehensive income attributable to Group	–59,611	5,928
Share of comprehensive income attributable to minority interests	–2,732	3,388

Consolidated statement of changes in equity

Figures in €k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/OCI	Equity attributable to Group	Minority interests	Total Group equity
Jan. 1, 2019	5,000	56	122,294	–20,392	**106,957**	43,490	**150,447**
Dividends paid to shareholders	–	–	–4,000	–	**–4,000**	–6,663	**–10,663**
Changes in consolidation scope and other consolidation effects	–	–	–1,943	–	**–1,943**	475	**–1,468**
Comprehensive income	–	–	3,626	2,302	5,928	3,388	**9,317**
Net result for the year	–	–	3,626	–	3,626	3,407	7,033
Other income and expenses recognized in consolidated equity	–	–	–	2,302	**2,302**	–18	**2,283**
– Currency translation differences	–	–	–	3,086	**3,086**	–	**3,086**
– Remeasurement of defined benefit pension plans	–	–	–	–173	**–173**	–18	**–191**
– Fair value measurement of financial assets	–	–	–	–900	**–900**	–	**–900**
– Fair value measurement of cash flow hedges	–	–	–	2	**2**	–	**2**
– Other changes not for future recycling through profit or loss	–	–	–	–10	**–10**	–	**–10**
– Deferred taxes recognized in OCI	–	–	–	296	**296**	–	**296**
Dec. 31, 2019	5,000	56	119,977	–18,090	**106,943**	40,690	**147,633**

Consolidated statement of changes in equity

CONTINUED

Figures in €k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/OCI	Equity attributable to Group	Minority interests	Total Group equity
Jan. 1, 2020	5,000	56	119,977	–18,090	**106,943**	40,690	**147,633**
Dividends paid to shareholders	–	–	–3,150	–	**–3,150**	–2,640	**–5,790**
Changes in consolidation scope and other consolidation effects	–	–	–2,575	–	**–2,575**	–2,102	**–4,677**
Comprehensive income	–	–	–37,193	–22,418	**–59,611**	–2,732	**–62,342**
Net result for the year	–	–	–37,193	–	**–37,193**	–2,735	**–39,928**
Other income and expenses recognized in consolidated equity	–	–	–	–22,418	**–22,418**	4	**–22,414**
– Currency translation differences	–	–	–	–22,430	**–22,430**	–	**–22,430**
– Remeasurement of defined benefit pension plans	–	–	–	52	**52**	4	**55**
– Fair value measurement of financial assets	–	–	–	–25	**–25**	–	**–25**
– Fair value measurement of cash flow hedges	–	–	–	–	**–**	–	**–**
– Other changes not for future recycling through profit or loss	–	–	–	–5	**–5**	–	**–5**
– Deferred taxes recognized in OCI	–	–	–	–9	**–9**	–	**–9**
Dec. 31, 2020	5,000	56	77,059	–40,508	**41,607**	33,217	**74,824**

Consolidated statement of cash flows

Figures in € k	(Note)	2020	2019
Net result for the year		**–39,928**	**7,033**
Depreciation and amortization		72,546	55,711
Write-downs of financial investments		3,676	97
Income (–), expense (+) from income tax		1,492	12,261
Income (–), expense (+) from interest		34,739	24,292
Change in provisions for pensions and other provisions		5,497	3,062
Interest received		190	774
Income taxes paid		–3,407	–6,642
Increase (+), decrease (–) in value adjustments for receivables and other assets		118	21
Gains (–), losses (+) from disposal of non-current assets		–7,003	–500
Write-ups of intangible assets, property, plant and equipment and right-of-use assets		–443	–330
Result from investments accounted for using the equity method		395	1,285
Other non-cash gains (–), expenses (+)		18,022	–23,544
Gross cash flow		**85,891**	**73,520**
Increase (–), decrease (+) in inventories		22,787	–7,539
Increase (–), decrease (+) in trade accounts receivable		8,602	914
Increase (–), decrease (+) in accounts receivable from affiliated companies		–40	–46
Increase (–), decrease (+) in other assets		6,995	–1,012
Increase (+), decrease (–) in trade accounts payable		3,570	–981
Increase (+), decrease (–) in accounts payable to affiliated companies		–1,543	316
Increase (+), decrease (–) in other liabilities		–10,870	27,831
Cash flow from operating activities		**115,392**	**93,003**
Proceeds from disposal of intangible assets		5,962	–
Proceeds from disposal of property, plant and equipment		1,559	1,174
Proceeds from disposal of right-of-use assets		626	112
Proceeds from disposal of non-current financial investments		–1	5
Proceeds from disposal of other non-current financial assets		400	–
Proceeds from the sale of consolidated subsidiaries		2,917	–
Capital expenditures on intangible assets		–1,405	–2,711
Capital expenditures on property, plant and equipment		–50,511	–128,908
Capital expenditures on right-of-use assets		–95	–154
Capital expenditures on investments accounted for using the equity method		–1,015	–
Capital expenditures on non-current financial investments		–	–246
Capital expenditures on other non-current financial assets		–1,600	–3,594
Cash flow from investing activities		**–43,162**	**–134,322**

Consolidated statement of cash flows

CONTINUED

Figures in €k	(Note)	2020	2019
Dividends paid to shareholder and owner		−3,150	−4,000
Dividends paid to minority interests		−2,640	−6,663
Proceeds from issuance of bonds		87,196	139,515
Payments for redemption of bonds		−103,548	−75,788
Proceeds from banks		56,032	109,876
Payments to banks		−43,914	−83,317
Payments in respect of lease liabilities		−13,172	−10,758
Payments for the partial acquisition of shares in a subsidiary without gain of control		−2,636	−873
Interest paid		−30,017	−29,713
Cash flow from financing activities		**−55,849**	**38,278**
Changes in cash and cash equivalents due to cash transactions		16,382	−3,041
Changes in cash and cash equivalents due to foreign exchange rates		−2,676	412
Changes in cash and cash equivalents due to changes in consolidation scope		−451	–
Cash and cash equivalents at the beginning of the period		60,490	63,119
Cash and cash equivalents at the end of the period	(38)	**73,745**	**60,490**

Notes to the consolidated financial statements

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Segment report

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Other disclosures

Summary of the main accounting and valuation principles

(1) General disclosures

PCC Societas Europaea (PCC SE) is a non-listed corporation under European law, headquartered in Duisburg, and the parent company of the PCC Group. Its address is Moerser Str. 149, 47198 Duisburg, Germany. It is recorded in the Commercial Register of Duisburg District Court under reference HRB 19088.

The consolidated financial statements of PCC SE have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC), where these were adopted by the European Commission for application in the EU as of the reporting date and where application was mandatory as of December 31, 2020, and in supplementary compliance with the statutory disclosure requirements specified in Section 315e (3) HGB in conjunction with Section 315e (1) HGB (German Commercial Code).

The consolidated financial statements are generally prepared on the basis of amortized cost, with the exception of those financial assets and financial liabilities, including derivative financial instruments, that are measured at fair value.

The closing date for preparation of the consolidated financial statements was December 31, 2020, coinciding with the closing date for the annual financial statements of PCC SE. The Group's fiscal year corresponds to the calendar year.

The annual and subgroup financial statements of the subsidiaries included in the consolidation are also prepared to this closing date. The financial statements of PCC SE and the consolidated subsidiaries are prepared in accordance with uniform accounting and valuation principles.

The currency employed in the preparation of the consolidated financial statements is the euro. The reporting currency is the euro. Unless otherwise indicated, all amounts are given in thousand euros (€ k), with the consequence that rounding differences may occur.

Individual items of the balance sheet and the consolidated statement of income of the PCC Group have, in part, been aggregated in order to improve clarity of presentation. These items are explained in these notes to the consolidated financial statements. The total cost approach (classification of expenses by nature) has been retained in the consolidated statement of income.

The PCC Group presents current and non-current assets and also current and non-current liabilities as separate classification groups in the balance sheet in accordance with IAS 1.60, with further subdivision according to their respective useful lives/maturities/tenors being additionally provided where appropriate in these notes to the consolidated financial statements as of December 31, 2020.

The Managing Directors of PCC SE finalized these financial statements in their meeting of May 4, 2021, whereupon they were presented to the Administrative Board for review and approval, and then released for publication.

The consolidated financial statements of PCC SE are submitted for publication to the operator of the Federal Gazette (Bundesanzeiger).

(2) Changes in accounting policy; standards and interpretations for which application is not yet mandatory

Mandatory standards and interpretations applied for the first time

The following newly applicable standards and interpretations, and amendments thereto have no material impact on the consolidated financial statements of the PCC Group as of December 31, 2020.

Standards and interpretations to be applied for the first time Standard / Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of "Material"	January 1, 2020	January 1, 2020
Amendments to IFRS 3 "Business Combinations": Definition of a Business	January 1, 2020	January 1, 2020
Amendments to IFRS 9 "Financial Instruments", IFRS 7 "Financial Instruments: Disclosures" and IAS 39 "Financial instruments: Recognition and Measurement": Interest Rate Benchmark Reform (Phase 1)	January 1, 2020	January 1, 2020
Amendments to IFRS 16 "Leases": Covid-19-Related Rent Concessions	June 1, 2020	June 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	January 1, 2020

Standards and interpretations for which application is not yet mandatory

The IASB has published standards and interpretations and / or amendments thereto as listed in the following, application of which is not yet mandatory as of fiscal 2020. Some of these standards and interpretations have not yet been adopted into EU law (endorsement mechanism), and have therefore not been applied by the PCC Group.

The PCC Group is currently determining the extent to which new, not yet mandatory standards and interpretations will influence the consolidated financial statements. The current expectation is that the standards and interpretations listed as pending application will not have any material impact on the consolidated financial statements.

Standards and interpretations yet to be applied Standard / Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
Amendments to IFRS 4 "Insurance Contracts": Postponement of IFRS 9 Implementation	January 1, 2021	January 1, 2021
Amendments to IFRS 9 "Financial Instruments", IFRS 4 "Insurance Contracts", IFRS 7 "Financial Instruments – Disclosures", IFRS 16 "Leases" and IAS 39 "Financial instruments – Recognition and Measurement": Interest Rate Benchmark Reform (Phase 2)	January 1, 2021	January 1, 2021
IFRS 17 "Insurance Contracts"	January 1, 2023	Not yet known
Amendments to IFRS 16 "Leases": Covid-19-Related Rent Concessions after June 30, 2021	April 1, 2021	Not yet known
Amendments to IFRS 3 "Business Combinations": References to the Conceptual Framework	January 1, 2022	Not yet known
Amendments to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current	January 1, 2023	Not yet known
Amendments to IAS 1 "Presentation of Financial Statements" and to IFRS Practice Statement 2: Disclosure of Accounting Policies	January 1, 2023	Not yet known
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates	January 1, 2023	Not yet known
Amendments to IAS 16 "Property, Plant and Equipment": Proceeds Before Intended Use	January 1, 2022	Not yet known
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	Not yet known
Annual Improvements Project Cycle 2018 – 2020	January 1, 2022	Not yet known
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016	No EU endorsement

(3) Scope of consolidation

The consolidated financial statements of the PCC Group cover PCC SE and all material subsidiaries. Subsidiaries and associated companies regarded individually and in aggregate as being immaterial in terms of portraying a true and fair view of the net assets, financial position and results of operations of the Group have been omitted from the consolidation process and are recognized as financial investments in equity instruments. For a detailed schedule of shareholdings in accordance with Section 313 (2) HGB (German Commercial Code), please refer to Note (44).

Fully consolidated subsidiaries	**Germany**	**Abroad**
Jan. 1, 2019	**9**	**42**
Additions	1	–
Disposals/Mergers	–	1
Jan. 1, 2020	**10**	**41**
Additions	1	–
Disposals/Mergers	1	3
Consolidated subsidiaries as of Dec. 31, 2020	**10**	**38**

In fiscal 2020, PCC Chemicals GmbH, Duisburg (Germany), was added to the scope of consolidation in the Holding/Projects segment. The company was newly established in the fiscal year under review and acts within the PCC Group as an intermediate holding company for the two listed entities PCC Rokita SA and PCC Exol SA, both of Brzeg Dolny (Poland).

As a result of the resolution to discontinue the business operations and initiate liquidation proceedings in respect of PCC Consumer Products Czechowice S.A. i.L., Czechowice-Dziedzice (Poland), the company was deconsolidated effective December 31, 2020. In addition, the shares in Novi Energii OOD, Sofia (Bulgaria), were sold and this company was likewise removed from the consolidation.

To pool our activities in the trading business in Germany, distripark GmbH, Duisburg, was merged with PCC Trade & Services GmbH, Duisburg.

The sale to joint venture partner PETRONAS Chemicals Group Berhad of 50 % of the shares in PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur (Malaysia), was also successfully completed. This company is now accounted for using the equity method.

(4) Consolidation methods

Prepared on the basis of uniform accounting policies, the consolidated financial statements of the PCC Group include the individual financial statements of PCC SE and of all material domestic and foreign subsidiaries over which PCC SE has control.

Subsidiaries are fully consolidated from the time of acquisition. The time of acquisition is defined as the time at which the parent company acquires control over these Group entities. Subsidiaries remain included in the consolidated financial statements until they are no longer under the control of the parent company.

The acquisition of subsidiaries is accounted for using the purchase method. The consideration transferred in the course of a business combination is measured at fair value. This is determined from the total of the fair values of the assets transferred at the time of acquisition less the liabilities assumed from the previous owners of the acquired entity, and the equity instruments issued by the Group in exchange for control of the acquired entity. Transaction costs associated with business combinations are expensed against income on incurrence.

The purchase price is distributed between the acquired assets and liabilities on first-time consolidation. If this distribution results in a positive difference between the acquisition cost and the acquired pro rata net assets, the amount of said difference is capitalized as goodwill. In the event that a negative difference is identified, this is immediately recognized as income. Any goodwill recognized is subjected to an impairment test at least once a year. For more details, please refer to Note (19).

All intercompany receivables and payables, and all intra-Group income and expenses, are eliminated on consolidation. Intercompany results are, where material, also eliminated.

Participating interests in associated companies and joint arrangements, i.e. those entities accounted for using the equity method, are recognized at cost in the consolidated balance sheet. In subsequent periods, the equity valuation is updated in accordance with the proportionate annual result generated and the dividends received. Any difference arising on initial consolidation is taken into account in the equity valuation. At each reporting date, the Group investigates whether there are indications that an impairment loss needs to be recognized with respect to its participating interests in an associated company or a joint arrangement. In such a case, the difference between the carrying amount and the expected net realizable value is recognized as an impairment loss in the consolidated statement of income under result from investments accounted for using the equity method.

(5) Explanatory notes to the accounting and valuation principles

Impact of the coronavirus pandemic on the accounting process

Fiscal 2020 was heavily impacted by the coronavirus crisis, during which PCC regarded safeguarding the health and safety of our employees as our highest priority. Operationally, the focus across the Group was on continuing and maintaining the activities of the business units within the constraints imposed by the pandemic. The PCC Group temporarily suspended investment activities, partly as a Covid-19 safeguarding measure. Investment projects not yet started were postponed and will only be resumed once a renewed profitability analysis has been conducted. The total investment volume for fiscal 2020 fell from € 163.5 million in the previous year to € 66.6 million.

Global economic output declined as a result of the pandemic, with consumption, commerce and international trade in goods collapsing, particularly in the second quarter, accompanied by a significant increase in unemployment in many parts of the world. It was only through the expansive fiscal policies implemented in many countries that the economic situation was again stabilized in the third and fourth quarters.

The impact of the pandemic on the diversified portfolio of business activities within the PCC Group was very mixed. Following a brief slump in the second quarter, the Chemicals business proved extremely robust as the year progressed, with the coronavirus crisis generating consistently high demand accompanied by correspondingly high capacity utilization. However, the massive collapse in commodity prices resulted in decreased revenues, with the Group's Commodity Trading operation suffering a decline in sales of around € 50 million. By contrast, demand affecting the Surfactants segment and the Personal Care Products and Household and Industrial Cleaners business unit (including disinfectants and sanitizers) rose so rapidly, particularly in the second quarter of 2020, that it could not be fully met. Meanwhile, the decline in commodity prices also meant that companies were able to procure feedstocks and raw materials for production at lower prices. This is also the main reason for the lower level of inventories and trade accounts receivable compared to the previous year. The Intermodal Transport business picked up again after the slump in the second quarter and generally served to support the stability of our supply chains in Europe. We had to temporarily suspend production at the silicon metal plant in Iceland due to a huge decline in prices coupled with customer plant shutdowns. This cessation of operations was accompanied by personnel lay-offs.

Given the aforementioned material macroeconomic changes caused by the coronavirus pandemic, the Group management reviewed the expected credit loss (ECL) model and the associated estimates, giving due consideration to all factors of relevance. The PCC Group did not record any material bad debts in fiscal 2020. The activities of the PCC Group are not subject to any significant sector-specific risk, with customer default representing the main form of exposure. Consequently, the approach used to determine default risk in the event of expected future bad debts remained unchanged from the previous year. The monitoring of trade accounts receivable is performed on an ongoing basis and with increased robustness with regard to possible pandemic-related defaults.

The major business units of the PCC Group duly conducted impairment tests on their assets and goodwill either in the course of the fiscal year or in preparation of their annual financial statements. These tests were prompted by changes in the market environment, currency developments, and the associated updated budgetary and planning calculations. However, with the exception of the situation in the Matches business unit explained below, this did not generally result in any significant impairment requirement. The impairment losses recognized in the period under review amounted to € 2.7 million.

As part of a commercial viability review, the businesses of two companies in the Germany region were combined and their duplicate structures rationalized. The online chemical commodities trading business, previously operated under the name of distripark GmbH, Oberhausen, was merged with PCC Trade & Services GmbH, Duisburg. The activities in the Matches business unit were discontinued due to insufficient future viability and subsequently placed in regulatory liquidation.

Some companies in Germany and also abroad were able to benefit from pandemic-related government support measures, such as short-time working (furlough scheme) allowances and deferrals of payments to the public sector. None of the Group companies applied for government financing assistance from the various coronavirus aid packages available.

Beyond the effects mentioned above, there were no identifiable pandemic-related impacts on the net assets, financial position and results of operations of the PCC Group.

As the development of the coronavirus pandemic remains dynamic, the crisis could lead to increased risks in terms of value creation and recoverability of asset values going forward. The uncertainty that continues to prevail in the global economy could put a strain on suppliers, customers and other business partners and, for example, lead to a disruption of supply chains, payment defaults or operational changes. The PCC Group will continue to carefully monitor the effects of the coronavirus pandemic. This also applies to the impact on inventories, trade accounts receivable and material assumptions relating to goodwill.

Property, plant and equipment
Property, plant and equipment are recognized at cost less accumulated scheduled depreciation and accumulated impairment losses, in accordance with IAS 16. Costs for repairs and maintenance of property, plant and equipment are immediately expensed. Regular maintenance of major plant or the replacement of large components is capitalized where additional future benefits are anticipated. The scheduled straight-line depreciation amounts are based on the following useful lives:

in years	2020	2019
Buildings and structures	4–75	5–75
Plant and machinery	3–27	3–35
Investment property	–	10–37
Other facilities, factory and office equipment	2–32	1–30

For information on the useful lives of assets under lease, please refer to Note (21).

An item of property, plant and equipment is derecognized either on disposal or when the further use of the asset is no longer expected to generate economic benefit. The gains or losses arising from the derecognition of the asset are determined as the difference between the net proceeds and the carrying amount of the asset, and recognized through profit or loss in the period in which the asset is derecognized. Value write-ups arising from impairment reversals are recognized in other operating income.

The remaining values, useful lives and depreciation methods are regularly reviewed and, where required, adapted at the end of each fiscal year.

Investment property
Investment property, i.e. real estate held for the purpose of generating rental income or value increase, is capitalized at cost. Value write-ups are recognized under other operating income; write-downs/impairments are recognized under depreciation.

Assets in this category are accounted for using the acquisition cost model and subjected to scheduled straight-line depreciation over a useful life of 35 years.

Intangible assets
Acquired intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses. Where the prerequisites for capitalization of internally generated intangible assets are satisfied, such assets are duly recognized. Intangible assets capitalized are generally amortized using the straight-line method over their estimated useful lives ranging between three and 40 years. They relate essentially to concessions for the operation of technical facilities. The intangible assets capitalized within the Group – other than goodwill – have limited useful lives.

