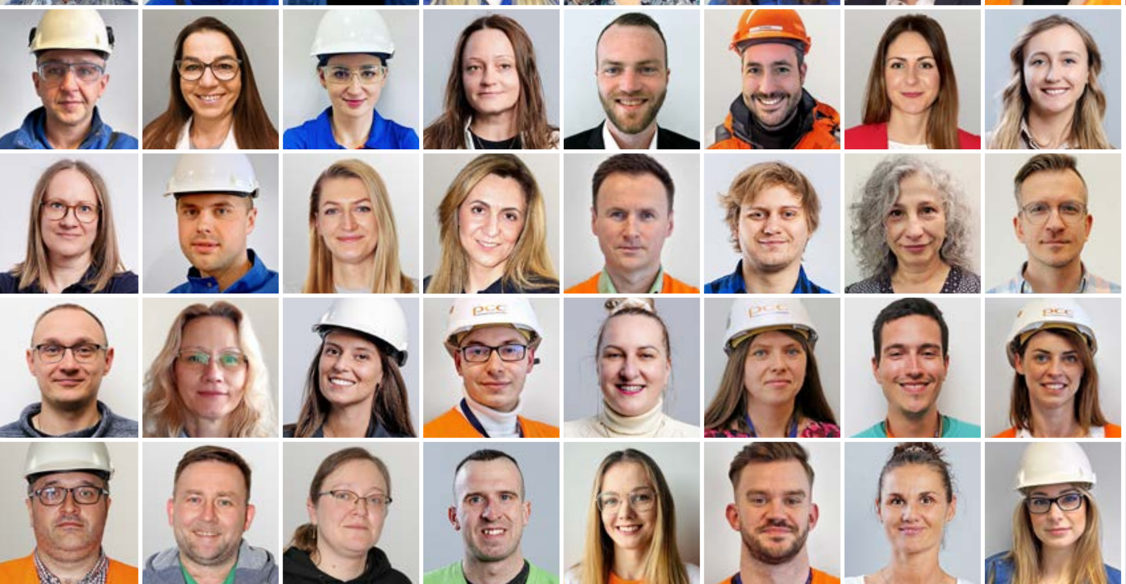
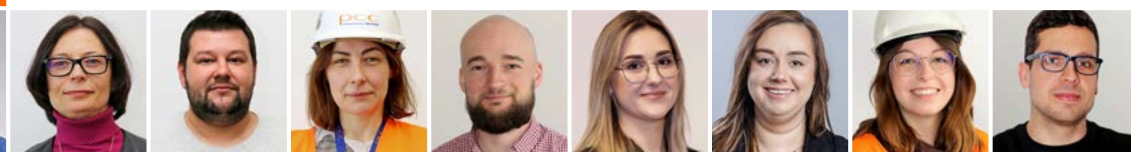


WE ARE PCC

PCC Group
Annual Report 2022

PCC SE



Contents

Interactive PDF

This PDF document has been optimized for on-screen viewing.

Gender advisory

For the sake of readability and gender equity, we make use of the neutral singular "they" / "them" / "their" in reference to roles that may be both masculine and feminine. References to persons in general apply equally to all genders. All readers should feel equally addressed by the content of this report.

We thank you for your understanding.

Letter from the CEO

Ladies and Gentlemen:

Although the global economy began to recover from the pandemic in early 2022, it was again severely affected by the geopolitical shock of the Russian invasion of Ukraine. Supply chains were disrupted, energy prices and inflation rose sharply and with them the volatility of raw material and product prices, including in the markets in which PCC operates.

The fact that – despite these headwinds – we were able to significantly improve on the record results of the previous year is due to the extraordinary capabilities and commitment of our employees, combined with the diversification and resultant resilience of our business portfolio.

A sales figure in excess of € 1.3 billion meant the PCC Group had exceeded the billion mark for the first time, with EBITDA also 48 % above the previous year at € 292 million. Our operating profit (EBIT) likewise increased significantly from € 125 million to € 217 million, while the pre-tax result (EBT) more than doubled from € 92 million to € 193 million. This represents an outstanding success for our company with its robust alignment to strategic growth, and I would like to express my sincere thanks on behalf of the management of PCC SE to all those who have contributed to it – our entire workforce, our investors and our business partners!