Research and development expenses are accounted for in accordance with IAS 38 "Intangible Assets". Research costs are expensed on incurrence. Development expenses may be capitalized under certain circumstances (see IAS 38.57), depending on the possible outcome of the associated development activities. Development expenses of a project qualify for capitalization where the project is technically feasible, will result in the generation of internal benefits, or will allow the sale of an asset, and both the intention and the funds exist to complete said asset and to utilize or sell it. Assessment of this possible outcome necessitates material assumptions by the management involved. Moreover, the Group must verify that the expenditures to be allocated to the intangible asset during its development can be reliably calculated.

Inventories
Inventories are those assets consumed in the course of manufacturing, in the provision of services (raw materials and supplies) or in the process of production (work in progress), or which are intended for sale in the ordinary course of business (finished goods and merchandise). Initial recognition is at acquisition or production cost. The subsequent measurement of inventories is based on the first-in, first-out (FIFO) principle, or on the basis of the lower of average weighted cost and net realizable value, the latter being defined as the sales proceeds that can be achieved in the normal course of business less any completion and distribution costs that may still be incurred.

Borrowing costs
Directly attributable borrowing costs incurred as part of the acquisition, construction or manufacture of a qualifying asset are capitalized as part of the cost of acquisition, construction or production. They remain capitalized until the asset is ready for its envisaged use, with the relevant cost-of-debt interest rate being duly applied. All other borrowing costs are expensed in the period in which they are incurred.

Financial instruments
Financial assets and financial liabilities are recognized in the consolidated balance sheet once PCC SE or one of its subsidiaries becomes a party to those financial instruments. Financial assets are derecognized once the contractual rights to payments from the financial assets expire or the financial assets are transferred to another party together with all material risks and rewards. Financial liabilities are derecognized once the contractual obligations are settled, canceled or have expired. Regular-way purchases and sales of financial

instruments are recognized as of the transaction date, that is to say the date on which the Group commits to the purchase or sale of the asset.

Classification and measurement of financial instruments per IFRS 9

In accordance with IFRS 9, financial assets and liabilities are classified into the following measurement categories based on their nature and their intended use:

(a) Financial instruments measured at amortized cost (AC)

Financial assets are classified in the AC category if they are held within the framework of a business model geared to the collection of contractual cash flows (strict business model condition). In addition, the asset value must be structured in such a way that it only leads to fixed-term cash flows that represent interest and principal payments on the outstanding nominal amount (cash flow condition). Financial liabilities are generally classified as AC unless they are financial instruments, derivatives or liabilities held exclusively for trading, for which the fair value option is exercised. In the PCC Group, "Trade accounts receivable" and loans and receivables reported under either "Other receivables and other assets" or "Other financial assets" are all allocated to the AC measurement category. "Cash and cash equivalents" likewise fall under this measurement category. All financial liabilities, with the exception of derivatives that are measured at fair value through profit or loss are also measured at amortized cost. Additions to financial assets and liabilities are measured at fair value, which generally corresponds to the nominal value of the receivable or the loan amount granted. Non-interest-bearing or low-interest-bearing non-current loans and receivables are carried at their present value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of those financial assets or financial liabilities. Financial instruments in the AC category are subsequently measured at amortized cost using the effective interest method. The changes in value are recognized in the statement of income.

(b) Financial assets measured at fair value through other comprehensive income (FVtOCI)

Financial assets are classified in the FVtOCI category if they are held in a business model both to collect contractually agreed cash flows and to make sales (moderated business model condition). In addition, the asset must be structured in such a way that it only results in fixed-term cash flows that represent interest and principal payments in respect of a capital transfer (cash flow condition). Equity instruments never fulfill the cash flow condition, but can be voluntarily measured at FVtOCI. In the PCC Group, shares in subsidiaries that are not fully consolidated for reasons of materiality are allocated to the FVtOCI measurement category. This also includes investments in associated companies and joint arrangements accounted for using the equity method. In principle, financial liabilities cannot be allocated to the FVtOCI category. Initial recognition is at fair value, which in the majority of cases corresponds to the cost of acquisition. Transaction costs directly attributable to the acquisition or issue of financial assets are added to the fair value of those financial assets. Changes in fair value on subsequent measurement are recognized directly in equity and only recognized in profit or loss on disposal (recycling). Conversely, amounts recognized in respect of equity instruments on disposal of the financial instrument are reclassified within equity without affecting income (no recycling).

(c) Financial instruments recognized at fair value through profit or loss (FVtPL)

All financial instruments that do not meet the entry requirements of the first two categories are generally assigned to the FVtPL category. This includes equity instruments not voluntarily assigned to the FVtOCI category, plus derivatives and all other financial instruments held for trading. In addition, in certain cases the fair value option for the classification of financial instruments may be exercised voluntarily, but irrevocably. Financial instruments in the FVtPL category are measured at fair value both initially and subsequently. The changes in value are recognized in the statement of income. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are immediately recognized through profit or loss.

Financial assets and liabilities are only offset and disclosed as a netted amount in the balance sheet where there is a legal entitlement to do so and the intention is to settle on a net basis or to discharge the associated liability simultaneously with realization of the associated asset.

Impairment of financial assets

A provision for expected impairment is recognized in the balance sheet in respect of financial assets measured at amortized cost. For trade accounts receivable, expected default rates (Stage 2 of the impairment model) are calculated on the basis of historical defaults and future estimates. Specific default rates are determined for the individual Group companies in order to take into account business model characteristics as well as the respective customer structure and the economic environment of the geographic region. Additional differentiation is made by classifying the receivables portfolio on the days due basis. If there are objective indications that trade accounts receivable or other financial assets measured at amortized cost are to be regarded as impaired, they are individually tested for impairment (Stage 3 of the impairment model). This is the case, for example, if insolvency proceedings have been opened against the debtor of a receivable or if there are other substantial indications of impairment, such as a significant deterioration in creditworthiness. The allowances are recorded via a value adjustment account on the assets side. The gross value and the allowance (value adjustment) are only derecognized when the receivable becomes uncollectible.

For reasons of materiality, no expected impairments are determined for contract assets or other financial assets.

Derivative financial instruments are initially recognized at fair value as of conclusion of the associated contract. Subsequent measurement is likewise at fair value as of the respective reporting date. The method for recognizing gains and losses depends on whether the derivative financial instrument is designated as a hedge and, if so, on the nature of the hedged items. The PCC Group designates certain derivative financial instruments either as a) a fair value hedge of a recognized asset, a liability or an unrecognized firm commitment (fair value hedge), b) a hedge against certain risks of fluctuating cash flows (cash flow hedge) associated with a recognized asset or a recognized liability or an expected future transaction with a high probability of occurrence, or c) as a hedge of a net investment in a foreign operation (net investment hedge). In the reporting year and also in the previous year, the PCC Group only had cash flow hedges.

On conclusion of a transaction, the Group documents the hedge relationship between the hedging instrument and the hedged item, the risk management purpose and also the underlying strategy with respect to hedging transactions. Estimates are also documented both at the beginning of the hedging relationship and thereafter as to whether the derivatives used in the hedging relationship extensively compensate for changes in the fair value or the cash flows of the underlying transactions.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognized under other comprehensive income, with the ineffective portion being recognized directly through profit or loss. Amounts accrued under equity are recycled to profit or loss in the period in which the hedged item affects income.

In the event that a hedging transaction expires, is sold or no longer fulfils the criteria for recognition as a hedge, the gain or loss accumulated in equity remains in equity and is only recycled to profit or loss once the originally hedged, future transaction takes place. If the future transaction is no longer expected to occur, the cumulative gains or losses in equity are immediately recycled to profit or loss.

Trade accounts receivable
Trade accounts receivable are recognized at amortized cost. Receivables sold within the framework of open factoring are derecognized at the time of purchase by the factor. Only the remaining pro rata amount that is not purchased continues to be reported under receivables. In silent factoring, the receivable is only derecognized at the time of payment by the factor. At the same time, a receivable from the factor is shown on a settlement account under other assets.

Cash and cash equivalents
Cash and cash equivalents encompass cash balances and checks, credit balances at banks with an initial term of up to three months, and also highly liquid financial assets available at short notice. These items are recognized at amortized cost.

Assets held for sale and associated liabilities
Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Scheduled depreciation/amortization is suspended. Assets held for sale and associated liabilities are shown separately in the balance sheet.

Trade accounts payable; overdrafts
Trade accounts payable, overdraft liabilities and other liabilities are recognized at their repayment or settlement amount.

Provisions
Provisions are created where a past event has given rise to a legal or constructive obligation toward third parties that is likely to lead in the future to an outflow of funds, and where the amount involved can be reliably estimated. Non-current provisions are recognized at the present value of the future outflow of resources and accrue interest over the period until the expected claim is made.

Taxes on income
The PCC Group recognizes deferred taxes in accordance with IAS 12 for differences between the carrying amounts of assets and liabilities in the balance sheet and their tax base. Deferred tax liabilities are essentially recognized on all taxable temporary differences, while deferred tax assets are only recognized where it is probable that taxable profits will be available to enable their realization. The carrying value of deferred income tax assets is examined on each closing date and reduced to the extent that it is no longer probable that sufficient income will be available against which the deferred tax asset can be at least partially monetized. Deferred income tax assets not recognized in an earlier period are reassessed at each closing date and recognized to the extent that it currently appears probable that future taxable profits will allow monetization of the deferred tax asset.

Deferred tax liabilities and deferred tax assets are netted where there is a right to do so and where they involve the same tax authority.

Current taxes are calculated on the basis of the taxable income of the company for the reporting period. The tax rates applied for each company are those applicable as of the closing date.

Leases

Lease agreements are accounted for in accordance with IFRS 16 "Leases". A lease exists if a contract entitles the holder to use an identified asset for a fixed period of time, and where a consideration is paid in return.

Leases in which PCC acts as lessee are accounted for at the beginning of their term using the rights-of-use model. For leases with a term of less than twelve months (short-term leases) and for low-value asset leases, the exemption per IFRS 16.5 is applied, thus eliminating recognition of the right-of-use asset and the lease liability. Instead, the payments are recognized as an expense in the statement of income on a straight-line basis.

All contractually agreed payment obligations are included in the valuation of lease liabilities. Application of the exemption allowed under IFRS 16.15 eliminates the need to distinguish between lease payments and any payments for non-lease components. Where it is not possible to determine the implicit interest rate, the existing payment obligations are discounted at the PCC Group's incremental borrowing rate, and the present value thus determined is recognized as a lease liability. The corresponding right-of-use asset is recognized in the same amount. Initial direct costs and advance payments made increase the acquisition value of the right-of-use asset, while lease incentives received reduce it. In subsequent measurement, the right-of-use asset is depreciated or amortized on a straight-line basis over the shorter of the lease term and the useful economic life of the underlying asset. The lease liability is rolled forward using the effective interest method.

Contractually defined renewal, purchase and termination options ensure future operational flexibility for PCC when entering into lease agreements, but also require discretionary decision-making. All current knowledge and future expectations that support the exercise or non-exercise of the options are taken into account when determining the lease term. If it can be assumed with reasonable certainty that the extension option will be exercised, the imputed term also includes such additional periods. Changes of term are considered where, over time, a change occurs in the assessment of the likelihood that the existing option will be exercised or not exercised. Leases in which PCC acts as lessor are classified as operating or finance leases, depending on the distribution of risks and rewards. Under operating leases, PCC recognizes the asset and collects the lease payments as income on a straight-line basis over the term of the lease. On classification as a finance lease, PCC recognizes a receivable in the amount of the net investment in the identified asset and treats the payments made by the lessee as principal or interest income.

As a rule, the PCC role is that of a lessee.

Revenue recognition

The PCC Group generates its sales revenue, pursuant to IFRS 15, mainly in the segments of the Chemicals division by selling its own chemical products and by trading in chemical commodities and products, but also in the Logistics division by providing a comprehensive range of logistics and transport services. The Group likewise generates sales revenue in its Energy segment through electricity generation and electricity trading on the basis of both conventional and renewable energy resources.

In the recognition of revenue, the Group follows the five-step model of IFRS 15:

1. Identification of a contract with a customer
2. Identification of distinct performance obligations
3. Determination of the transaction price
4. Allocation of the transaction price to the distinct performance obligations
5. Revenue recognition on fulfillment of the distinct performance obligations

Revenue is recognized net of sales tax or value-added tax, cash discounts, bonuses and rebates, either at the time or over the period in which the customer gains control of the agreed goods and/or services and is able to derive benefit from them. The majority of the performance obligations of the PCC Group are fulfilled at one and the same time. The relatively subordinate form of revenue recognition over a period of time occurs primarily in the Energy segment in the sale of electricity and the provision of services. Essentially, the PCC Group's sales activities are not based on any material financing components. The average payment period is 13 days.

The Group recognizes contract liabilities for unfulfilled performance obligations for which consideration has already been received from the customer, and reports this amount in the balance sheet under other liabilities. If, on the other hand, the Group meets a performance obligation, the claim for consideration in the Group is recognized as a contract asset in other receivables and other assets, unless this claim is linked solely to the passage of time.

Interest income is recognized pro rata temporis using the effective interest method. Dividend income is recognized once the right to collect payment arises.

Government grants

Government grants per IAS 20 are recognized in the consolidated financial statements of the PCC Group as deferred income on the liabilities side, provided that there is reasonable assurance that the entity will comply with any conditions attached to the grant, and that the grant will be received. This deferred income is released through profit or loss under other operating income over the full period of depreciation or amortization assigned to the asset created.

Exploration for and evaluation of mineral resources
Expenditures on viable exploration drilling operations and non-productive drilling operations are capitalized in accordance with IFRS 6. The expenditures are recognized through to exploitation as assets in course of construction. Once production begins on a positive find, the asset is reclassified to plant and machinery. The capitalized expenses are depreciated over the maximum period of production as determined by expert appraisal. If annual investigation of the resources should result in a change in this lifetime estimate, the depreciation period is adjusted accordingly. In the event of the find being determined as unviable in subsequent periods, the asset is written off by way of an unscheduled impairment loss.

Foreign currency translation
The consolidated financial statements have been prepared in euro, the functional currency of the parent company.

Each company within the Group determines its own functional currency. The items contained in the financial statements of the company concerned are measured using this functional currency. Foreign currency transactions are initially translated into the functional currency at the spot rate applicable on the transaction date.

Monetary assets and liabilities in a foreign currency are translated into the functional currency on each closing date using the spot rate applicable as of that date. All foreign exchange differences are recognized through profit or loss with the exception of translation differences arising from foreign currency loans where these are recognized as hedges of a net investment in a foreign operation. These are recognized directly in equity until the net investment is sold, and only on disposal are they recycled through profit or loss. Deferred taxes arising from the translation differences of these foreign currency loans are likewise recognized directly in equity.

For entities for which the euro is the functional currency, non-monetary items that are measured at historical cost in a foreign currency are translated at the rate prevailing on the date of the transaction. Non-monetary items measured at their fair value in a foreign currency are translated at the rate applicable at the time of ascertaining the fair value.

All assets and liabilities resulting from the acquisition of a foreign operation are recognized as assets and liabilities of that foreign operation and translated at the spot rate prevailing on the closing date.

For entities for which the euro is not the functional currency, the assets and liabilities of foreign operations are translated into euro as of the closing date. Income and expenses are translated at the weighted average rate for the fiscal year. The translation differences arising from this are recognized as a separate item in equity. The accumulated amount recognized for a foreign operation in equity is recycled through profit or loss on disposal of that foreign operation.

The exchange rates of the currencies of importance to the consolidated financial statements are indicated in the following table:

	Closing rate		Average rate	
Currency exchange rate for 1 €	**Dec. 31, 2020**	Dec. 31, 2019	**2020**	2019
Bosnian convertible mark (BAM)	**1.9558**	1.9558	**1.9558**	1.9558
Bulgarian lev (BGN)	**1.9558**	1.9558	**1.9558**	1.9558
Belarusian ruble (BYN)	**3.1680**	2.3524	**2.7758**	2.3418
Czech koruna (CZK)	**26.2420**	25.4080	**26.4550**	25.6700
Icelandic króna (ISK)	**156.1000**	135.8000	**154.5900**	137.2800
North Macedonian denar (MKD)	**61.6940**	61.4856	**61.6742**	61.5053
Malaysian ringgit (MYR)	**4.9340**	4.5953	**4.7959**	4.6374
Polish złoty (PLN)	**4.5597**	4.2568	**4.4430**	4.2976
Romanian leu (RON)	**4.8683**	4.7830	**4.8383**	4.7453
Russian ruble (RUB)	**91.4671**	69.9563	**82.7248**	72.4553
Thai baht (THB)	**36.7270**	33.4150	**35.7081**	34.7569
Turkish lira (TRY)	**9.1131**	6.6843	**8.0547**	6.3578
Ukrainian hryvnia (UAH)	**34.7396**	26.4220	**30.8013**	28.9406
US dollar (USD)	**1.2271**	1.1234	**1.1422**	1.1195

Use of assumptions and estimates

Preparation of the consolidated financial statements as of December 31, 2020 in compliance with IFRSs requires certain estimates and assumptions to be made by the management that influence the amounts attributed to recognized assets, liabilities, contingent assets and contingent liabilities as of the reporting date, and also the income and expenses for the fiscal year. The main areas of application for assumptions, estimates and the exercise of discretionary scope are encountered in determining the useful lives of non-current assets, the recognition and measurement of other provisions and provisions for pensions, and also taxes on income. Estimates are likewise used in determining lease terms and in calculating the discount rate in accounting for leases. It is also necessary when determining goodwill impairment to assess the value-in-use of the cash-generating unit to which the goodwill is assigned. Calculation of the value-in-use requires an estimate of future cash flows from the cash-generating unit and also a suitable discount rate for determining the present value of those future cash flows. Estimates are based on empirical values and other assumptions considered appropriate under the given circumstances. They are continuously reviewed and may deviate from the actual values and figures that come to light. The carrying amounts of items affected by estimates can be found in the following notes and also in the balance sheet.

Notes to the individual items of the consolidated statement of income

(6) Sales revenue

Sales revenue in fiscal 2020 amounted to € 716.8 million (previous year: € 767.5 million). This includes € 0.3 million (previous year: € 0.2 million) in revenue from contract liabilities at the beginning of the reporting period. Of these proceeds, € 621.2 million came from the sale of goods and € 95.6 million from the provision of services, the latter primarily in the form of transport services. The predominant portion of revenues from the sale of goods relates to the manufacture and sale of chemical products, which sales are essentially realized at a specific point in time. In total, the point-in-time revenue recognition amounted to € 697.9 million, with time-period revenue recognition at € 18.9 million. Group sales in the reporting segments are spread across various geographic markets. For more information, please refer to the segment report under Note (17).

(7) Other internal costs capitalized

The total of internal costs capitalized essentially derives from manufacturing costs in respect of work or assets capitalized, with any material intercompany profits eliminated. The total for this item decreased in the year under review from € 14.0 million to € 8.9 million.

(8) Purchased goods and services

Figures in € k	2020	2019
Cost of raw materials, supplies and merchandise	384,697	420,740
Cost of external services	96,970	88,845
Transport and warehouse costs	18,474	20,310
Total purchased goods and services	**500,141**	**529,894**

The cost of purchased goods and services decreased compared to the previous year by € 29.8 million or 5.6 % to € 500.1 million. The main reason for this was the collapse in raw material prices as a result of the coronavirus crisis, with prices only stabilizing again in the fourth quarter of 2020. Ongoing optimization of inputs, feedstock mix and production processes, and the associated reduction in raw material usage, also had a positive effect.

(9) Personnel expenses

Figures in € k	2020	2019
Wages and salaries	81,681	78,627
Social security contributions	15,174	15,404
Pension costs	1,066	549
Total personnel expenses	**97,921**	**94,580**

Due to inflationary pressures, personnel expenses rose by € 3.3 million or 3.5 % year on year, from € 94.6 million to € 97.9 million. However, the number of employees decreased by 11.4 %, from 3,583 to 3,176 as of the reporting date. The decline was due in particular to the disposal of the deconsolidated companies and the temporary shutdown of the production facility in Iceland with associated lay-offs. In addition, restructuring measures implemented across the PCC Group as a result of the coronavirus pandemic led to the elimination of duplicate structures.

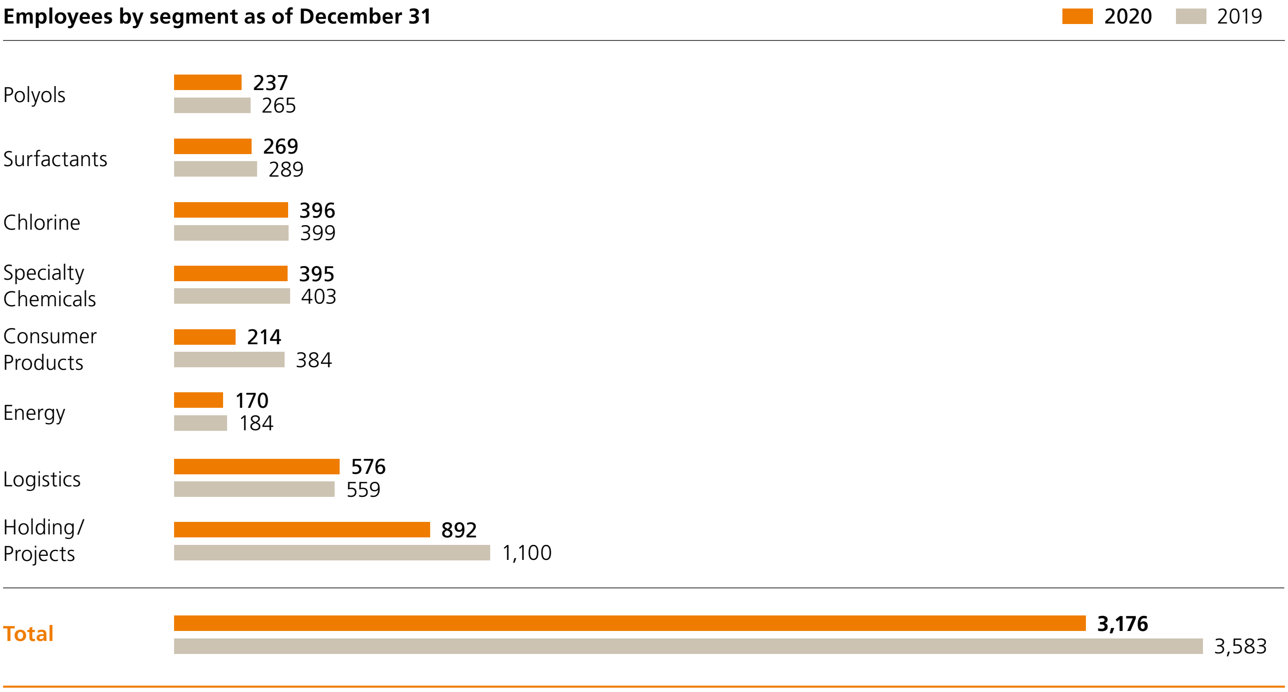
The use of short-time working in Germany (furlough scheme) during 2020 resulted in claims for reimbursement of compensation and social security contributions, which are also reported here.

	Dec. 31, 2020	Dec. 31, 2019
Salaried employees	1,447	1,719
Waged employees	1,729	1,864
Total employees at year-end	**3,176**	**3,583**

The companies of the PCC Group employed an average of 3,383 people in 2020 (previous year: 3,542), a decrease of 159 or 4.5 % versus prior year.

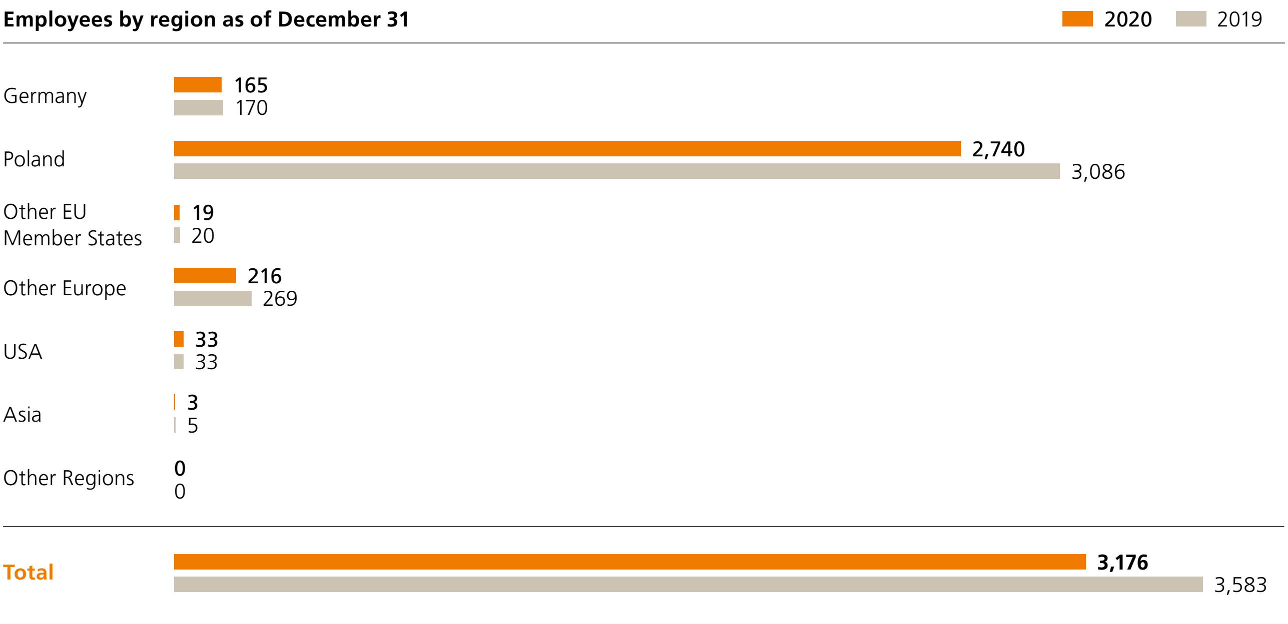
The following graphics show the breakdown of the number of employees by Group segment as of the reporting date. The corporate service functions are allocated to the Holding / Projects segment. The silicon metal plant of PCC BakkiSilicon hf., Húsavík (Iceland), is also assigned to this segment.

Employees by segment as of December 31



The geographic distribution of employees as of the closing date was as follows:

Employees by region as of December 31



(10) Other operating income

Figures in €k	2020	2019
Income from receipt of default penalty payments	14,186	–
Compensation in respect of CO_2 certificates	4,720	–
Income from deconsolidation	3,961	–
Income from the sale of energy efficiency certificates	2,490	2,717
Insurance reimbursements	2,019	729
Income from the reversal of other provisions	848	70
Income on disposal of property, plant and equipment	588	849
Income from write-ups on non-current assets	455	326
Rent and similar income	211	325
Income from derivatives	129	1,058
Income from the reversal of individual value adjustments and ECL on accounts receivable	104	193
Income from costs recharged	91	360
Sundry other operating income	5,672	7,657
Total other operating income	**35,474**	14,283

Other operating income rose by €21.2 million from €14.3 million to €35.5 million in the year under review. The increase is mainly attributable to the receipt of contractual default penalties amounting to €14.2 million. Of this amount, €13.6 million alone related to compensation payments from warranty and settlement cases in connection with the delayed commissioning of the two furnaces of the silicon metal plant in Iceland.

Another reason for the increase is compensation payments received in the fiscal year in connection with CO_2 emissions allowance certificates in the amount of €4.7 million. These were made by the Polish state to offset price increases for CO_2 emissions allowance certificates.

The income from deconsolidated operations of €4.0 million relates mainly to PCC Consumer Products Czechowice S.A. i. L., which was removed from the scope of consolidation at the end of 2020 as a result of the liquidation resolution, and to the Bulgarian project company Novi Energii OOD, which was sold to a local co-partner at the end of 2020.

Income from the sale of energy efficiency certificates amounted to €2.5 million in the reporting year, which is only slightly less than the previous year's figure of €2.7 million. These certificates were granted free of charge on application for particularly energy-saving investments. All the certificates not required to cover our own energy volumes were sold.

As in the previous year, sundry other operating income comprises various individual items that are not in themselves material.

(11) Other operating expenses

Figures in € k	2020	2019
Maintenance and repair expenses	11,823	13,214
Legal, other consultancy and auditing expenses	7,315	7,322
General business expenses	6,696	7,039
Insurance premiums	6,517	4,916
Other taxes	6,233	5,444
Non-wage personnel expenses	2,847	2,447
Rent and similar expenses	2,730	4,873
Travel and hospitality expenses	2,437	4,748
Marketing, selling and distribution expenses	1,806	2,088
Increase in individual value adjustments and ECL on accounts receivable	520	1,709
Losses on disposal of property, plant and equipment	109	325
Sundry other operating expenses	20,764	17,882
Total other operating expenses	**69,798**	**72,006**

Other operating expenses decreased by € 2.2 million or 3.1 % from € 72.0 million to € 69.8 million in fiscal 2020.

As in the previous year, the biggest single item was maintenance and repair costs at € 11.8 million. The expenses were mainly attributable to the asset-intensive businesses of the Chemicals segments. Other taxes include all tax expenses that are not taxes on income. Domestic and foreign taxes on income, and also deferred taxes, are separately disclosed in the tax result and explained under Note (16). In the past fiscal year, other taxes amounted to € 6.2 million, € 0.8 million above the previous year's figure of € 5.4 million.

The decrease in individual value adjustments and ECL on receivables from € 1.7 million in the previous year to € 0.5 million in the reporting year is mainly the result of the impairment loss recognized in the previous year on a receivable of € 1.0 million which resulted from the insolvency of a customer served by the Specialty Chemicals segment.

As in the previous year, sundry other operating expenses comprise various individual items that are not in themselves material.

Research and development expenses for the reporting period under review came in at € 10.4 million (previous year: € 14.8 million).

(12) Result from investments accounted for using the equity method

Figures in €k	2020	2019
Equity value as of Jan. 1	**0**	1,207
Changes in consolidation scope	1,588	–
Additions	1,015	–
Proportionate net income/loss for the year	–3,665	–2,044
Adjustment for negative values	3,855	759
Reversal of negative value carried forward	–585	–
Other changes	–44	77
Equity value as of Dec. 31	**2,164**	0

Because of losses allocated to OOO DME Aerosol, Pervomaysky (Russia), which exceed the equity value recognized, the equity method has been deferred in the case of this entity. The losses are to be carried in a subledger and will first be offset against future income before any positive share of earnings is recognized in the consolidated statement of income. As of December 31, 2020, the accumulated losses amounted to €4.9 million (previous year: €1.0 million). This means that, in the year under review, losses amounting to €3.9 million have not been recognized.

The negative equity valuation of IRPC Polyol Company Ltd., Bangkok (Thailand), in the amount of €–0.6 million, which was recorded in the subledger in the previous year, was offset in the past financial year. In addition to the positive net income of the company itself, this was due in particular to the capital increase implemented in the amount of €1.0 million.

The sale of 50% of the shares in PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur (Malaysia), to joint venture partner PETRONAS Chemicals Group Berhad was successfully completed in the past fiscal year. The joint venture company is therefore now also included under investments accounted for using the equity method. As of December 31, 2020, the equity value of the company amounted to €1.6 million. The other changes relate to currency translation effects.

	OOO DME Aerosol		IRPC Polyol Company Ltd.		PCC Oxyalkylates Malaysia Sdn. Bhd.	
Figures in €k	2020	2019	2020	2019	2020	2019
Income statement						
Revenues	3,303	1,594	29,853	18,674	–	–
EBITDA	596	–146	1,350	–3,423	–239	–499
EBT	–8,572	–536	382	–3,741	–396	–600
Net result	–7,711	–347	382	–3,741	–399	–604
Balance sheet						
Non-current assets	20,525	26,902	6,889	4,970	5,483	3,064
Current assets	703	928	14,562	11,594	122	1,430
Non-current liabilities	26,841	27,058	2,972	414	189	302
Current liabilities	3,008	2,926	17,121	17,162	1,120	1,230

(13) Depreciation and amortization

Figures in € k	2020	2019
Amortization of intangible assets	2,529	3,408
Depreciation of property, plant and equipment	57,392	42,383
Depreciation and amortization of right-of-use assets	12,625	9,920
Depreciation and amortization	**72,546**	55,711

In the year under review, depreciation and amortization expenses rose by € 16.8 million or 30.2 % to € 72.5 million. This substantial increase is primarily due to completed capital expenditures within the extensive investment program of the PCC Group that has been put in train in recent years.

Amortization of non-current intangible assets relates to industrial property rights and similar rights. There were no value adjustments to goodwill either in fiscal 2020 or the previous year. For further information in relation to goodwill, please refer to Note (19). In fiscal 2020, total impairment losses with respect to intangible assets and property, plant and equipment and right-of-use assets amounted to € 2.6 million (previous year: € 5.6 million). A large part of this resulted from the initiation of liquidation proceedings at the Polish matches factory and the associated remeasurement of assets at liquidation values. In the previous year, impairment losses were mainly attributable to property, plant and equipment in the Energy, Chlorine and Holding/Projects segments.

(14) Interest result

The result from interest income and interest expenses declined by 43.0 % from € −24.3 million in the previous year to € −34.7 million in fiscal 2020. The breakdown of the individual items reads as follows:

Figures in € k	2020	2019
Interest and similar income	**2,391**	**2,787**
Interest income from deposits	10	90
Interest income on bank balances	1,744	1,846
Interest income on intercompany loans	638	851
Interest and similar expenses	**37,130**	**27,079**
Interest payable on bonds	19,461	15,312
Interest payable on bank liabilities	14,492	9,216
Interest payable on factoring arrangements	162	171
Interest expense from discounting of non-current provisions	317	195
Interest expense from leases	1,939	1,860
Interest expense from derivative financial instruments	746	296
Interest expense on loans received from affiliates	12	29
Interest result	**−34,739**	**−24,292**

As in the previous year, the largest single item was interest payable on bonds which, at € 19.5 million, was € 4.1 million up on the prior-year figure of € 15.3 million. Both the parent company and several subsidiaries of the PCC Group issue bonds to finance investments and refinance maturing liabilities. Under Note (32) can be found a detailed breakdown of bond liabilities and their tenors. By contrast, the largest absolute increase of € 5.3 million to € 14.5 million as of the reporting date was recorded in interest from liabilities to banks and resulted from the discontinuation of capitalization of interest during construction. Interest attributable to investment projects that represent qualifying assets is capitalized during the construction phase in accordance with IAS 23. In the past fiscal year, interest expenses totaling € 2.4 million (previous year: € 16.8 million) were recognized on the assets side. The financing cost rate was 4.5 % (previous year: 6.7 %). The weighted interest rate across all interest-bearing liabilities in the reporting year was 3.6 %, a decrease of 1.2 percentage points versus the corresponding rate of 4.8 % for the previous year.

(15) Currency translation result

Figures in € k	2020	2019
Foreign exchange rate gains	26,972	12,077
Foreign exchange rate losses	35,600	11,610
Currency translation result	**–8,629**	**466**

Gains and losses arising from foreign exchange/currency translation differences are recognized under financial result. Both expenses and income from currency translation increased year on year. The net result was a loss of €–8.6 million, a decline of €9.1 million on the previous year's figure of €0.5 million. This result was due in particular to the sharp depreciation of the Polish złoty in conjunction with monetary items denominated in foreign currency.

(16) Taxes on income/Tax expense

Figures in € k	2020	2019
Current taxes on income, Germany	1,423	1,523
Current taxes on income, abroad	10,428	11,176
Current income tax expense	**11,852**	**12,699**
Deferred tax income (–)/expense (+)	–10,360	–437
Total taxes on income	**1,492**	**12,261**
Other taxes incl. VAT and other excise duties	6,233	5,444
Total tax expense	**7,725**	**17,705**

Taxes on income include the income taxes paid or owed in the individual countries, and also deferred taxes recognized through profit or loss. Taxes on income are comprised of municipal trade and corporate income tax, the solidarity surcharge payable in Germany and the corresponding foreign taxes on income. Other taxes of €6.2 million (previous year: €5.4 million) include property taxes, wealth taxes and other comparable taxes. These are allocated to other operating expenses.

The effective tax rate of the PCC Group in the year under review amounted to −3.9 % (previous year: 63.5 %). The differences between the corporate income tax rate of 30 % applicable in Germany for 2020, which remained unchanged versus the prior year, and the effective tax rate are indicated in the following reconciliation statement:

Figures in € k	2020	2019
Earnings before taxes (EBT)	**−38,436**	**19,295**
Anticipated income tax burden at parent company	−11,531	5,788
Effects of changes on income tax rates	–	370
Foreign tax rate differentials	−3,906	2,423
Results from investments accounted for using the equity method	395	1,285
Non-taxable income	−25,493	−33,765
Non-deductible expenses	43,522	21,086
Deduction of losses for which deferred taxes have been provided	−285	−2,478
Deduction of losses for which deferred taxes have not been provided	−4,798	−1,069
Non-period-related taxes	334	−42
Result in special economic zones	−7,689	−36,954
Permanent differences	−16,039	−23,899
Other effects	26,983	79,517
Effective income tax	**1,492**	**12,261**

Individual Group companies have tax losses that can be carried forward. The following indicates the timeframes in which these tax loss carry-forwards can be used and from which deferred tax assets are created. The amount increased by € 54.0 million compared to the previous year, mainly as a result of start-up losses incurred by the Icelandic company. Tax loss carry-forwards from which no deferred tax assets have been created amount to € 125.7 million (previous year: € 136.8 million) and are primarily attributable to the Group holding company.

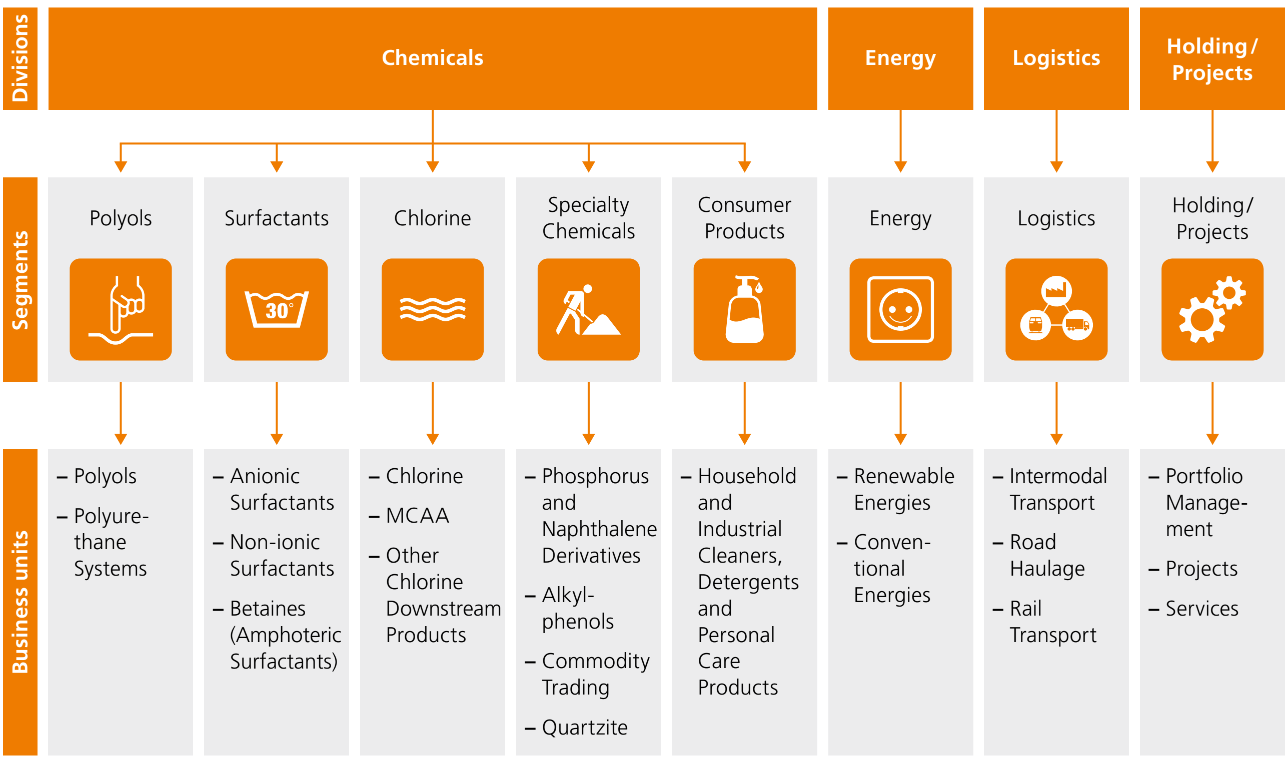
Figures in € k	Dec. 31, 2020	Dec. 31, 2019
Usable within:		
1 year	1,428	3
2 years	9	25
3 years	51	277
4 years	1,351	181
5 years and thereafter	84,785	34,543
Carried forward without restriction	5,938	4,529
Total usable tax losses carried forward	**93,562**	**39,557**

Segment report

(17) Business segment report

The PCC Group currently has some 3,200 employees working at 40 sites in 18 countries. The investment portfolio of PCC SE is divided into eight segments. The seven segments Polyols, Surfactants, Chlorine, Specialty Chemicals, Consumer Products, Energy and Logistics are assigned full operational responsibility. Allocated to these segments are 18 business units that are managed by the international companies and entities of PCC. The eighth segment, Holding/Projects which, in addition to the holding company PCC SE also includes other companies and entities, provides predominantly central Group services in the areas of finance, business development, information technology, environmental protection, site infrastructure management, research & development, engineering & technology and maintenance & repair.