PCC's billion-euro investments over the past ten years and consistent portfolio management have made our core business in particular highly efficient, innovative and therefore fit for the future. And indeed, in 2022, our business units in the chemicals segments, with our major affiliates PCC Rokita SA and PCC Exol SA at the vanguard, were once again able to contribute the majority share to Group earnings.

Dr. Peter Wenzel
Chief Executive Officer and Chairman of the Executive Board of PCC SE

Worthy of particular note is the Chlorine segment, which defied the surge in energy costs with its efficient and environmentally compatible membrane electrolyzers, almost doubling its sales and quadrupling its operating profit in the process. Similarly, the Surfactants & Derivatives segment achieved its best result to date with a further expanded product portfolio and an increase in capacity. Both its EBITDA and EBIT totals from the previous year were exceeded by over 100 %, with an impressive performance posted by the US business of PCC Chemax, Inc. making a major contribution.

Our Polyols business, on the other hand, had to contend with a decline in earnings from the previous record level posted, due to high production costs, overall lower demand in Europe and increasing competitive pressure, particularly from Asia. Nevertheless, this segment closed with a remarkable operating profit figure of more than € 30 million, achieved with sales more or less flat at € 260 million.

The new Silicon & Derivatives segment got off to an excellent start in 2022, with the plant in Iceland having been further technically and operationally optimized to the top of its game. Prices for its output rose substantially due to pandemic-related availability bottlenecks in supplies from China. However, a significant increase in raw material costs and the resurgence of imports from the Far East reversed this effect in the course of the year, as a result of which the segment ended the reporting period with annual sales at € 112 million and EBITDA at break-even.

At € 116 million, our investment volume in 2022 was once again up year on year. These future-aligned capital expenditures and the ongoing further development of our portfolio companies provide us with the basis for achieving our goal of a continuous and sustainable increase in enterprise value. As of the reporting date December 31, 2022, the valuation of our investment portfolio amounted to over € 1.1 billion, representing an increase of over 22 % compared to the previous year and thus a real success story!

» The fact that – despite the geopolitical challenges encountered – we were able to significantly improve on the record results of the previous year is due to the extraordinary capabilities and commitment of our employees, combined with the diversification and resultant resilience of our business portfolio. «

Dr. Peter Wenzel
CEO of PCC SE

The construction of a production plant for oxyalkylates in Malaysia currently constitutes a key investment project of the PCC Group.

PCC Rokita SA (represented here by its propylene oxide plant), together with PCC Exol SA, made the largest contribution to Group earnings in 2022.

The pursuit of sustainability continues to be a focus of our activities. Many of our research and development undertakings deal with environmental and climate protection projects, such as the use of climate-neutral raw materials, efficiency improvements in our production plants, products from the circular economy or the recovery of carbon dioxide from exhaust gas streams from our facilities for the production of e-fuels. However, we have to note that the willingness of our customers to accept additional costs for such sustainably produced – and therefore typically more expensive – products is still limited.

This is particularly evident in the case of our silicon from Iceland, which is produced sustainably on the basis of exclusively renewable energy. In Europe, we are in direct competition with dumping imports from China, where this important intermediate product for the energy transition and e-mobility markets is produced with about four times the CO_2 footprint and invariably on the basis of incomparable social, environmental and occupational health and safety standards. Yet it is still purchased in large quantities in our home market. We also see similarly unfair competition in other industrial sectors, which is why we are calling on politicians and associations in various bodies to rethink the key points of European foreign trade policy.

In order to expand our core business, we will continue to focus our regional investment activities on Poland, Southeast Asia and the USA in the coming years. The new oxyalkylates plant of our joint venture with PETRONAS Chemicals Group in Kertih (Malaysia) is scheduled to come on stream in the third quarter of 2023, when it will begin producing surfactants and polyols on the basis of technology licenses from the PCC Group. This will extend the competitive supply of our quality products to our global customers in Southeast Asia. In Poland, too, the construction of further facilities for the production of modern ethoxylate and polyether products has already begun at our sites in Płock and Brzeg Dolny, with a doubling of our production capacities in these successful business areas envisaged by 2026.