The divisions, segments and business units of the PCC Group



The assignment of the Group's businesses to the seven operational segments assists in the leverage of synergy effects and sharpens the profile of the individual operations. The adoption of this structure underscores the PCC Group's commitment to its strategy of active investment portfolio management and ongoing portfolio optimization. The management of the portfolio assets and affiliates together with scrutiny of further acquisitions for the purpose of competence-related diversification into new market segments remains at the heart of Group policy. In the long term, this is intended to secure sustainable growth and continuously increase our enterprise value.

The Polyols segment comprises the Polyols and Polyurethane Systems business units. Their products form the basis of PU foam materials used in a wide range of applications and a large number of industries – from the PCC foam technology iPoltec® for high-comfort mattresses to PU foam systems for the effective and climate-kind thermal insulation of buildings.

Pooled under the Surfactants segment are the business units Anionic Surfactants, Non-ionic Surfactants and Betaines (Amphoteric Surfactants). Because of their multiple effects in foaming, wetting, emulsifying and cleaning, surfactants are essential ingredients in many products. In toothpastes they generate the cleaning effect and foaming action, while in dishwashing products they ensure that dirt and grease are effectively dislodged from hard surfaces.

Chlorine marks the starting point in the value chain of many products manufactured by the other segments of the PCC Chemicals division. For many people, it is also essential for everyday living: In swimming pools, for example, it serves as a disinfectant protecting bathers from germs. Produced by the environmentally compatible membrane process, chlorine and downstream chlorine products manufactured by PCC are also used in water treatment and in the petrochemical industry.

PCC's biggest single revenue generator is the Specialty Chemicals segment. Its products range from phosphorus-based flame retardants, plasticizers, stabilizers and lubricants, to additives for hydraulic oils and admixtures and additives formulated to improve the workability of fresh concrete or give paints and coatings their gloss. The segment also includes the commodity trading activities of the PCC Group, and the quartzite quarry in Poland.

The Consumer Products segment comprises the Household and Industrial Cleaners, Detergents and Personal Care Products business unit, with Polish company brands such as ROKO Professional and Flo. The previous Matches and Firelighters business has been discontinued and its operations therefore no longer form part of this segment.

Within the Energy segment, the main source of sales is the Conventional Energies business unit. This encompasses a cogenerating plant in Poland for supplying our own production facilities, and a regional Polish combined heat, power and steam utility. The focus of the second business unit in this segment, Renewable Energies, is on the development, construction and operation of, in particular, small hydropower plants. So far, PCC has commissioned five of these environmentally compatible electricity generators: one in Bosnia and Herzegovina and four in North Macedonia, where another is currently undergoing trial operations.

The Logistics segment comprises the three business units Intermodal Transport, Road Haulage and Rail Transport. PCC is one of the leading providers of container transport services in Poland. This intermodal network extends from Eastern Europe to the Benelux countries and also serves the new Silk Road to China and other Asian hubs on which transport volumes are increasing. Five Group-owned container terminals in Poland and Germany form the basis of our intermodal logistics services. PCC's tanker fleet specializes in the Europe-wide road haulage of liquid chemicals. And in Russia, PCC maintains a fleet of broad-gauge freight cars.

The Holding/Projects segment provides corporate and inter-divisional services to the Group companies in fields such as finance, information technology, research & development, and maintenance & repair. Also managed under this segment are PCC BakkiSilicon hf. (silicon metal plant in Iceland), OOO DME Aerosol (dimethyl ether plant in Russia) and PCC Oxyalkylates Malaysia Sdn. Bhd. (planned ethoxylation and polyols production complex in Malaysia).

The valuation principles for the Group's segment report are based on those used in preparation of the consolidated financial statements per IFRSs. Group-internal transactions are essentially performed as with third parties. According to IFRS 8, operating segments are defined on the basis of internal reporting on the Group's business areas, the operating results of which are regularly reviewed by the company's chief operating decision-maker for the purpose of making decisions on the allocation of resources to said segments and for the assessment of their performance. Information reported to the main decision-makers for the purpose of allocating resources to the operating segments of the Group and assessing their financial performance relates to the types of products manufactured and/or services provided.

Sales in fiscal 2020 totaled €716.8 million, 6.6 % lower than the figure of €767.5 million generated in the previous year. This was mainly due to price declines caused by the Covid-19 pandemic. At €144.5 million, sales of the Polyols segment were around 2.4 % up on the prior year. The Surfactants segment posted sales of €123.1 million, thus maintaining the level of the previous year. The Chlorine segment recorded a 15.2 % decline in sales to €131.2 million. In the Specialty Chemicals segment, sales fell significantly by 25.5 % to €153.2 million. The Consumer Products segment recorded a 25.0 % increase in sales to €27.0 million, not least due to pandemic-related demand for disinfectants, sanitizers and cleaning agents.

The Logistics segment saw sales stabilize at €96.0 million versus the previous year's €97.1 million. The Intermodal Transport business again recorded notable gains. The Energy segment recorded a slight decrease in sales, which came in at €11.4 million (previous year: €12.4 million).

With sales totaling €578.9 million (previous year: €646.3 million) from the five segments Polyols, Surfactants, Chlorine, Specialty Chemicals and Consumer Products, the Chemicals division accounted for a reduced but still high 80.8 % (previous year: 84.2 %) share of the Group's total operating output in fiscal 2020. The proportion of total Group sales generated by the Logistics segment increased slightly to 13.4 % (previous year: 12.7 %). The share accounted for by the Energy segment was unchanged year on year at 1.6 %. With sales of €30.5 million (previous year: €11.6 million), the proportion of total Group revenues attributable to the Holding/Projects segment amounted to 4.3 % (previous year: 1.5 %).

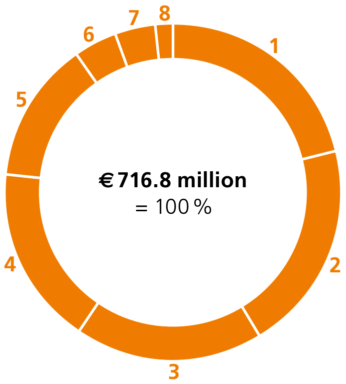
Figures in €k	**2020**	2019
EBITDA	**83,833**	98,970
Depreciation and amortization	72,546	55,711
Financial result	−49,723	−23,964
EBT	**−38,436**	19,295

Business segment report
Figures in € k

	Polyols		Surfactants		Chlorine		Specialty Chemicals	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Sales per segment (total output)	**177,230**	172,246	**149,621**	150,515	**203,154**	230,969	**161,385**	229,650
Sales with other PCC segments	**32,780**	31,162	**26,544**	27,267	**71,942**	76,176	**8,167**	24,041
Net external sales (consolidated)	**144,450**	**141,084**	**123,077**	**123,247**	**131,212**	**154,793**	**153,219**	**205,609**
Contribution to total revenue	**20.2 %**	18.4 %	**17.2 %**	16.1 %	**18.3 %**	20.2 %	**21.4 %**	26.8 %
EBITDA	**23,941**	8,199	**15,673**	13,005	**38,904**	55,690	**9,294**	10,454
EBITDA margin	**16.6 %**	5.8 %	**12.7 %**	10.6 %	**29.6 %**	36.0 %	**6.1 %**	5.1 %
EBIT	**19,265**	4,273	**13,044**	9,919	**19,587**	40,182	**3,840**	4,398
EBIT margin	**13.3 %**	3.0 %	**10.6 %**	8.0 %	**14.9 %**	26.0 %	**2.5 %**	2.1 %
Intangible assets	**3,388**	3,645	**1,493**	1,637	**15,035**	16,811	**2,267**	2,198
Property, plant and equipment	**49,369**	51,413	**50,400**	49,738	**183,638**	203,874	**45,619**	46,012
Financial liabilities	**46,692**	48,450	**46,944**	42,929	**110,482**	139,207	**36,777**	41,387
Capital expenditures on intangible assets and property, plant and equipment	**5,756**	6,479	**6,559**	9,572	**12,497**	27,718	**7,542**	15,826
Depreciation and amortization	**4,676**	3,926	**2,628**	3,085	**19,317**	15,508	**5,454**	6,055
Capital employed (average)	**59,446**	63,507	**62,076**	69,956	**220,587**	239,780	**78,576**	78,595
ROCE	**32.4 %**	6.7 %	**21.0 %**	14.2 %	**8.9 %**	16.8 %	**4.9 %**	5.6 %
Result from investments accounted for using the equity method	**191**	–1,870	**–**	–	**–**	–	**–**	–
Employees at Dec. 31	**237**	265	**296**	289	**396**	399	**395**	403
Employees (annual average)	**232**	259	**292**	288	**390**	389	**396**	400

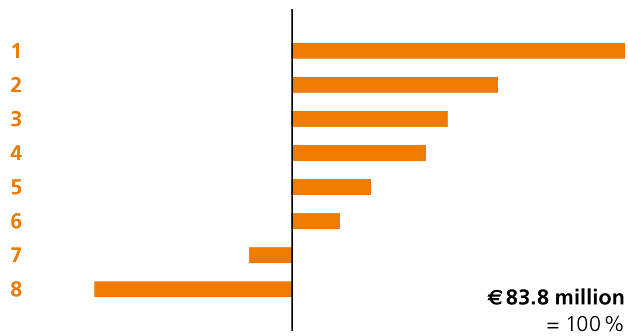
Sales 2020 by segment in %

1	Specialty Chemicals	**21.4 %**	5	Logistics	**13.4 %**
2	Polyols	**20.2 %**	6	Holding/Projects	**4.3 %**
3	Chlorine	**18.3 %**	7	Consumer Products	**3.8 %**
4	Surfactants	**17.2 %**	8	Energy	**1.6 %**



EBITDA 2020 by segment in %

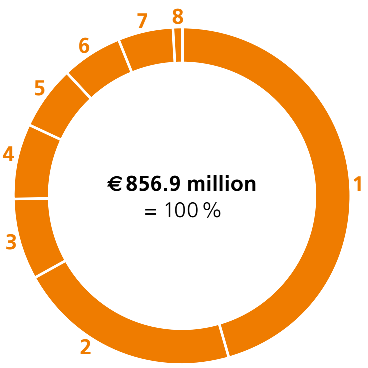
1	Chlorine	**46.4 %**	5	Specialty Chemicals	**11.1 %**
2	Polyols	**28.6 %**	6	Consumer Products	**6.8 %**
3	Logistics	**21.7 %**	7	Energy	**–5.9 %**
4	Surfactants	**18.7 %**	8	Holding/Projects	**–27.4 %**



	Consumer Products		Energy		Logistics		Holding/Projects		Consolidated		PCC Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	28,981	22,995	35,283	34,185	109,361	112,822	80,746	65,817	–	–	945,760	1,019,198
	1,990	1,396	23,887	21,779	13,385	15,681	50,258	54,177	–	–	228,951	251,678
	26,991	21,599	11,397	12,406	95,976	97,141	30,487	11,640	–	–	716,809	767,520
	3.8 %	2.8 %	1.6 %	1.6 %	13.4 %	12.7 %	4.3 %	1.5 %	–	–	100.0 %	100.0 %
	5,707	–2,552	–4,907	1,191	18,213	21,770	–25,304	–8,331	2,312	–454	83,833	98,970
	21.1 %	–11.8 %	–43.1 %	9.6 %	19.0 %	22.4 %	34.1 %	–71.6 %	–	–	11.7 %	12.9 %
	2,892	–3,927	–8,414	–3,803	6,360	11,913	–47,394	–18,760	2,107	–936	11,287	43,259
	10.7 %	–18.2 %	–73.8 %	–30.7 %	6.6 %	12.3 %	–38.3 %	–161.2 %	–	–	1.6 %	5.6 %
	3	20	6,943	12,036	435	414	926	1,473	6,974	6,970	37,464	45,203
	6,803	9,912	60,571	67,729	64,791	66,402	398,804	442,651	–3,124	–4,314	856,872	933,418
	24,494	25,783	27,525	59,630	51,308	57,149	702,148	790,227	–114,708	–249,096	931,661	955,666
	353	174	1,777	2,471	10,003	10,838	43,598	111,862	–21,473	–21,439	66,612	163,500
	2,815	1,375	3,506	4,995	11,853	9,857	22,090	10,428	205	482	72,546	55,711
	–577	11,483	76,076	108,978	85,816	75,346	1,113,794	1,397,741	–639,957	–1,008,105	1,055,836	1,037,281
	–501.1 %	–34.2 %	–11.1 %	–3.5 %	7.4 %	15.8 %	–1.0 %	–1.3 %	–	–	1.1 %	4.2 %
	–	–	–	–	–	–	–3,855	–174	3,270	759	–395	–1,285
	214	384	170	184	576	559	892	1,100	–	–	3,176	3,583
	332	390	173	181	574	545	993	1,090	–	–	3,383	3,542

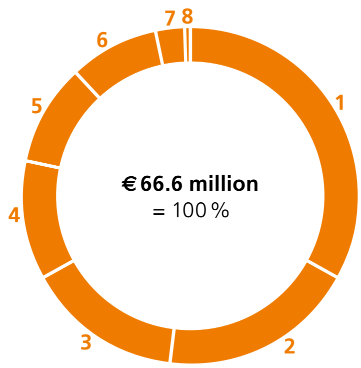
Property, plant and equipment 2020 by segment in %

1 Holding/Projects **46.2 %**
2 Chlorine **21.4 %**
3 Logistics **7.6 %**
4 Energy **7.1 %**
5 Surfactants **5.9 %**
6 Polyols **5.8 %**
7 Specialty Chemicals **5.3 %**
8 Consumer Products **0.8 %**



Capital expenditures 2020 by segment in %

1 Holding/Projects **33.2 %**
2 Chlorine **18.8 %**
3 Logistics **15.0 %**
4 Specialty Chemicals **11.3 %**
5 Surfactants **9.8 %**
6 Polyols **8.6 %**
7 Energy **2.7 %**
8 Consumer Products **0.5 %**



(18) Regional segment report

Figures in €k	Germany		Poland		Other EU Member States	
	2020	2019	**2020**	2019	**2020**	2019
Customer location						
Net external sales (consolidated)	**144,544**	178,728	**267,880**	277,000	**175,072**	181,458
Contribution to total revenue	**20.2 %**	23.3 %	**37.4 %**	36.1 %	**24.4 %**	23.6 %
Company location						
Net external sales (consolidated)	**94,185**	139,173	**559,964**	586,397	**11,978**	12,556
Contribution to total revenue	**13.1 %**	18.1 %	**78.1 %**	76.4 %	**1.7 %**	1.6 %
EBITDA	**−9,392**	−4,150	**111,635**	105,675	**−437**	−1,626
EBITDA margin	**27.9 %**	−3.0 %	**19.9 %**	18.0 %	**−3.6 %**	−12.9 %
EBIT	**−11,906**	−7,551	**59,403**	59,668	**−569**	−1,654
EBIT margin	**25.3 %**	−5.4 %	**10.6 %**	10.2 %	**−4.8 %**	−13.2 %
Intangible assets	**789**	615	**28,250**	34,606	**82**	130
Property, plant and equipment	**10,544**	7,090	**487,063**	519,433	**3,450**	4,435
Investment property	**–**	–	**–**	1,212	**–**	–
Financial liabilities	**414,459**	429,982	**334,173**	402,634	**3,728**	5,175
Capital expenditures on intangible assets and property, plant and equipment	**32,395**	32,703	**51,159**	80,385	**304**	269
Depreciation and amortization	**2,514**	3,401	**52,232**	46,007	**132**	28
Result from investments accounted for using the equity method	**–**	–	**–**	–	**–**	–
Employees at Dec. 31	**165**	170	**2,740**	3,086	**19**	20
Employees (annual average)	**167**	165	**2,889**	3,048	**19**	21

For the purpose of regular internal and external reporting, the business of the PCC Group is divided geographically into seven regions (Germany, Poland, Other EU Member States, Other Europe, USA, Asia and Other Regions). In fiscal 2020, the Group generated 20.2 % of its sales revenues with customers in Germany (previous year: 23.3 %), while 37.4 % was accounted for by customers in Poland (previous year: 36.1 %).

The PCC Group generated a total of 82.0 % of its sales with customers in the member states of the European Union (previous year: 83.0 %), the majority share being taken by Poland and Germany.

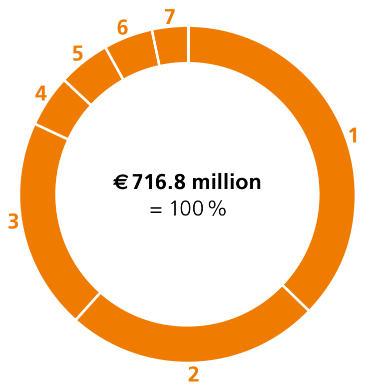
Poland accounted for net external Group sales by company location of € 560.0 million (previous year: € 586.4 million), corresponding to around 78.1 % of the Group total (previous year: 76.4 %). Based on customer location, the figure for Poland was € 267.9 million (previous year: € 277.0 million) or 37.4 % (previous year: 36.1 %). The sales figure in Germany decreased from € 178.7 million to € 144.5 million by customer location, while by location of company revenues generated in Germany decreased from € 139.2 million to € 94.2 million.

Capital expenditures totaled € 66.6 million, well down on the previous year (€ 163.5 million) due to the pandemic. Most of this investment was attributable to the Poland region, and primarily to ongoing expenditures aligned to expanding capacity and optimizing operations at the Brzeg Dolny chemical park. In addition, further investments were made in the vehicle fleet for intermodal transport operations. Capital expenditures in Poland amounted to € 51.2 million (previous year: € 80.4 million).

Other Europe		USA		Asia		Other Regions		Consolidated		PCC Group	
2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
34,114	34,865	**22,556**	23,503	**36,013**	39,214	**36,630**	32,751	**–**	–	**716,809**	767,520
4.8 %	4.5 %	**3.1 %**	3.1 %	**5.0 %**	5.1 %	**5.1 %**	4.3 %	**–**	–	**100.0 %**	100.0 %
26,125	10,231	**19,195**	19,162	**5,361**	–	**–**	–	**–**	–	**716,809**	767,520
3.6 %	1.3 %	**2.7 %**	2.5 %	**0.7 %**	–	**–**	–	**–**	–	**100.0 %**	100.0 %
–19,325	–773	**1,328**	791	**–5**	–493	**–**	–	**29**	–454	**83,833**	98,970
–74.0 %	–7.6 %	**6.9 %**	4.1 %	**–0.1 %**	–	**–**	–	**–**	–	**11.7 %**	12.9 %
–36,663	–6,199	**1,106**	546	**–112**	–615	**–**	–	**29**	–936	**11,287**	43,259
–140.3 %	–60.6 %	**5.8 %**	2.8 %	**–2.1 %**	–	**–**	–	**–**	–	**1.6 %**	5.6 %
1,783	1,900	**898**	982	**–**	–	**–**	–	**5,663**	6,970	**37,464**	45,203
354,482	400,888	**2,881**	3,248	**5,187**	2,639	**–**	–	**–6,736**	–4,314	**856,872**	933,418
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,212
379,681	365,665	**689**	862	**324**	444	**–**	–	**–201,393**	–249,096	**931,661**	955,666
3,219	71,487	**122**	95	**2,817**	1	**–**	–	**–23,405**	–21,439	**66,612**	163,500
17,338	5,426	**222**	245	**107**	122	**–**	–	**–**	482	**72,546**	55,711
–3,855	–174	**–**	–	**191**	–1,870	**–**	–	**3,270**	759	**–395**	–1,285
216	269	**33**	33	**3**	5	**0**	0	**–**	–	**3,176**	3,583
269	268	**33**	35	**5**	6	**0**	0	**–**	–	**3,383**	3,542

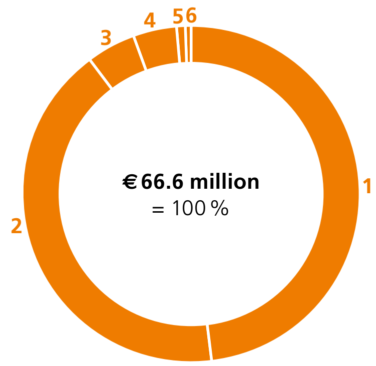
Sales 2020 by region in %

1	Poland	**37.4 %**
2	Other EU Member States	**24.4 %**
3	Germany	**20.2 %**
4	Other Regions	**5.1 %**
5	Asia	**5.0 %**
6	Other Europe	**4.8 %**
7	USA	**3.1 %**



Capital expenditures 2020 by region in %

1	Germany	**48.6 %**
2	Poland	**41.7 %**
3	Other Europe	**4.8 %**
4	Asia	**4.2 %**
5	Other EU Member States	**0.5 %**
6	USA	**0.2 %**
7	Other Regions	**0.0 %**



Notes to the individual items of the consolidated balance sheet

(19) Intangible assets

Figures in €k	Industrial property rights and similar rights	Goodwill	Internally generated intangible assets	Advance payments	**Total**
Historical cost					
Jan. 1, 2020	36,552	8,845	10,043	5,311	**60,750**
Changes in consolidation scope	–135	–	–	–	**–135**
Additions	8,089	–	218	1,050	**9,357**
Disposals	12,289	–	–	87	**12,376**
Reclassifications	578	–	1,534	–2,112	**–**
Currency translation differences	–2,020	–151	–667	–332	**–3,170**
Dec. 31, 2020	**30,774**	**8,694**	**11,128**	**3,830**	**54,426**
Amortization					
Jan. 1, 2020	12,466	827	1,387	868	**15,547**
Changes in consolidation scope	–35	–	–	–	**–35**
Additions	7,533	–	524	–	**8,057**
Disposals	6,394	–	–	25	**6,419**
Impairment write-downs	156	–	–	499	**655**
Reversal of write-downs	–	–	–3	–	**–3**
Currency translation differences	–598	–70	–105	–67	**–840**
Dec. 31, 2020	**13,128**	**757**	**1,803**	**1,275**	**16,963**
Net carrying amount on Dec. 31, 2020	**17,647**	**7,937**	**9,325**	**2,555**	**37,464**

Intangible assets comprise industrial property rights, licenses and similar rights, goodwill, internally generated and developed intangible assets, and advance payments for intangible assets.

The net carrying amounts for this class of assets decreased in 2020 from €45.2 million to €37.5 million. The change is mainly due to the sale of CO_2 emissions allowance certificates in the first half of 2020 to improve liquidity during the Covid-19 pandemic.

Impairment losses of €0.7 million (previous year: €1.4 million) were recognized in the reporting year and mainly relate to development costs in the Polyols segment.

As of the reporting date, there were restricted rights of disposal on intangible assets in the amount of €1.8 million (previous year: €1.9 million).

Exploration and production activities are carried out by one subsidiary. As of the reporting date, the associated net carrying amount for the rights contained in the total for intangible assets amounted to €0.2 million (previous year: €0.3 million). No exploration activities occurred in the year under review. This undertaking is immaterial for the PCC Group; hence there is no separate reconciliation statement in this regard.

Figures in € k	Industrial property rights and similar rights	Goodwill	Internally generated intangible assets	Advance payments	**Total**
Historical cost					
Jan. 1, 2019	30,734	8,811	9,059	5,333	**53,938**
Additions	7,457	–	468	2,082	**10,007**
Disposals	2,686	–	–	744	**3,431**
Reclassifications	788	–	420	–1,415	**–207**
Currency translation differences	258	34	95	56	**443**
Dec. 31, 2019	**36,552**	**8,845**	**10,043**	**5,311**	**60,750**
Amortization					
Jan. 1, 2019	10,625	811	937	346	**12,719**
Additions	4,277	–	433	93	**4,803**
Disposals	2,686	–	–	744	**3,431**
Impairment write-downs	–	–	–	1,410	**1,410**
Reversal of write-downs	–	–	3	173	**176**
Reclassifications	164	–	5	–81	**89**
Currency translation differences	86	16	14	17	**133**
Dec. 31, 2019	**12,466**	**827**	**1,387**	**868**	**15,547**
Net carrying amount on Dec. 31, 2019	**24,086**	**8,019**	**8,656**	**4,443**	**45,203**

Goodwill

A debit differential that cannot be allocated to other assets on the first-time consolidation of subsidiaries is recognized in the consolidated balance sheet as goodwill. This goodwill does not undergo scheduled amortization; instead, it is subjected at least once a year to an impairment test in accordance with IFRS 3.

The adjacent chart shows all the goodwill recognized within the Group as of December 31, 2020. It also includes the goodwill assumed from the individual financial statements of the US company PCC Chemax, Inc., Piedmont (South Carolina). There were no additions/write-ups or write-downs either in the year under review or in the previous year. The change in goodwill at PCC Chemax, Inc. results from a foreign exchange effect, as the goodwill is listed in the cash-generating currency of the company, that is to say US dollars.

The annual impairment tests were carried out in the fourth quarter of the fiscal year and were based on management-approved budgets for the three subsequent years. Using a perpetuity growth model, a terminal value was determined on the basis of the last budget year.

Figures in € k	**Dec. 31, 2020**	Dec. 31, 2019
PCC Silicium S.A.	**2,615**	2,615
PCC Intermodal S.A.	**2,593**	2,593
PCC Rokita subgroup	**1,330**	1,330
PCC Chemax, Inc.	**884**	966
PCC Exol SA	**515**	515
Goodwill	**7,937**	8,019

The achievable amount was ascertained on the basis of value-in-use. As in the previous year, the growth rate assumed was 1.0 %. The budget assumptions derive from empirical values and estimates of the various business managements, taking into account centrally defined global positions such as exchange rates, estimates of economic development, market growth or commodity prices, for which purpose external sources were also consulted. The local tax rates assumed were, once again, 19.0 % in the case of the Polish cash-generating units, and 23.6 % in the case of the US cash-generating unit. The tax rates remained unchanged year on year. As in the previous year, the weighted average cost of capital (WACC) was determined on a regional basis. This was 6.92 % for Poland (previous year: 6.98 %) and 6.27 % for the USA (previous year: 6.32 %). Even with change in the WACC of 10 %, there would be no impairment write-down requirement.

(20) Property, plant and equipment

Figures in €k	Land and buildings	Plant and machinery	Other facilities, factory and office equipment	Advance payments and construction in progress	**Total**
Historical cost					
Jan. 1, 2020	359,070	553,504	230,915	76,691	**1,220,180**
Changes in consolidation scope	−2,551	−7,133	−698	−7,409	**−17,791**
Additions	461	3,047	728	48,553	**52,790**
Disposals	773	8,160	2,381	276	**11,591**
Reclassifications	8,596	25,616	17,439	−46,060	**5,591**
Currency translation differences	−27,872	−41,591	−15,296	−4,097	**−88,856**
Dec. 31, 2020	**336,931**	**525,283**	**230,706**	**67,402**	**1,160,323**
Depreciation					
Jan. 1, 2020	33,773	156,664	92,486	3,839	**286,762**
Changes in consolidation scope	−1,997	−7,001	−695	−83	**−9,776**
Additions	9,408	34,384	11,644	–	**55,435**
Disposals	654	7,824	2,072	–	**10,549**
Impairment write-downs	460	995	179	323	**1,957**
Reversal of write-downs	119	184	33	105	**441**
Reclassifications	326	1,113	1,031	–	**2,470**
Currency translation differences	−2,727	−12,978	−6,449	−252	**−22,407**
Dec. 31, 2020	**38,468**	**165,170**	**96,091**	**3,722**	**303,451**
Net carrying amount on Dec. 31, 2020	**298,463**	**360,114**	**134,615**	**63,680**	**856,872**

The net carrying amount of property, plant and equipment decreased from € 933.4 million to € 856.9 million in the year under review, due primarily to foreign exchange effects and depreciation. This is the first fiscal year in which the silicon metal plant in Iceland has been included for a full year in the depreciation and amortization figures. In addition, the PCC Group temporarily suspended capital expenditure activities, partly as a Covid-19 safeguarding measure, with the result that additions to property, plant and equipment were significantly lower than in previous years.

Thus, additions to property, plant and equipment in fiscal 2020 amounted to € 52.8 million (previous year: € 148.3 million). Investments of € 43.6 million (previous year: € 111.9 million) were attributable to the Holding/Projects segment, which includes the silicon metal plant in Iceland.

Additions to depreciation of property, plant and equipment amounted to € 55.4 million in the year under review (previous year: € 38.4 million). The increase resulted primarily from the fact that 2020 is the first fiscal year in which the silicon metal plant in Iceland has been included for a full twelve months in the depreciation and amortization figures. Beyond these scheduled expenses, no impairment losses were recognized on the silicon metal plant.

In fiscal 2020, the Group as a whole recognized impairment losses of € 2.0 million (previous year: € 3.7 million) on property, plant and equipment. A large part of this resulted from the resolution to liquidate the Polish matches factory and the associated remeasurement of assets at liquidation values. Value write-ups in both the year under review and the previous year were negligible.

Figures in € k	Land and buildings	Plant and machinery	Other facilities, factory and office equipment	Advance payments and construction in progress	Total
Historical cost					
Jan. 1, 2019	176,240	389,874	170,995	364,894	**1,102,002**
Additions	105	6,153	950	141,058	**148,267**
Disposals	204	5,533	1,449	234	**7,420**
Reclassifications	181,144	157,444	58,699	−435,344	**−38,057**
Currency translation differences	1,785	5,566	1,720	6,317	**15,388**
Dec. 31, 2019	**359,070**	**553,504**	**230,915**	**76,691**	**1,220,180**
Depreciation					
Jan. 1, 2019	35,941	153,026	63,719	1,172	**253,858**
Additions	4,332	23,188	10,872	–	**38,393**
Disposals	170	5,288	1,031	294	**6,783**
Impairment write-downs	260	189	67	3,135	**3,650**
Reversal of write-downs	3	24	4	122	**154**
Reclassifications	−7,069	−17,054	18,107	−89	**−6,105**
Currency translation differences	483	2,627	756	38	**3,903**
Dec. 31, 2019	**33,773**	**156,664**	**92,486**	**3,839**	**286,762**
Net carrying amount on Dec. 31, 2019	**325,297**	**396,841**	**138,429**	**72,852**	**933,418**

As of the 2020 balance sheet date, there were restrictions on the right of disposal on individual items of property, plant and equipment in the amount of € 491.7 million (previous year: € 545.2 million). In addition, these serve as collateral security for liabilities. As of December 31, 2020, there were total investment commitments of € 23.5 million (previous year: € 37.2 million) relating to investments already contractually agreed but not yet completed. Furthermore, € 1.9 million in insurance compensation attributable to property, plant and equipment was received in the past fiscal year (previous year: € 0.5 million).

(21) Right-of-use assets

Figures in €k	2020	2019
Historical cost		
January 1	83,079	71,577
Changes in consolidation scope	−1,667	–
Additions	9,636	13,842
Disposals	1,957	153
Reclassifications	−3,804	−2,187
Currency translation differences	−4,987	–
December 31	**80,301**	83,079
Depreciation and amortization		
January 1	16,997	7,114
Changes in consolidation scope	−345	–
Additions	12,659	10,207
Disposals	1,358	40
Reclassifications	−1,814	−884
Currency translation differences	−1,217	76
December 31	**24,922**	16,997
Net carrying amount as of December 31	**55,379**	66,082

Within the PCC Group, lease agreements exist particularly in the areas of developed and undeveloped land and buildings, plant and machinery, factory and office equipment, and vehicle fleet. To ensure flexibility, extension and termination options are sometimes agreed. When determining the term of the agreement, all circumstances and facts are taken into account which, to the best of our current knowledge, have an influence on the exercise of an extension option or the non-exercise of a termination option. When determining lease liabilities and corresponding right-of-use assets, all sufficiently assured cash outflows are taken into account. Classified by underlying asset type, the net carrying amounts of the right-of-use assets totaling €55.4 million (previous year: €66.1 million) break down as of year-end as follows:

Figures in €k	Dec. 31, 2020	Dec. 31, 2019
Land and buildings	23,720	25,994
Plant and machinery	18,249	25,980
Other facilities, factory and office equipment, incl. vehicle fleet	13,410	14,109
Right-of-use assets, net carrying amount	**55,379**	66,082

The underlying lease terms for land and buildings range from one to 26 years. Plant and machinery are leased for between one and three years, and other facilities, factory and office equipment, and vehicle fleet, for between one and 21 years.

Classified by underlying asset type, the depreciation expenses totaling €12.7 million (previous year: €10.7 million) on right-of-use assets in fiscal 2020 break down as follows:

Figures in €k	2020	2019
Land and buildings	1,060	1,841
Plant and machinery	7,281	5,749
Other facilities, factory and office equipment, incl. vehicle fleet	4,323	3,141
Right-of-use assets, depreciation	**12,665**	**10,731**

(22) Investment property

Figures in €k	2020	2019
Historical cost		
January 1	1,915	1,811
Reclassifications	–1,787	–612
Currency translation differences	–127	19
December 31	**–**	**1,915**
Depreciation		
January 1	703	937
Reclassifications	–656	–476
Currency translation differences	–47	10
December 31	**–**	**703**
Net carrying amount	**–**	**1,212**

The assets reported under investment property in the previous year with a net carrying amount of €1.2 million were reclassified in full to property, plant and equipment in the past fiscal year. As the letting of real estate for profit is not a core business activity of the PCC Group and does not generate any significant income, it has not been presented separately.

(23) Non-current financial assets

Classified under non-current financial assets are shares in affiliated companies which, for materiality reasons, are not consolidated, investments in other entities and also financial investment securities. The value recognized is mainly attributable to affiliated, non-consolidated companies and remained virtually unchanged at €5.0 million as of the reporting date.

(24) Other non-current financial assets

This balance sheet item includes loans to affiliated companies that are not consolidated for reasons of materiality, loans to joint ventures, and other loans. On the balance sheet date, the total value under this heading amounted to € 19.7 million, € 1.0 million higher than the figure for the previous year of € 18.7 million. The figure includes, in particular, loans to the joint venture OOO DME Aerosol in the amount of € 10.5 million (previous year: € 8.9 million).

(25) Inventories

Figures in € k	Dec. 31, 2020	Dec. 31, 2019
Raw materials and supplies	23,505	31,472
Work in progress	10,159	16,120
Finished products	11,135	16,848
Merchandise	9,391	12,660
Goods in transit	2,459	1,844
Advance payments	1,299	1,789
Total inventories	**57,948**	**80,734**

Inventory values decreased from € 80.7 million at the end of the previous year to € 57.9 million as of the reporting date. This was mainly due to the sharp drop in raw material prices in the fiscal year and the associated reduction in procurement costs.

In both the 2020 reporting year and the previous year, only insignificant write-ups were recognized on previously impaired inventories due to increased marketability. Impairment losses recognized amounted to € 1.4 million (previous year: € 0.5 million).

(26) Trade accounts receivable

Figures in € k	Dec. 31, 2020	Dec. 31, 2019
Trade accounts receivable	75,400	84,922
Expected credit losses (ECL) – Stage 2	−230	−279
Losses already incurred – Stage 3	−3,204	−3,955
Total trade accounts receivable	**71,967**	**80,687**

Trade accounts receivable as of December 31, 2020 all had a remaining term of up to one year in their full amount. Their value decreased by € 8.7 million or 10.8 % year on year.

Expected credit losses determined on the basis of the impairment model declined by € 0.1 million in fiscal 2020. Additions to write-downs due to losses already incurred decreased year on year from € 1.7 million to € 0.5 million. Overall, the Group recognized value adjustments on trade accounts receivable in the amount of € 3.4 million, € 0.8 million less than in the previous year.

Figures in € k	2020	2019
Value adjustments per Jan. 1	**–4,235**	–2,892
Change in expected credit losses (ECL) – Stage 2	32	–74
Change in losses already incurred – Stage 3	–429	–1,521
Allowances used	1,048	274
Currency translation differences	151	–22
Value adjustments per Dec. 31	**–3,434**	–4,235

The maturity structure of all non-impaired trade accounts receivable is shown below. Approximately 92.6 % of the Group's receivables were neither impaired nor overdue as of December 31, 2020 (previous year: 89.0 %). Also shown are the default risks and the level of the expected credit losses (ECL) over the remaining term of each age group.

	Gross value of trade accounts receivable		Expected credit loss (ECL)	
Figures in € k	2020	2019	2020	2019
Not overdue	**66,649**	71,745	**48**	30
Overdue	**8,752**	13,177	**181**	249
up to 30 days	4,745	7,810	6	13
30 to 60 days	328	434	8	11
60 to 90 days	257	153	2	5
90 to 120 days	22	269	1	20
over 120 days	3,400	4,511	164	200
Expected credit loss (ECL)	**75,400**	84,922	**230**	279

Individual companies within the PCC Group use factoring as a receivables financing instrument. The volume of all receivables sold as of the balance sheet date amounted to € 13.2 million (previous year: € 14.4 million).

(27) Other receivables and other assets

Figures in €k	Dec. 31, 2020		Dec. 31, 2019	
	Non-current	Current	Non-current	Current
Accounts receivable from affiliated companies	–	938	–	699
Accounts receivable from associated companies and joint ventures	–	21	–	168
Security deposits paid	–	556	–	524
Reimbursement claims for VAT and other duties	–	7,936	–	13,987
Receivables from employees	–	10	–	21
Insurance claims	–	1	–	1
Prepaid expenses and deferred charges	426	4,647	676	3,697
Receivables from loans to affiliated companies	–	4,191	–	3,953
Contract assets	–	362	96	394
Sundry other assets	–	10,842	–	19,433
Other receivables and other assets	**426**	**29,503**	772	42,876

Accounts receivable from affiliated companies as of December 31, 2020 all have a remaining term of up to one year. They comprise accounts receivable from affiliated, non-consolidated companies. Further information is also provided in the section on related entities, see Note (39). These are largely loan receivables from project companies.

As in the previous year, no impairment losses were recognized on other assets or on receivables from affiliated companies.

(28) Equity

The subscribed capital of PCC SE remained unchanged year on year. It amounts to € 5.0 million and is fully paid up. It is divided into 5,000,000 individual share certificates with a par value of € 1 per share.

The items included under revenue reserves and other reserves as of December 31, 2020 are as follows:

Figures in €k	Dec. 31, 2020	Dec. 31, 2019
Revenue reserves, retained earnings, valuation reserves and debit differentials set off against revenue reserves	93,293	94,716
IFRS transition reserve	20,959	21,635
Share of net result attributable to Group	−37,193	3,626
Revenue reserves / Other reserves	**77,059**	119,977

The movements in Group equity are indicated in the statement of changes in equity included in the consolidated financial statements.

Revenue reserves and other reserves comprise unappropriated earnings achieved in the reporting period by the subsidiaries included in the consolidated financial statements. The share of the net result from the previous year attributable to the Group in the amount of €5.9 million is disclosed in the revenue reserves as retained earnings. In fiscal 2020, the sole shareholder of PCC SE was paid out of retained earnings a dividend in the amount of €3.15 million (previous year: €4.0 million). This corresponds to a dividend per share amounting to €0.63 (previous year: €0.80). Recognized under other comprehensive income are differences arising from foreign currency translation. In the year under review, these decreased Group equity by €22.4 million to a total of €–40.5 million (previous year: €–18.1 million). Gains and losses recognized directly in equity without affecting income are shown in the following:

Figures in €k	Currency translation differences	Remeasurement of defined benefit pension plans	Fair value of financial assets	Fair value of cash flow hedges	Other changes	**Total**
Jan. 1, 2020	–17,951	–397	–62	414	–94	**–18,090**
Changes	–22,430	52	–25	–	–5	**–22,408**
Reclassifications	–	–	–	–	–	**–**
Deferred taxes	–	–9	–	–	–	**–9**
Dec. 31, 2020	**–40,381**	**–354**	**–86**	**414**	**–100**	**–40,508**

Figures in €k	Currency translation differences	Remeasurement of defined benefit pension plans	Fair value of financial assets	Fair value of cash flow hedges	Other changes	Total
Jan. 1, 2019	–21,037	–257	575	411	–85	**–20,392**
Changes	3,086	–173	–900	2	–10	**2,006**
Reclassifications	–	–	–	–	–	**–**
Deferred taxes	–	33	263	–	–	**296**
Dec. 31, 2019	**–17,951**	**–397**	**–62**	**414**	**–94**	**–18,090**

(29) Minority interests

German and international minority shareholders hold non-controlling interests in various entities of the PCC Group. The share of minority interests in Group equity as of December 31, 2020 was €33.2 million, representing a decrease of €7.5 million year on year. Subsidiaries with material minority interests are active in various segments of the PCC Group. For details of company names, location of company head offices and share of capital in respect of subsidiaries with material minority interests, please consult the schedule of shareholdings provided under Note (44) drawn up in accordance with Section 313 (2) HGB (German Commercial Code).