In the USA, our newly established PCC Chemicals Corporation has already secured a plot of land on the Texas Gulf Coast which, due to its ideal raw material supply and logistics links, is excellently suited for the construction of a production site for our primary product lines. We already supply many customers in North America. The deep-seated knowledge of the markets that we have gained has enabled us to develop a detailed, experience-based concept for a successful start in the local production of oxyalkylate- and chlorine-based products, thus taking us another important step forward in steadily expanding our core business activities.

This planned expansion of our production capacities is to be closely accompanied by upscaled research and development activities, as exemplified by the construction of a new research center offering around 65,000 square feet of space at our largest site, that of PCC Rokita SA in Brzeg Dolny. The facility will be ready for occupancy in June 2023, with plans for the synthetization and testing of new products such as modern polyether polyols, ethoxylates and phosphorus compounds in application laboratories, and for the construction of various pilot production units, e.g. for the manufacture of chlorosilanes. Moreover, our Group subsidiary PCC Thorion GmbH has commissioned a laboratory within the new Centre for Electrical Energy Storage operated by our cooperation partner Fraunhofer ISE in Freiburg, Germany, where our graphene-coated silicon nanoparticle compounds for battery anodes are being developed.

At PCC Intermodal SA, the development of three new transshipment terminals in Poland is proceeding largely according to schedule. The trend toward environmentally friendly intermodal container transport continues unabated, as underlined by the positive business performance of PCC Intermodal SA in fiscal 2022, which is likewise proceeding according to plan.

In all our endeavors to achieve sustainable, dynamic growth in our group of companies, we consistently ensure the strict management of risk in line with global political, social and economic developments. This fundamental principle of our business activity is of particular importance, given the turbulent environment that we are currently experiencing.

The development of PCC fills us with pride and confidence as we continue our successful journey, guided by our strong values, responsible practices, and exceptional spirit.

We are PCC!

Sincerely yours,

Peter Wenzel
Chief Executive Officer of PCC SE

The Executive Board of PCC SE

As of December 31, 2022, the Executive Board of PCC SE comprised the following three members:

- **Dr. Peter Wenzel (Chairman and CEO)**
- **Ulrike Warnecke**
- **Dr. rer. oec. (BY) Alfred Pelzer**

Dr. Peter Wenzel

Chairman of the Executive Board and CEO of PCC SE

Dr. Peter Wenzel (58) has held senior managerial positions at PCC since 2003. As Chairman of the Executive Board and CEO of PCC SE, he bears lead responsibility for Corporate and Project Development, and also Sustainability – a key issue of ever-increasing strategic importance for the PCC Group. He further holds several other executive, management and supervisory board mandates within the PCC Group, for example as Managing Director of both PCC Chemicals GmbH and PCC Integrated Chemistries GmbH, and as a member of the Board of Directors of both our Icelandic and Malaysian operations PCC BakkiSilicon hf. (Chair) and PCG PCC Oxyalkylates Sdn. Bhd.

Ulrike Warnecke

Member of the Executive Board of PCC SE

Ulrike Warnecke (60) has held a number of senior management positions within the PCC Group since the core company was first established. As a member of the Executive Board of PCC SE, she bears lead responsibility for the corporate functions Finance, Human Resources and Public Relations. Her operational responsibilities extend in particular to the Group's trading activities. Among other roles, she is the Managing Director of our most important commodity trading company, PCC Trade & Services GmbH, and of the German logistics company PCC Intermodal GmbH. She also serves as Vice Chairwoman of the Supervisory Board of PCC Consumer Products S.A. and as a member of the Supervisory Board of PCC BakkiSilicon hf.