There are no material restrictions applicable that go beyond the usual regulations under company law and contractual regulations.

	PCC Rokita subgroup		PCC DEG Renewables GmbH		PCC Exol SA	
Figures in €k	**2020**	2019	**2020**	2019	**2020**	2019
Balance sheet data						
Minority interests	**27,713**	28,226	**8,517**	9,616	**3,477**	3,158
Minority interests in %	**15.83**	15.83	**40.00**	40.00	**12.55**	14.20
Dividends paid to minority interests	**2,360**	6,117	**–**	–	**238**	513
Non-current assets	**350,141**	374,034	**24,436**	26,028	**60,075**	59,205
Current assets	**107,389**	94,032	**230**	815	**42,311**	33,047
Non-current liabilities	**185,140**	196,707	**3,143**	2,643	**39,288**	29,422
Current liabilities	**96,894**	92,644	**232**	160	**35,295**	41,036
Statement of income data						
Net result attributable to minority interests	**3,753**	3,860	**–1,100**	337	**1,076**	856
Sales revenue	**331,020**	345,257	**–**	–	**127,448**	131,104
Net result	**23,697**	24,337	**–2,749**	841	**8,576**	6,027
Comprehensive income	**23,719**	24,246	**–2,749**	841	**8,584**	6,000

(30) Provisions for pensions and similar obligations

The majority of employees in the Polish subsidiaries of the PCC Group are covered not only by the statutory pension scheme but also by one-off benefits under legally prescribed benefit plans. Defined benefit pension plans are, as a rule, aligned to service time and remuneration. Payments made from defined benefit pension plans are generally granted on attainment of pensionable age or on invalidity or death. Defined contribution plans exist primarily in the form of the statutory pension insurance scheme in Germany and similar schemes applicable to foreign subsidiaries. In the case of employees of the German subsidiaries and the holding company, contributions can also be made to other defined contribution pension schemes in addition to the statutory pension scheme. Typical risk factors for defined benefit commitments are increasing life expectancies, changes in nominal interest rates and increases in inflation and salaries. The present value of the defined benefit obligation arising from a pension plan is determined on the basis of the best possible estimate of the mortality of the recipient employees both during the employment relationship and after its termination. An increase in the life expectancy of the recipient employees and a decrease in bond interest rates both lead to an increase in the plan liability. In addition, the present value of the defined benefit obligation arising from a pension plan is determined on the basis of the future salaries of the recipient employees. Increases in salary paid to the recipient employees lead to an increase in the plan liability.

Defined benefit commitments are internally financed.

Provisions for pensions and similar obligations as of the reporting date of the year under review amounted to €0.9 million, representing a decrease of €0.1 million below the prior-year figure. Of this amount, €0.8 million was classified as non-current provisions with a term of more than one year.

Figures in €k	2020	2019
Opening balance of pension obligations as of Jan. 1	**994**	**758**
Current service cost	88	75
Payments made	–54	–55
Interest expense	10	13
Actuarial gains/losses from changes in demographic assumptions	–23	–
Actuarial gains/losses from changes in financial assumptions	41	135
Actuarial gains/losses from experience adjustments	–48	61
Currency translation differences	–113	8
Closing balance of pension obligations as of Dec. 31	**894**	**994**

A total of 2,745 employees of the PCC Group companies (previous year: 3,039) are covered by defined benefit plans, of whom 75.7 % are male and 24.3 % are female. The average age at year-end 2020 was 40.1 years (previous year: 41.4 years).

A uniform discount rate of 0.8 % was applied in calculating pension obligations (previous year: 1.2 %). The rate adopted for the salary trend was 3.5 % (previous year: range of 2.0 % to 4.0 %). The Polish mortality table for 2017 published by the Central Office for Statistics, which serves as the basis for pension calculations, anticipates a life expectancy of 76.3 years (previous year: 76.6 years).

Changes in the key actuarial parameters would have the following effects on the amounts shown in respect of pension obligations:

	Increase by 0.25 %-points		Decrease by 0.25 %-points	
Figures in €k	2020	2019	2020	2019
Change in underlying discount rate	–2	–36	50	18
Change in salary trend	49	17	–1	–35
Change in turnover rate	6	–38	40	15

The above sensitivity analysis may not be representative for the actual change in the defined benefit obligation, as it can be regarded as improbable that deviations from the assumptions made would occur in isolation.

Included in the expense for fiscal 2020 is € 6.8 million representing employer contributions to statutory pension schemes (previous year: € 7.1 million). In addition to the contributions to statutory pension schemes, expenses for defined contribution pension plans in the amount of € 1.0 million are also included in the result for the current period (previous year: € 0.1 million).

Figures in € k	2020	2019
Expenses for defined benefit pension plans	88	537
Expenses for defined contribution pension plans	1,032	81
Total pension expenses recognized in result	**1,120**	618

(31) Other provisions

Figures in € k	Dec. 31, 2020		Dec. 31, 2019	
	Non-current	Current	Non-current	Current
Accruals for personnel expenses	246	8,120	5	8,948
Provisions for year-end accounting and audit expenses	–	536	–	532
Customer obligations	–	6	–	62
Provisions for litigation costs	2	–	–	2
Provisions for recultivation	4,118	264	3,362	425
Provisions for the acquisition of emissions allowances (CO_2 certificates)	–	6,240	–	1,895
Provisions for the purchase of energy efficiency certificates	–	2,024	–	1,901
Sundry other provisions	1,263	2,536	1,410	1,217
Total other provisions	**5,630**	**19,726**	4,777	14,983

Compared to the previous year, other provisions rose by € 5.6 million to € 25.4 million. The main reason for the increase lies in higher provisions for the acquisition of CO_2 certificates, which for fiscal 2020 totaled € 6.2 million (previous year: € 1.9 million). Recultivation obligations also increased – by € 0.6 million from € 3.8 million in the previous year to € 4.4 million in fiscal 2020. Provisions for energy efficiency certificates increased only slightly, by € 0.1 million to € 2.0 million. These provisions result from requirements relating to the Polish energy mix system. A shortage of energy from renewable sources in the production process must be offset either by the purchase of so-called green certificates or by compensation payments. Accruals for personnel expenses fell by € 0.6 million to € 8.4 million as of the reporting date. These relate primarily to claims for bonus and vacation payments.

The following table shows the development in other provisions for fiscal 2020. Other changes include foreign exchange effects and changes in the consolidation scope.

Figures in €k	Jan. 1, 2020	Added	Utilized	Reversed	Interest accretion	Other changes	Dec. 31, 2020
Accruals for personnel expenses	8,953	7,537	4,552	2,240	–	–1,332	8,366
Provisions for year-end accounting and audit expenses	533	634	557	40	–	–32	536
Customer obligations	62	6	10	–	–	–52	6
Provisions for litigation costs	2	–	–	–	–	–	2
Provisions for recultivation	3,788	193	130	–	299	233	4,382
Provisions for the acquisition of emissions allowances (CO_2 certificates)	1,895	6,240	1,895	–	–	–	6,240
Provisions for the purchase of energy efficiency certificates	1,901	2,024	1,901	–	–	–	2,024
Sundry other provisions	2,626	2,702	11	349	–	–1,168	3,800
Total other provisions	**19,760**	**19,337**	**9,058**	**2,630**	**299**	**–2,352**	**25,356**

(32) Financial liabilities

The financial liabilities of the PCC Group are comprised of non-current and current liabilities arising from bonds, amounts owed to banks, lease liabilities and amounts owed to affiliated companies.

Figures in €k	Dec. 31, 2020		Dec. 31, 2019	
	Non-current	Current	Non-current	Current
Bond liabilities	476,799	65,604	475,993	94,624
Bank liabilities	308,916	41,073	309,679	29,563
Lease liabilities	25,554	12,951	32,009	13,482
Negative fair value of derivatives	764	–	316	–
Total financial liabilities	**812,033**	**119,628**	817,997	137,669

Financial liabilities declined by € 24.0 million from € 955.7 million as of December 31, 2019 to € 931.7 million as of December 31, 2020. The largest absolute decrease of € 28.2 million to € 542.4 million was recorded in respect of bond liabilities. There was also a decline in lease liabilities which fell by € 7.0 million to € 38.5 million. However, liabilities to banks rose to € 350.0 million (previous year: € 339.2 million).

Bank liabilities carry interest rates ranging between 0.4 % p.a. and 9.0 % p.a. Secured credit lines within the PCC Group not utilized as of year-end amounted to € 48.9 million (previous year: € 36.9 million).

The financial liabilities of the PCC Group had the following maturity profile as of the balance sheet date.

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2020**
Bond liabilities	65,604	394,719	82,080	**542,403**
Bank liabilities	41,073	85,535	223,381	**349,990**
Lease liabilities	12,951	15,025	10,529	**38,505**
Negative fair value of derivatives	–	429	335	**764**
Total financial liabilities	**119,628**	**495,707**	**316,325**	**931,661**

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2019
Bond liabilities	94,624	342,342	133,651	**570,617**
Bank liabilities	29,563	92,981	216,699	**339,242**
Lease liabilities	13,482	21,396	10,613	**45,491**
Negative fair value of derivatives	–	148	168	**316**
Total financial liabilities	**137,669**	**456,866**	**361,131**	**955,666**

The relevant factors when presenting the maturities of contractual cash flows from financial liabilities are interest payments and redemption of principal, plus other payments in respect of derivative financial instruments. The following table shows non-discounted future cash flows. Derivatives are included on the basis of their net cash flows where they have negative fair values and thus represent liabilities. Derivatives with positive fair values are assets and are therefore not taken into account. Trade accounts payable are essentially non-interest-bearing and due within one year. The carrying amount of trade accounts payable therefore corresponds to the total of the future cash flows.

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2020**
Bond liabilities	70,518	442,750	83,213	**596,481**
Bank liabilities	45,741	95,494	228,109	**369,344**
Lease liabilities	14,038	16,695	29,852	**60,585**
Negative fair value of derivatives	–	764	–	**764**
Cash outflows from financial liabilities	**130,297**	**55,702**	**341,175**	**1,027,175**

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2019
Bond liabilities	98,150	404,322	120,718	**623,190**
Bank liabilities	31,783	183,371	249,567	**464,720**
Lease liabilities	14,886	24,442	31,700	**71,028**
Negative fair value of derivatives	–	148	168	**316**
Cash outflows from financial liabilities	**144,818**	**612,283**	**402,153**	**1,159,254**

The bank loans and also the leases disclosed under financial liabilities were secured in 2020 in their entirety by mortgages, land charges or similar liens, by the assignment of claims, by chattel mortgages on property, plant and equipment, or by other collateral assignments. Overall, the collateral granted remained at the previous year's level of €449.2 million.

Figures in €k	**Dec. 31, 2020**	Dec. 31, 2019
Mortgages, land charges and similar liens	**59,101**	62,054
Assignment of claims on assets	**323,821**	323,755
Chattel mortgages	**1,772**	2,686
Other assignments	**64,556**	60,495
Collateral securities granted	**449,249**	**448,990**

Bond liabilities result from the issuance of bonds by PCC SE and the foreign subsidiaries PCC Rokita SA and PCC Exol SA. The non-public bond of PCC BakkiSilicon hf. is a financing instrument of the co-shareholder in the Icelandic silicon metal plant.

Bonds from the PCC Group are issued in euro, Polish złoty and US dollar. The public bonds in euro (EUR) carry coupons between 2.0 % and 6.75 % p.a., while those in złoty (PLN) carry coupons ranging from 5.0 % to 5.5 % p.a. The following chart provides a tabular analysis of the bonds involved.

The bonds issued in złoty with a total face value of PLN 315.8 million (previous year: PLN 360.8 million) had a euro value of €68.1 million as of the reporting date (previous year: €84.0 million).

Figures in €k	Issue date	Maturity date	Issue currency	Coupon	Issue volume	Dec. 31, 2020	Dec. 31, 2019
Issued by PCC SE							
DE000A254TZ0	04/01/2020	12/01/2024	EUR	4.000 %	35,000	**34,503**	–
DE000A2TSEM3	07/01/2019	10/01/2024	EUR	4.000 %	30,000	**29,946**	29,946
DE000A2YN1K5	10/22/2019	02/01/2025	EUR	4.000 %	30,000	**29,133**	29,158
DE000A2LQZH9	07/01/2018	10/01/2023	EUR	4.000 %	30,000	**28,783**	28,783
DE000A2NBJL3	01/01/2019	07/01/2024	EUR	4.000 %	25,000	**24,985**	24,990
DE000A2GSSY5	10/01/2017	07/01/2022	EUR	4.000 %	25,000	**24,968**	24,968
DE000A162AQ4	10/01/2015	10/01/2022	EUR	6.000 %	25,000	**24,860**	24,860
DE000A2YPFY1	12/02/2019	07/01/2025	EUR	4.000 %	30,000	**23,818**	14,519
DE000A2AAY85	10/17/2016	07/01/2021	EUR	4.000 %	25,000	**23,187**	23,187
DE000A2G8670	01/01/2018	04/01/2023	EUR	4.000 %	25,000	**21,802**	21,790
DE000A2NBFT4	10/01/2018	04/01/2024	EUR	4.000 %	25,000	**21,124**	21,124
DE000A2E4Z04	07/01/2017	04/01/2021	EUR	4.000 %	25,000	**19,927**	19,927
DE000A13SH30	12/01/2014	10/01/2021	EUR	6.750 %	20,000	**19,890**	19,890
DE000A2TSTW0	03/01/2019	02/01/2023	EUR	3.000 %	25,000	**18,447**	18,452
DE000A14KJ43	05/01/2015	04/01/2022	EUR	6.500 %	35,000	**16,181**	16,181
DE000A254TD7	04/30/2020	05/01/2022	EUR	3.000 %	20,000	**14,631**	–
DE000A2G9HY2	04/01/2018	02/01/2022	EUR	3.000 %	10,000	**9,588**	9,588
DE000A3H2VU4	11/02/2020	10/01/2025	EUR	4.000 %	30,000	**7,681**	–
DE000A2YPFX3	12/02/2019	01/01/2024	EUR	3.000 %	20,000	**4,511**	1,921
DE000A3H2VT6	11/02/2020	07/01/2023	EUR	3.000 %	15,000	**3,016**	–
DE000A2YPFD5	10/01/2019	12/01/2021	EUR	2.000 %	5,000	**2,600**	700
DE000A162AP6	10/01/2015	10/01/2020	EUR	5.000 %	25,000	**–**	25,000
DE000A2E4HH0	10/01/2017	07/01/2020	EUR	3.000 %	20,000	**–**	19,210
DE000A14KJ35	05/01/2015	04/01/2020	EUR	6.000 %	40,000	**–**	18,218
DE000A2E4ZZ4	07/01/2017	02/01/2020	EUR	3.000 %	20,000	**–**	7,481
DE000A2NBFU2	10/01/2018	05/01/2020	EUR	2.000 %	5,000	**–**	5,000
DE000A2TR422	04/01/2019	12/01/2020	EUR	2.000 %	5,000	**–**	4,480
Issued by PCC BakkiSilicon hf.							
Private placement without ISIN	06/05/2015	09/30/2035	USD	8.500 %	62,000	**70,676**	77,200
Issued by PCC Exol SA							
PLPCCEX00051	11/15/2017	05/15/2022	PLN	5.500 %	25,000	**5,455**	5,822
PLPCCEX00077	06/25/2020	06/25/2025	PLN	5.500 %	25,000	**5,406**	–
PLPCCEX00069	02/28/2020	11/27/2024	PLN	5.500 %	20,000	**4,330**	–
PLPCCEX00044	09/15/2016	09/15/2020	PLN	5.500 %	25,000	**–**	5,855
PLPCCEX00036	06/24/2016	06/24/2020	PLN	5.500 %	20,000	**–**	4,689
Issued by PCC Rokita SA							
PLPCCRK00209	12/20/2017	12/20/2023	PLN	5.000 %	30,000	**6,525**	6,971
PLPCCRK00167	04/07/2017	06/07/2022	PLN	5.000 %	25,000	**5,456**	5,826
PLPCCRK00134	08/11/2016	08/11/2023	PLN	5.000 %	25,000	**5,448**	5,822
PLPCCRK00175	08/02/2017	02/02/2023	PLN	5.000 %	25,000	**5,448**	5,819
PLPCCRK00183	10/11/2017	10/11/2023	PLN	5.000 %	25,000	**5,441**	5,814
PLPCCRK00225	03/23/2018	03/23/2024	PLN	5.000 %	25,000	**5,434**	5,806
PLPCCRK00258	04/29/2019	04/29/2026	PLN	5.000 %	22,000	**4,766**	5,095
PLPCCRK00241	04/24/2018	04/24/2025	PLN	5.000 %	20,000	**4,342**	4,641
PLPCCRK00274	04/22/2020	04/22/2027	PLN	5.000 %	20,000	**3,849**	–
PLPCCRK00266	10/22/2019	10/22/2026	PLN	5.000 %	15,000	**3,247**	3,471
PLPCCRK00159	11/17/2016	11/17/2023	PLN	5.000 %	13,772	**3,000**	3,207
PLPCCRK00118	04/27/2016	04/27/2021	PLN	5.000 %	25,000	**–**	5,847
PLPCCRK00100	06/25/2015	06/25/2020	PLN	5.000 %	20,000	**–**	4,690
PLPCCRK00126	05/11/2016	05/11/2022	PLN	5.000 %	20,000	**–**	4,667
Bond liabilities						**542,403**	570,617

(33) Other liabilities

Figures in € k	Dec. 31, 2020		Dec. 31, 2019	
	Non-current	Current	Non-current	Current
Deferred income	40,395	1,693	40,619	1,919
Income tax and similar taxes payable	–	2,678	–	2,134
Social security contributions payable	–	2,944	–	3,484
Interest payment obligations	–	2,502	–	10,776
VAT, customs, excise and other duties payable	–	1,051	–	930
Accounts payable to employees	–	2,515	–	3,074
Accounts payable to affiliated companies	–	1,558	–	1,640
Liabilities arising from investments	1,118	4,662	2,429	29,478
Contract liabilities	–	2,022	–	1,684
Sundry other liabilities	295	19,187	–	18,367
Total other liabilities	**41,807**	**40,812**	43,047	73,487

Other liabilities fell by € 33.9 million from € 116.5 million as of December 31, 2019 to € 82.6 million per December 31, 2020, with liabilities arising from investments showing a particularly marked decrease. These are liabilities for goods or services provided by third parties recognized in respect of investment projects as of the balance sheet date. The PCC Group temporarily suspended investment activities, partly as a Covid-19 safeguarding measure, with the result that liabilities arising from investments declined accordingly. At € 42.1 million per December 31, 2020, deferred income was marginally down year on year. In the 2020 reporting year, a total of € 2.0 million was released through the statement of income from deferred income from subsidies (previous year: € 2.2 million).

Liabilities from interest payment obligations mainly include interest on bonds due at the beginning of the following quarter. This figure shows a decline due to the reduction in financial liabilities.

(34) Deferred taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets, liabilities and accruals in the balance sheet and their tax base. For German subsidiaries, the tax rate applied is a uniform 30 %, as was the case in the previous year. For foreign subsidiaries, the relevant national tax rates are applied. Without exception, these remained constant year on year.

The distribution of deferred taxes among the various balance sheet items is shown in the following table. Within the PCC Group, deferred tax assets and liabilities are offset and disclosed as netted balances where they relate to the same tax jurisdiction and where there is an enforceable right to the offsetting of tax liabilities and tax receivables. For fiscal 2020, this gave rise to deferred tax assets of € 13.5 million (previous year: € 6.1 million) and deferred tax liabilities of € 7.5 million (previous year: € 10.3 million).

in %	2020	2019
Belarus	18.0	18.0
Bosnia and Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Czech Republic	19.0	19.0
Germany	30.0	30.0
Iceland	20.0	20.0
Malaysia	24.0	24.0
North Macedonia	10.0	10.0
Poland	19.0	19.0
Romania	16.0	16.0
Russia	20.0	20.0
Turkey	22.0	22.0
USA	23.6	23.6

	Deferred tax assets		Deferred tax liabilities	
Figures in € k	**2020**	2019	**2020**	2019
Intangible assets	**23**	27	**471**	461
Property, plant and equipment	**3,680**	2,446	**20,404**	17,494
Right-of-use assets	**137**	917	**8,109**	9,113
Financial assets	**4,968**	1,226	**–**	–
Inventories	**822**	959	**–**	6
Receivables	**452**	201	**208**	86
Securities	**–**	–	**–**	43
Other assets	**–**	8	**113**	146
Accruals	**5**	135	**–**	–
Pension provisions	**160**	284	**–**	–
Other provisions	**2,343**	2,128	**14**	15
Liabilities	**8,766**	8,208	**63**	70
Other liabilities	**205**	87	**35**	2
Unused tax losses	**14,474**	6,237	**–**	–
Sundry deferred taxes	**1,175**	1,132	**32**	75
Amounts netted	**−23,778**	−17,900	**−21,921**	−17,185
Total deferred taxes	**13,522**	**6,097**	**7,528**	**10,327**

The table above shows the unnetted deferred taxes. Deferred taxes arising from consolidation adjustments amounted to € 0.0 k in 2020 (previous year: € 4.1 k) and relate primarily to eliminated intercompany profits. Sundry deferred taxes include future tax benefits arising from activities in a special economic zone.

Deferred tax assets on unused tax losses carried forward increased in the year under review by a total of € 8.2 million to € 14.5 million as of the reporting date. The rise was due to the start-up losses incurred by the Icelandic company.

(35) Additional disclosures relating to financial instruments

As an internationally active corporation, the PCC Group is exposed to financial risks in the course of its ordinary business operations. A major objective of the corporate policy is to generally restrict market, default and liquidity risks, both in order to secure enterprise value over the long term and also to maintain the Group's earning power so as to extensively cushion the impact of fluctuations in cash flow and earnings.

The Group holding company and the individual subsidiaries cooperate in the management of interest rate, currency and default risks. Each individual operating entity is responsible for managing its own commodity price risks, while liquidity control is the responsibility of the holding company.

Market risks

Currency risks: Changes in exchange rates can lead to losses in the value of financial instruments and also to disadvantageous changes in future income streams from planned transactions. Currency risks in respect of financial instruments result from the translation of financial receivables, loans, securities, cash sums and financial liabilities into the functional currency of the various companies as of the reporting date. Specifically, currency risks arise both on the purchase side through the procurement of commodities and raw materials, and on the selling side as a result of the sale of end products. A potential change in the Polish złoty of 10 % would affect the equity and annual net earnings of the Group to the tune of € 0.7 million (previous year: € 1.1 million). A change in the exchange rate of the US dollar of likewise 10 % would have an impact on these items of € 0.1 million (previous year: € 0.5 million).

Interest rate risks: These risks arise as a result of potential changes in the market interest rate, causing fluctuations in the fair value of financial instruments bearing a fixed interest rate, and fluctuations in interest payments in the case of financial instruments bearing a floating interest rate. A potential change in interest rates of 100 basis points would affect the equity and annual net earnings of the Group to the tune of € 0.8 million (previous year: € 2.9 million).

Commodity price risks: These risks result from market price changes in relation to commodity/raw material purchases and sales, and also the purchase of electricity and gas. The general risk situation of the PCC Group is greatly affected by the availability and also the price-dependency of relevant raw materials, input products and intermediate products. Within this context, the dependency of important commodity prices on foreign exchange rates and market movements is especially relevant, particularly in the case of petrochemical commodities. Price volatilities are hedged, for example, through the agreement of price escalator clauses with suppliers and customers. Moreover, commodity price risks are restricted by internationally aligned sourcing activities. Backward integration along the value chain or along the various production stages encountered in the segments of the Chemicals division provides for an additional, high degree of independence in the procurement of raw materials and commodities, thus reducing risk. The Commodity Trading business in the Specialty Chemicals segment is exposed to major price fluctuations that can occur from time to time.

Default or credit risks

Default or credit risks arise when contractual partners are unable to meet their contractual obligations. Credit limits are granted based on the continuous monitoring of the creditworthiness of major debtors. Because of the international activity and the diversified customer structure of the PCC Group, there are no major regional or segment-specific clusters of default risks. In selecting short-term capital investments, various safeguarding criteria are taken into account (e.g. ratings, capital guarantee or safeguards afforded by deposit protection funds). Given the selection criteria applied and our regime of constantly monitoring our capital investments, the PCC Group does not envisage any unidentified default risk occurring in this domain. The financial asset amounts shown in the balance sheet essentially represent the maximum default risk.

Such risks are regularly monitored and analyzed within the framework of a receivables and credit management regime and also by a Working Capital Management unit with responsibility at both the operational and Group levels. In all, receivables from customers are secured for an amount of € 49.2 million (previous year: € 52.9 million). Financial assets that are neither overdue nor impaired are categorized as collectible in line with the creditworthiness of the debtor.

Liquidity risks

Liquidity risks result from income stream fluctuations. Current liquidity is monitored and controlled by a treasury reporting system implemented across the Group based on an IT-supported solution ("Treasury Information Platform"). In medium- and long-term liquidity planning, liquidity risks are identified and managed at their inception on the basis of simulations of various scenarios.

The possibility of obstacles within the SME bonds market could, at least temporarily, lead to liquidity bottlenecks. This risk is to be countered over the long term through the development of alternative financing sources at the institutional level. Work is also ongoing on using bank loans to partially replace the liquidity loans granted to the affiliated companies.

Subsidiaries use forward contracts to hedge transactions in foreign currencies. Forward contracts in existence as of December 31, 2020 carried a nominal value of € –0.2 million (previous year: zero). The immaterial fair values are recognized as assets or liabilities.

Within the PCC Group, interest rate swaps and options are used in order to hedge interest rates and their long-term development. As of year-end, the nominal value of existing derivatives amounted to € 127.6 million (previous year: € 155.1 million), with a fair value of € –0.8 million recognized as a liability as of the reporting date (previous year: € –0.3 million).

Financial instruments by class and category

In the case of trade accounts receivable, receivables from affiliated companies or enterprises in which participations are held, other financial assets, cash and cash equivalents, trade accounts payable and other liabilities, the carrying amounts are regarded as realistic estimates of their fair values due to the shortness of their remaining terms. Assets that are not quoted on an active market and for which the fair value cannot therefore be reliably determined, are measured at cost.

Figures in €k	**Carrying amounts Dec. 31, 2020**	Categories[1]				Fair value
		FAaC	FLaC	FVtOCI	FVtPL	
Financial assets						
Non-current financial investments	**4,970**	–	–	4,970	0	4,970
Other non-current financial assets	**19,731**	19,731	–	–	–	19,731
Trade accounts receivable	**71,967**	71,967	–	–	–	71,967
Receivables from affiliated companies	**938**	938	–	–	–	938
Receivables from associates and joint ventures	**21**	21	–	–	–	21
Other financial assets	**8,943**	8,943	–	–	0	8,943
Cash and cash equivalents	**73,745**	73,745	–	–	–	73,745
Financial liabilities						
Bond liabilities	**542,403**	–	542,403	–	–	545,740
Bank liabilities	**349,990**	–	349,990	–	–	350,298
Lease liabilities	**38,505**	–	38,505	–	–	38,505
Other financial liabilities	**4,348**	–	3,584	–	764	4,348
Trade accounts payable	**87,265**	–	87,265	–	–	87,265

Figures in €k	Carrying amounts Dec. 31, 2019	Categories[1]				Fair value
		FAaC	FLaC	FVtOCI	FVtPL	
Financial assets						
Non-current financial investments	5,017	–	–	5,016	1	19
Other non-current financial assets	18,713	18,713	–	–	–	18,713
Trade accounts receivable	80,687	80,687	–	–	–	80,687
Receivables from affiliated companies	699	699	–	–	–	699
Receivables from associates and joint ventures	168	168	–	–	–	168
Other financial assets	16,493	16,493	–	–	–	16,493
Cash and cash equivalents	60,490	60,490	–	–	–	60,490
Financial liabilities						
Bond liabilities	570,617	–	570,617	–	–	572,142
Bank liabilities	339,242	–	339,242	–	–	339,111
Lease liabilities	45,491	–	45,491	–	–	45,491
Other financial liabilities	3,641	–	3,324	–	316	3,641
Trade accounts payable	83,695	–	83,695	–	–	83,695

1 FAaC = Financial assets measured at amortized cost
FLaC = Financial liabilities measured at amortized cost
FVtOCI = Fair value through OCI
FVtPL = Fair value through profit or loss

Individual liabilities arising from bonds issued by subsidiaries contain sales commission and are recognized using the effective interest method. The fair value indicated in this section corresponds to the market quotations.

Figures in € k	2020	2019
Financial assets measured at amortized cost (FAaC)	–845	1,088
Financial liabilities measured at amortized cost (FLaC)	–39,869	–49,722
Fair value through profit or loss (FVtPL)	720	–1,666

The net gains and net losses from financial instruments comprise valuation results, the carrying amounts of premiums and discounts, the recognition and reversal of impairment losses, currency translation results, and interest, dividends and all other effects on income arising from financial instruments. Financial instruments measured at fair value through profit or loss exclusively comprise results from those that have not been designated as hedging instruments included in a hedging arrangement per IFRS 9. Net gains and losses on financial assets measured at amortized cost include net interest income of € 1.7 million (previous year: € 1.9 million) and net foreign exchange income of € 0.3 million (previous year: loss of € –2.1 million). Net gains and losses on financial liabilities measured at amortized cost include a net interest expense of € –36.4 million (previous year: € –30.5 million) and a net foreign exchange loss of € –1.3 million (previous year: income of € 0.4 million).

Financial assets and liabilities measured at fair value are indicated in the following table. These relate to shares that are valued on the basis of stock market prices (Level 1), and to derivatives. The fair value of derivative financial instruments is dependent on the development of the underlying market factors. The relevant fair values are determined and monitored at regular intervals. The fair value determined for all derivative financial instruments is the price that would be paid on the sale of the asset or on transfer of a liability in a standard commercial transaction made on the valuation date between independent market participants.

Figures in € k	Level 1	Level 2	Level 3	Dec. 31, 2020
Financial assets measured at fair value through profit or loss	–	0	0	0
Financial liabilities measured at fair value through profit or loss	–	764	–	764
Financial assets measured at fair value through other comprehensive income	–	–	4,970	4,970

Figures in € k	Level 1	Level 2	Level 3	Dec. 31, 2019
Financial assets measured at fair value through profit or loss	–	1	–	1
Financial liabilities measured at fair value through profit or loss	–	316	–	316
Financial assets measured at fair value through other comprehensive income	–	–	5,016	5,016

Derivative financial instruments

The subsidiaries of the PCC Group use derivative financial instruments in order to hedge both interest rate and currency risks. The methods and assumptions underlying the valuation of the derivative financial instruments used can be summarized as follows: Currency transactions and swaps are measured individually by their forward rate or forward price as of the balance sheet date. The forward rates or prices are based as far as possible on market quotations, taking into account forward premiums and discounts where appropriate.

Figures in €k	Dec. 31, 2020		Dec. 31, 2019	
	Nominal value	Fair value	Nominal value	Fair value
Forward exchange contracts	–172	0	–	–
Foreign currency interest rate swaps	107,932	–6,856	130,059	43
Interest rate swaps	17,319	–764	22,758	–316
Other derivatives (interest-rate- or currency-based)	2,171	0	2,326	1
Derivative financial instruments	**127,250**	**–7,620**	155,143	–273

Cash flow hedge

A Polish subsidiary has taken out a loan in euro in order to hedge against future revenues in a foreign currency. The valuation adjustments as of the respective reporting dates during the term of this loan are recognized in other comprehensive income. Cash flows from this cash flow hedge are due in 2021. The fair value amounts to €0.4 million (previous year: €0.4 million). In the period under review, no changes (previous year: €0.0 million) were recognized in other comprehensive income.

(36) Leases

Leases in which PCC acts as lessee are accounted for in accordance with the rights-of-use model set out in IFRS 16. For a tabular presentation of the rights of use for the reporting year, please refer to section (21) Right-of-use assets. Right-of-use assets in the amount of €55.4 million are offset by lease liabilities of €38.5 million as of the balance sheet date. These are reported under financial liabilities. For further details, please refer to Note (32) "Financial liabilities". The maturity structure of payment obligations under leases is shown in the following table.

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2020**
Minimum lease payments	14,038	16,695	29,852	**60,585**
Interest element	1,087	1,670	19,323	**22,081**
Present value	12,951	15,025	10,529	**38,505**

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2019
Minimum lease payments	15,062	24,445	31,549	**71,056**
Interest element	1,573	3,039	20,945	**25,557**
Present value	13,489	21,406	10,604	**45,499**

Compliant with the exemptions allowed, no leases have been recognized in the balance sheet where the underlying asset is of minor value or where the lease term is less than twelve months. Instead, the lease is expensed. The following amounts related to leases were recognized in the statement of income in the year under review:

Figures in €k	**2020**	2019
Expenses for short-term leases with a term of less than twelve months	**1,615**	4,276
Expenses for leases of assets of minor value not included in the short-term leases referred to above	**16**	20
Interest expenses for lease liabilities	**1,942**	1,860

There were no significant expenses from variable lease payments, nor was there any income from subleases. In total, the outflow of funds from lease agreements amounted to €16.1 million in the past fiscal year (previous year: €16.0 million).

In addition to the leases, the PCC Group has minor obligations under rental agreements. A corresponding maturity profile is provided in Note (37) below.

(37) Contingent liabilities and other financial commitments

Figures in €k	Dec. 31, 2020	Dec. 31, 2019
Contingent liabilities arising from sureties and debt guarantees	50	94
Other contingent liabilities	25,707	26,432
Total contingent liabilities	**25,756**	26,526

The contingent liabilities arising from sureties and debt guarantees are attributable to Polish subsidiaries. These are commitments granted either to non-consolidated companies or to third parties. They relate to leases and obligations to government bodies. The change in other contingent liabilities results from the recognition of investment grants, some of which may still be subject to repayment if contractually agreed conditions are not met. The PCC Group currently expects no claims to be made in respect of any such contingent arrangements.

As of December 31, 2020, the PCC Group had other financial obligations arising from investment commitments, rental obligations and other commitments amounting to €24.7 million. The decrease of €13.8 million compared to the previous year is mainly due to lower obligations arising from capital expenditure commitments on property, plant and equipment as a result of the temporary suspension of investment activities by the PCC Group as a Covid-19 safeguarding measure. The obligations from rental agreements with a remaining term of up to one year include commitments in the amount of €0.8 million attributable to short-term leases.

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2020
Rental commitments	830	142	54	**1,027**
Investment commitments for property, plant and equipment	23,516	–	–	**23,516**
Other commitments (incl. pending transactions)	107	–	–	**107**
Total financial commitments	**24,478**	**142**	**54**	**24,674**

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2019
Rental commitments	919	139	105	**1,163**
Investment commitments for property, plant and equipment	37,239	–	–	**37,239**
Other commitments (incl. pending transactions)	117	–	–	**117**
Total financial commitments	**38,275**	**139**	**105**	**38,519**

(38) Statement of cash flows and capital structure management

Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents that took place in the year under review and has been drawn up in accordance with IAS 7.

The cash flows are broken down according to the headings "Cash flow from operating activities", "Cash flow from investing activities" and "Cash flow from financing activities".

Interest received and taxes paid on income are recognized as cash flow from operating activities. Interest paid is disclosed under cash flow from financing activities.

Dividends paid are a component of the financing activities category. Dividends paid within the Group from income attributable to the previous year are eliminated. Dividend payments to the shareholder of PCC SE and dividend payments to co-shareholders at subsidiaries are separately disclosed in cash flow from financing activities.

The total of cash and cash equivalents (cash in hand, credit balances at banks, and checks) shown in the balance sheet are also referred to internally as financial funds. In the event of changes in the scope of consolidation arising from the purchase or sale of entities (loss of control), the purchase price paid or received, less the financial funds acquired or sold, is recognized under cash flow from investing activities. If the acquisition or disposal of shares in a subsidiary takes place without a change in control, such transactions are disclosed as financing activities.

The conclusion of a lease agreement essentially constitutes a non-cash transaction. Payments made for investments in property, plant and equipment are netted against lease proceeds.

Cash and cash equivalents disclosed in the balance sheet include an amount as of December 31, 2020 of € 11.5 million (previous year: € 12.3 million) in funds not freely available. These are almost entirely attributable to financial resources already designated for investment projects.

The following reconciliation statement shows changes in financial liabilities disclosed as cash inflows or outflows under cash flow from financing activities. In the previous year, the cash-effective changes amounted to €92.7 million; in the year under review, they amounted to €–9.3 million.

Figures in €k	Jan. 1, 2020	Cash-effective changes	Non-cash changes: Changes in consolida-tion scope	Non-cash changes: Reclassifi-cations	Non-cash changes: Currency translation differences	Non-cash changes: Interest accrued	Non-cash changes: Other changes	Dec. 31, 2020
Bond liabilities	570,617	–16,352	–	–	–12,107	–	246	542,403
Bank liabilities	339,242	12,118	–	188	–24,981	23,277	145	349,990
Lease liabilities	45,491	–5,079	–616	–188	–1,834	392	339	38,505
Negative fair value of derivatives	316	–	–	–	–21	–	469	764
Financial liabilities	**955,666**	**–9,314**	**–616**	**–**	**–38,943**	**23,669**	**1,198**	**931,661**

Figures in €k	Jan. 1, 2019	Cash-effective changes	Non-cash changes: Changes in consolida-tion scope	Non-cash changes: Reclassifi-cations	Non-cash changes: Currency translation differences	Non-cash changes: Interest accrued	Non-cash changes: Other changes	Dec. 31, 2019
Bond liabilities	501,180	63,727	–	–	2,291	3,164	254	570,617
Bank liabilities	308,063	26,559	–	–	4,336	–	285	339,242
Lease liabilities	9,682	2,418	–	–	–223	–	33,614	45,491
Negative fair value of derivatives	137	–	–	–	1	–	177	316
Financial liabilities	**819,063**	**92,704**	**–**	**–**	**6,405**	**3,164**	**34,330**	**955,666**

Capital structure management

The purpose of capital structure management is to remain financially flexible so that the business portfolio can be effectively further developed and strategic options exploited. The object of the financial policy of the Group is to secure its liquidity and solvency, limit financial risks and optimize capital costs. The control metric adopted in this context is the Net debt/EBITDA gearing ratio. In reflecting the relationship between net financial liabilities including current and non-current pension provisions, current and non-current financial liabilities, cash and cash equivalents and also current marketable securities, as well as the EBITDA figure, this constitutes a dynamic indicator of indebtedness.

Figures in €k	**Dec. 31, 2020**	Dec. 31, 2019
– Cash and cash equivalents	**73,745**	60,490
+ Provisions for pensions	**894**	994
+ Bond liabilities	**542,403**	570,617
+ Bank liabilities	**349,990**	339,242
+ Lease liabilities	**38,505**	45,491
+ Negative fair value of derivatives	**764**	316
Net financial liabilities	**858,810**	**896,171**

With a net debt of €858.8 million (previous year: €896.2 million) and a reported EBITDA figure of €83.8 million (previous year: €99.0 million), the Net debt/EBITDA gearing ratio for the year under review was 10.2 (previous year: 9.1), representing a deterioration of 1.1 points. Please refer to the Group management report for discussion of the target Net debt/EBITDA ratio.

Because of financing agreements, individual subsidiaries are subject to external minimum capital requirements reflected in standard financial covenants. These include requirements relating to minimum equity ratios and also maximum levels of indebtedness. The need to comply with these financial covenants is also taken into account in preparing annual budgets for the following year. According to the information provided by the consolidated entities for the preparation of the consolidated financial statements, there was one case of failure to comply with mandatory covenants in fiscal 2020. This has not led to any adjustments to credit terms or similar measures imposed by the lender. The case relates to typical financial ratios for loan agreements which a subsidiary failed to achieve.