Dr. rer. oec. (BY) Alfred Pelzer

Member of the Executive Board of PCC SE

Dr. rer. oec. (BY) Alfred Pelzer (63) has held senior managerial positions with PCC since 1995. As a member of the Executive Board of PCC SE, he bears lead responsibility for the operational areas Chemical Production, which is 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 the chemical production companies PCC Rokita SA (Chair), PCC Exol SA, PCC MCAA Sp. z o.o. and PCC Synteza S.A. (Chair), plus PCC IT S.A. (Chair) and the logistics companies PCC Intermodal SA (Chair) and PCC Autochem Sp. z o.o. (Chair).

A word of welcome from the Chairman of the Supervisory Board

Ladies and Gentlemen,

In this, our annual report for 2022, the PCC Group looks back on a very challenging but at the same time extraordinarily successful year. Despite the numerous unexpected obstacles that had to be overcome as a result of the Russia-Ukraine war, it was in this reporting period that the PCC Group achieved its best results in its almost thirty-year corporate history. This success is founded on our extensive, far-sighted investment program of recent years. As Chairman of the Supervisory Board, I would like, also on behalf of my non-executive colleagues, to express my great appreciation and gratitude to the management of PCC SE, to the executive boards and managing directors of all subsidiaries and, especially, to all our employees. Our thanks likewise go to all our business partners and, of course, to all our investors, many of whom have been with PCC for a very long time. You all have contributed significantly to the positive developments that we have witnessed.

Fiscal 2023 has also brought many challenges, including high energy and raw material costs in Europe fueling high rates of inflation. We all have to face these problems together. The Supervisory Board of PCC SE believes that the company is well positioned to pursue just such an approach. As you will be able to discern from this annual report, the start to the new fiscal year has also been positive, with the prospect of the PCC Group reaching an important milestone along the road to further sustainable growth in its core business – with the commissioning of a new production plant in Malaysia. The geographic expansion of this core business in the high-growth US market is also to be taken a decisive step forward in 2023. The Supervisory Board supports these plans and looks forward to accompanying PCC as it forges its future.

Duisburg, April 2023

Kind regards,

Waldemar Preussner
Chairman of the Supervisory Board of PCC SE

The Supervisory Board of PCC SE

As of December 31, 2022, the Supervisory Board of PCC SE comprised the following three members:

- **Dipl.-Volkswirt Waldemar Preussner (Chairman)**
- **Dr. Hans-Josef Ritzert (Vice Chairman)**
- **Reinhard Quint**

Dr. Hans-Josef Ritzert

Vice Chairman of the Supervisory Board of PCC SE

Dr. Hans-Josef Ritzert (63) has been Vice Chairman of the Supervisory Board of PCC SE since 2021. Previously, Dr. Ritzert had been associated with the PCC Group as an adviser. Originally a chemist by profession, he has also served as Managing Director of Evonik Nutrition & Care GmbH and Head of the Evonik China organization. He holds various mandates outside PCC SE, including as a member of the supervisory board of Röhm GmbH, and is active as both a consultant and an investor.

Waldemar Preussner

Chairman of the Supervisory Board of PCC SE

Utilizing his many years of experience in Eastern Europe to harness the opportunities arising there as a result of market liberalization, Waldemar Preussner (64) established in 1993 Petro Carbo Chem Rohstoffhandelsgesellschaft mbH (today: PCC Trade & Services GmbH), a company that remains at the core of the 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 company (Societas Europaea or SE). Waldemar Preussner is the sole shareholder and Chairman of the Supervisory Board of PCC SE. He also holds a number of supervisory board mandates within the PCC Group, in particular at PCC Exol SA (Chair) and PCC Rokita SA.

Reinhard Quint

Member of the Supervisory Board of PCC SE

Reinhard Quint (80) began supporting the PCC Group in an advisory, non-executive role in 2002 and has been a Member of its Supervisory Board since 2021. Prior to that he was, for many years, Chairman of ThyssenKrupp Services AG (known today as ThyssenKrupp Materials International GmbH) of Essen, Germany.