Other disclosures

(39) Related parties

Balances and business transactions between PCC SE and incorporated subsidiaries regarded as related entities are eliminated as part of the consolidation process and are not further explained in these notes and disclosures. Details regarding the business transactions between the PCC Group and other related parties and entities are indicated in the following.

For compensation to the Management Board members, please refer to the disclosures under Note (41) "Corporate bodies". For compensation to the Administrative Board, again please refer to the disclosures under Note (41).

Sundry other receivables include a receivable from the sole shareholder of PCC SE amounting to € 246.0 k. This is a short-term receivable on which interest is payable at a rate of 6.0 % p.a. In the previous year, there was a liability to the sole shareholder in the amount of € 31.2 k, which was reported under other liabilities and also bore interest at 6.0 % p.a.

As of the balance sheet date, December 31, 2020, the PCC Group had claims against affiliated entities not included in the consolidated financial statements for reasons of immateriality amounting to a total of € 7.3 million (previous year: € 6.9 million). These relate to loans, trade accounts receivable and current loan receivables. The Group-internal financing arrangements carry interest rates ranging between 4.0 % p.a. and 10.0 % p.a.

The sole shareholder of PCC SE, Mr. Waldemar Preussner, members of the Management Board and the Administrative Board of PCC SE, and their families, are deemed related parties.

Essentially, sales made to related entities or parties, or purchases from related entities or parties, are transacted at prevailing market prices. Open positions as of the end of the fiscal year are not secured, are non-interest-bearing and will be settled in cash. There are no guarantees covering receivables from related entities or parties, or payables to related entities or parties.

Claims relating to loan receivables exist against the joint venture OOO DME Aerosol amounting to € 10.5 million as of the balance sheet date (previous year: € 8.9 million). As in the previous year, the interest rate charged is 10.0 % p.a. The loans were granted for the development and construction of a dimethyl ether plant on the production site of the joint venture partner. The two co-partners also granted financial resources for start-up financing and to cover initial debt servicing requirements.

Figures in € k	2020	2019
Sales transacted with related entities		
Non-consolidated entities	1,174	1,755
Joint ventures	301	310
Accounts receivable from related entities		
Non-consolidated entities	7,250	6,894
Joint ventures	13,187	9,298
Other related entities	3,822	11,607
Liabilities to related entities		
Non-consolidated entities	1,558	1,640
Joint ventures	2	–

(40) Alternative performance measures

The consolidated financial statements and the management report of the PCC Group are prepared in accordance with currently applicable accounting standards. In addition to the disclosures and key financial metrics required by these standards, the PCC Group uses and publishes alternative performance measures (APMs). These are not subject to the regulations of the accounting standards. The PCC Group determines and uses APMs in order to facilitate comparability of such metrics over time and within the international business environment. These performance measures are used both in the assessment of external third parties and also internally for the management and control of business entities.

Determination of these performance measures is by addition, subtraction, multiplication or division of individual or several items in the consolidated balance sheet and the consolidated statement of income. The APMs have been applied unchanged versus the previous period.

The PCC Group determines the following alternative performance measures:

- EBIT
- EBITDA
- Net debt
- Return on capital employed (ROCE)
- Capital employed
- Gross profit
- Gross margin

EBIT (Earnings Before Interest and other financial items and Taxes) serves as a measure of operating profit without taking into account differing international taxation systems and differing financing structures. The PCC Group ascertains its figures as follows:

Figures in €k	2020	2019
Earnings before taxes (EBT)	−38,436	19,295
+/– Interest and other financial items	−49,723	−23,964
= EBIT	**11,287**	**43,259**

EBITDA (Earnings Before Interest and other financial items, Taxes, Depreciation and Amortization) provides an adjusted view of operating profit before financial items, free of differing depreciation and amortization methods and irrespective of variations in assessment. It is determined within the PCC Group as follows:

Figures in €k	2020	2019
EBIT	11,287	43,259
+/– Depreciation and amortization	72,456	55,711
= EBITDA	**83,833**	**98,970**

The EBIT margin and the EBITDA margin are relative metrics used by the PCC Group for internal management and control of its segments and for international comparison. The margins are calculated by determining the ratio of EBITDA or EBIT to sales revenues.

For usage and calculation of the net debt figure and also the relative metric in the form of the Net debt/EBITDA gearing ratio, please refer to Note (38) and the explanations concerning capital structure management contained therein.

Figures in €k	Dec. 31, 2020	Dec. 31, 2019
Equity	74,824	147,633
+ Current financial liabilities	119,628	137,669
+ Non-current financial liabilities	812,033	817,997
+ Provisions for pensions and similar obligations	894	994
= Capital employed	**1,007,379**	**1,104,293**
= Average capital employed	1,055,836	1,037,281

Return On Capital Employed (ROCE) reflects the ratio of EBIT to average capital employed. EBIT is profit or loss (operating result) before financial items (before financial result) and taxes. Capital employed is calculated from the carrying values of equity and debt capital used by the PCC Group.

Gross margin refers to gross profit as a ratio of sales.

Figures in € k	2020	2019
Sales	716,809	767,520
+ Change in inventory of finished products and work in progress	−9,106	892
+ Other internal costs capitalized	8,910	14,040
– Purchased goods and services	500,141	529,894
= Gross profit	**216,472**	**252,557**

(41) Corporate bodies

The corporate bodies of PCC SE are as follows:

Managing Directors:

- Ulrike Warnecke, Finance and Human Resources, Organization and Public Relations, Trading and Consumer Products
- Dr. rer. oec. (BY) Alfred Pelzer, Chemicals Production, Logistics and Sales

The Managing Directors received remuneration totaling € 456 k in fiscal 2020 (previous year: € 878 k), recognized in full as short-term employee benefits.

Administrative Board:

- Dipl.-Volkswirt Waldemar Preussner, Chairman of the Administrative Board
- Dr. rer. oec. (BY) Alfred Pelzer, Vice Chairman of the Administrative Board, Managing Director of PCC SE
- Reinhard Quint, Member of the Administrative Board, Member of the Corporate Development Council of Duisburger Hafen AG, Duisburg, Germany

The Administrative Board received remuneration amounting to € 145 k in fiscal 2020 (previous year: € 145 k), recognized in full as short-term employee benefits.

Annual General Meeting:

The Annual General Meeting of PCC SE took place on June 26, 2020. The consolidated financial statements and the Group management report for 2019 were both approved, as were the actions of the Managing Directors and the Administrative Board of PCC SE. Further, Warth & Klein Grant Thornton AG, Düsseldorf, Germany, was reappointed as auditor for fiscal 2020.

(42) Events after the balance sheet date

The bond carrying the ISIN code DE000A2E4Z04 issued by PCC SE with a placed volume of € 19.9 million was redeemed in full as of April 1, 2021. It was issued on July 1, 2017 with a coupon of 4.0 % p.a.

In January 2021, PCC SE came to a bilateral agreement with the constructor of the Icelandic silicon metal plant with respect to the warranty claims of PCC BakkiSilicon hf. With the agreement of the other stakeholders in the silicon metal project, the threat of arbitration proceedings was averted.

At the end of April 2021, PCC BakkiSilicon hf. resumed operations with the start-up of the first of its two electric arc furnaces. Furnace operations were temporarily suspended in July 2021 due to a modification to the roof on the filter house of the facility by the plant constructor, which was required in order to ensure compliance with licensing law. Subsequently, the coronavirus pandemic, among other events, triggered both a series of slumps in the price for silicon metal and demand-side production suspensions, causing the plant shutdown period to be extended.

(43) Miscellaneous

The PCC Group and the individual German companies were audited by Warth & Klein Grant Thornton AG, Düsseldorf, and their respective financial statements were issued with an unqualified opinion. The fee for audit services in respect of these companies and the Group amounted to € 233.0 k (previous year: € 281.0 k). No other services were rendered in fiscal 2020 (previous year: € 4.5 k). No tax consultancy services were invoiced either in the year under review or in the previous year.

(44) Schedule of shareholdings in accordance with Section 313 (2) HGB

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2020 1 euro =	Direct	Indirect	PCC SE participating interest in % 2020	2019
Parent company							
PCC SE, Duisburg	Holding/Projects	EUR	1.0000	–	–	**–**	–
Fully consolidated subsidiaries							
Aqua Łososiowice Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00
AO "NOVOBALT" Terminal, Kaliningrad	Specialty Chemicals	RUB	91.4671	–	100.00	**100.00**	100.00
CATCH66 GmbH, Duisburg	Holding/Projects	EUR	1.0000	100.00	–	**100.00**	100.00
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00
distripark.com Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	50.00	50.00	**100.00**	100.00
distripark GmbH, Oberhausen	Holding/Projects	EUR	1.0000	–	–	**–**	100.00
Ekologistyka Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00
Elpis Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00
GRID BH d.o.o., Sarajevo	Energy	BAM	1.9558	–	85.62	**85.62**	85.62
LabMatic Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00
MCAA SE, Brzeg Dolny	Chlorine	PLN	4.5597	100.00	–	**100.00**	100.00
Novi Energii OOD, Sofia	Energy	BGN	1.9558	–	–	**–**	60.00
OOO PCC Consumer Products, Moscow	Consumer Products	RUB	91.4671	–	100.00	**100.00**	100.00
OOO PCC Consumer Products Navigator, Grodno	Consumer Products	BYN	3.1680	–	100.00	**100.00**	100.00
PCC Apakor Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	99.59	**99.59**	99.59
PCC Autochem Sp. z o.o., Brzeg Dolny	Logistics	PLN	4.5597	–	100.00	**100.00**	100.00
PCC BakkiSilicon hf., Húsavík	Holding/Projects	USD	1.2271	86.50	–	**86.50**	86.50
PCC Bulgaria EOOD, Sofia	Polyols	BGN	1.9558	100.00	–	**100.00**	100.00
PCC Chemax, Inc., Piedmont, SC	Surfactants	USD	1.2271	–	100.00	**100.00**	100.00
PCC Chemicals GmbH, Duisburg	Holding/Projects	EUR	1.0000	100.00	–	**100.00**	–
PCC Consumer Products Czechowice S.A. i.L., Czechowice-Dziedzice	Consumer Products	PLN	4.5597	–	–	**–**	99.74
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	Consumer Products	PLN	4.5597	–	100.00	**100.00**	100.00
PCC Consumer Products S.A., Brzeg Dolny	Consumer Products	PLN	4.5597	100.00	–	**100.00**	100.00
PCC DEG Renewables GmbH, Duisburg	Energy	EUR	1.0000	60.00	–	**60.00**	60.00
PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle	Energy	PLN	4.5597	84.46	–	**84.46**	84.46
PCC EXOL Kimya Sanayi ve Ticaret Limited Şirketi, Istanbul	Surfactants	TRY	9.1131	–	100.00	**100.00**	100.00
PCC EXOL SA, Brzeg Dolny	Surfactants	PLN	4.5597	87.45	–	**87.45**	85.80
PCC HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.6940	–	100.00	**100.00**	100.00
PCC Insulations GmbH, Duisburg	Polyols	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Integrated Chemistries GmbH, Duisburg	Holding/Projects	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Intermodal GmbH, Duisburg	Logistics	EUR	1.0000	–	100.00	**100.00**	100.00
PCC Intermodal S.A., Gdynia	Logistics	PLN	4.5597	98.80	–	**98.80**	98.80
PCC IT S.A., Brzeg Dolny	Holding/Projects	PLN	4.5597	100.00	–	**100.00**	100.00
PCC Izvorsko EOOD, Sofia	Energy	BGN	1.9558	–	100.00	**100.00**	100.00
PCC MCAA Sp. z o.o., Brzeg Dolny	Chlorine	PLN	4.5597	58.46	40.42	**98.88**	98.00
PCC MORAVA-CHEM s.r.o., Český Těšín	Specialty Chemicals	CZK	26.2420	98.00	2.00	**100.00**	100.00
PCC NEW HYDRO DOOEL Skopje, Skopje	Energy	MKD	61.6940	–	100.00	**100.00**	100.00
PCC Packaging Sp. z o.o., Brzeg Dolny	Consumer Products	PLN	4.5597	–	100.00	**100.00**	100.00
PCC Prodex GmbH, Essen	Polyols	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Prodex Sp. z o.o., Brzeg Dolny	Polyols	PLN	4.5597	–	100.00	**100.00**	100.00
PCC PU Sp. z o.o., Brzeg Dolny	Polyols	PLN	4.5597	–	100.00	**100.00**	100.00
PCC Rokita SA, Brzeg Dolny	Polyols, Chlorine, Specialty Chemicals, Energy, Holding/Projects	PLN	4.5597	84.17	–	**84.17**	84.17
PCC Seaview Residences ehf., Húsavík	Holding/Projects	ISK	156.1000	100.00	–	**100.00**	100.00
PCC Silicium S.A., Zagórze	Specialty Chemicals	PLN	4.5597	99.99	–	**99.99**	99.99
PCC Specialties GmbH, Oberhausen	Specialty Chemicals	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Synteza S.A., Kędzierzyn-Koźle	Specialty Chemicals	PLN	4.5597	100.00	–	**100.00**	100.00
PCC Therm Sp. z o.o., Brzeg Dolny	Polyols	PLN	4.5597	–	100.00	**100.00**	100.00
PCC Trade & Services GmbH, Duisburg	Specialty Chemicals	EUR	1.0000	100.00	–	**100.00**	100.00
PolyU GmbH, Oberhausen	Polyols	EUR	1.0000	100.00	–	**100.00**	100.00
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Specialty Chemicals	RON	4.8683	58.72	–	**58.72**	58.72
ZAO PCC Rail, Moscow	Logistics	RUB	91.4671	100.00	–	**100.00**	100.00

Continued

Name and head office of company	Segment	Currency	Exchange rate as of Dec. 31, 2020 1 euro =	PCC SE participating interest in %: Direct	Indirect	2020	2019	Equity in local currency ('000)	Net result in local currency ('000)
Joint ventures consolidated using the equity method									
OOO DME Aerosol, Pervomaysky	Holding/Projects	RUB	91.4671	50.00	–	**50.00**	50.00	–799,487.9	–632,551.2
IRPC Polyol Company Ltd., Bangkok	Polyols	THB	36.7270	–	50.00	**50.00**	50.00	49,846.9	13,633.0
PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur	Holding/Projects	MYR	4.9340	50.00	–	**50.00**	100.00	21,199.5	–1,915.2
Subsidiaries not consolidated due to immateriality									
Abwicklungsgesellschaft TEC artec valves GmbH & Co. KG, Oranienburg	Holding/Projects	EUR	1.0000	68.85	–	**68.85**	68.85	unknown	unknown
BiznesPark Rokita Sp. z o.o. i.L., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	1,083.0	–55.8
Chemia-Profex Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	56.2	16.1
Chemia-Serwis Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	147.0	59.6
Chemi-Plan S.A. i.L., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	–22.1	–17.1
CWB Partner Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	693.9	390.4
Fate Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	–50.2	–14.9
Gaia Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	62.9	–7.3
GEKON S.A. i.L., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	unknown	unknown
Hebe Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	–95.3	–13.0
LabAnalityka Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	164.4	339.5
Locochem Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	–33.7	152.1
Logoport Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	95.5	54.5
New Better Industry Sp. z o.o., Brzeg Dolny	Chlorine	PLN	4.5597	–	100.00	**100.00**	100.00	–34.4	–7.7
Pack4Chem Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	100.00	**100.00**	100.00	–550.3	–166.9
PCC ABC Sp. z o.o., Brzeg Dolny	Polyols	PLN	4.5597	–	100.00	**100.00**	100.00	–22.1	–7.5
PCC Consumer Products Czechowice S.A. i.L., Czechowice-Dziedzice	Consumer Products	PLN	4.5597	–	99.74	**99.74**	–	–13,871.3	–5,340.0
PCC Envolt Sp. z o.o. i.L., Brzeg Dolny	Energy	PLN	4.5597	–	–	**–**	100.00	unknown	unknown
PCC Exol Philippines Inc. i.L., Batangas	Surfactants	PHP	59.1250	–	99.99	**99.99**	99.99	unknown	unknown
PCC Organic Oils Ghana Ltd., Accra	Surfactants	GHS	7.0643	100.00	–	**100.00**	100.00	–3,347.7	–1,107.3
PCC Power Sp. z o.o. i.L., Brzeg Dolny	Energy	PLN	4.5597	–	–	**–**	100.00	unknown	unknown
PCC Slovakia s.r.o. i.L., Košice	Specialty Chemicals	EUR	1.0000	–	100.00	**100.00**	100.00	unknown	unknown
Technochem Sp. z o.o., Brzeg Dolny	Holding/Projects	PLN	4.5597	–	85.80	**85.80**	85.80	–15.8	–3.9
TzOW Petro Carbo Chem, Lwiw	Specialty Chemicals	UAH	34.7396	92.32	–	**92.32**	92.32	8,446.9	–207.1
Valcea Chemicals S.R.L. i.L., Bucharest	Specialty Chemicals	RON	4.8683	–	100.00	**100.00**	100.00	–20.6	–32.7
ZAO Exol, Nizhny Novgorod	Surfactants	RUB	91.4671	100.00	–	**100.00**	100.00	–4,478.5	–1,628.5
Associated companies not consolidated using the equity method due to immateriality									
S.C. Oltchim S.A. i.L., Râmnicu Vâlcea	Holding/Projects	RON	4.8683	32.34	–	**32.34**	32.34	unknown	unknown
Participating interests in other companies									
Brama Pomorza Sp. z o.o., Gdańsk	Holding/Projects	PLN	4.5597	7.41	–	**7.41**	7.41	–287.8	297.4
TRANSGAZ S.A., Rybnik	Holding/Projects	PLN	4.5597	9.64	–	**9.64**	9.64	unknown	unknown

Duisburg, May 6, 2021

PCC SE

Ulrike Warnecke
Managing Director

Dr. rer. oec. (BY) Alfred Pelzer
Managing Director

Independent Auditor’s Report*

To PCC SE, Duisburg

Audit Opinions

We have audited the consolidated financial statements of PCC SE, Duisburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2020 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of PCC SE, Duisburg, for the financial year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the section “Sustainability report/Non-financial report” included in the group management report on a voluntary basis.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020, and

– the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the section “Sustainability report/Non-financial report” included in the group management report on a voluntary basis.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the Group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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 on the group management report.

* Note: This document is a convenience translation of the German original. The original German language document is the authoritative version.

Other Information

The managing directors and the chairman of the administrative board are responsible for the other information. The other information comprises:

- the non-audited parts of the group management report listed in the "Audit Opinions" section of our auditor's report and
- the remaining parts of the annual report,
- with the exception of the audited consolidated financial statements and audited parts of the group management report and our auditor's report.

The chairman of the administrative board is responsible for the foreword by the chairman of the administrative board contained in the annual report. Save as aforesaid, the managing directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited parts of the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Managing Directors and the Administrative Board for the Consolidated Financial Statements and the Group Management Report

The managing directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the managing directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the managing directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the managing directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the managing directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The administrative board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the managing directors and the reasonableness of estimates made by the managing directors and related disclosures.

- Conclude on the appropriateness of the managing directors' use of the going concern basis of accounting 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the managing directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the managing directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 6 May 2021

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stefan Sinne	Marianne Reck
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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Photos
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This Annual Report is available in its original German version and as a convenience translation in English.

Both versions can be downloaded from www.pcc.eu.

PCC SE
Duisburg, May 2021

Forward-looking statements

This Annual Report contains forward-looking statements which are based on the current estimates and assumptions made by the management with respect to future developments. The accuracy of such statements is subject to risks and uncertainties that lie outside the control and forecasting capability of PCC SE. Examples include changes in the market environment and underlying economic conditions, the behavior of other market participants, the success with which new acquisitions can be integrated, the realization of anticipated synergy effects, and the actions of governmental agencies. Should such factors of uncertainty or imponderables come into play, or if the assumptions upon which these statements are based prove to be incorrect, the ensuing events could differ materially from those explicitly indicated, implied in or inferred from these statements. PCC SE neither plans nor undertakes to update any forward-looking statements in respect of developments or events occurring in the future.

Technical discrepancies

For technical reasons (e.g. arising from the conversion of electronic formats), differences may occur between the information provided in this Annual Report and that contained in the accounting documents submitted for publication in the Federal Gazette (Bundesanzeiger). In such cases, the version appearing in the Federal Gazette is authoritative.

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