PCC. Direktinvest: Issuer of bonds since 1998

For almost 25 years, PCC bonds have served to finance our investments in profitable growth

PCC SE is one of the most experienced bond issuers in Germany: Between the first issue on October 1, 1998 and December 31, 2022, we have issued a total of 86 bonds and one profit participation certificate. By the end of the last fiscal year, we had repaid 65 of these bonds and redeemed the profit participation certificate, with all interest and capital payments having been made to schedule. And this consistency has engendered a close relationship of trust between the more than 18,000 subscribers to PCC securities and PCC SE as the issuing entity.

The issuance of bonds (bearer debentures) is an essential financing instrument in the mix of equity and debt capital used in funding the sustainable and profitable growth of our group of companies. Bond issuances enable us, as the investment holding company of the PCC Group, to react promptly to new market or investment opportunities and to finance both corporate acquisitions and the organic growth of our Group flexibly and independently of banks. The issuance of bonds to a broad circle of private and institutional investors will therefore remain a central pillar of our financing strategy, supplemented by targeted project and loan financing where appropriate.

PCC SE bonds per December 31, 2022

PCC. Direktinvest

ISIN	Fixed coupon p. a.	Issue date	Maturity date	Listing	Nominal value in € k at Dec. 31, 2022
DE000A2TSTW0	3.00 %	03/01/2019	02/01/2023	Frankfurt	18,447
DE000A2G8670	4.00 %	01/01/2018	04/01/2023	Frankfurt	21,802
DE000A3H2VT6	3.00 %	11/02/2020	07/01/2023	Frankfurt	14,705
DE000A2LQZH9	4.00 %	07/01/2018	10/01/2023	Frankfurt	28,783
DE000A2YPFX3	3.00 %	12/02/2019	01/01/2024	Frankfurt	4,511
DE000A3E5MD5	3.00 %	07/01/2021	01/01/2024	Frankfurt	9,545
DE000A3MQA80	2.00 %	03/01/2022	02/01/2024	–[1]	1,410
DE000A2NBFT4	4.00 %	10/01/2018	04/01/2024	Frankfurt	21,104
DE000A2NBJL3	4.00 %	01/01/2019	07/01/2024	Frankfurt	24,985
DE000A2TSEM3	4.00 %	07/01/2019	10/01/2024	Frankfurt	29,946
DE000A254TZ0	4.00 %	04/01/2020	12/01/2024	Frankfurt	34,503
DE000A2YN1K5	4.00 %	10/22/2019	02/01/2025	Frankfurt	29,133
DE000A3MQEM0	3.00 %	11/15/2021	04/01/2025	Frankfurt	7,790
DE000A2YPFY1	4.00 %	12/02/2019	07/01/2025	Frankfurt	23,818
DE000A3H2VU4	4.00 %	11/02/2020	10/01/2025	Frankfurt	29,653
DE000A3MQZM5	4.00 %	05/02/2022	04/01/2026	Frankfurt	20,991
DE000A3E5S42	4.00 %	05/17/2021	07/01/2026	Frankfurt	29,643
DE000A3MP4P9	4.00 %	10/01/2021	10/01/2026	Frankfurt	10,000
DE000A3MQEN8	4.00 %	11/15/2021	12/01/2026	Frankfurt	26,926
DE000A30VS56	5.00 %	09/01/2022	10/01/2027	Frankfurt	35,168
DE000A30V2U2	5.00 %	12/01/2022	12/01/2027	Frankfurt	17,658

1 Due to shortness of term, not included in the open (over-the-counter) market of Frankfurt Stock Exchange.

The relatively small bond 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 acquire funds through our security placements to the extent needed in each case by PCC as a growth-led investor to promote the further development of the Group.

Credible, transparent financial information for our investors

We regularly publish the latest relevant corporate and financial data of PCC in a timely and consistently transparent fashion. All such information can be found on the internet at www.pcc.eu under PCC. Direktinvest and at www.pcc-financialdata.eu, which is where the audited annual financial statements of PCC SE and the PCC Group are also available as PDF downloads. Our online archive contains all annual reports since their first publication in 2003 and all quarterly reports since they first appeared in 2001. The PCC. Direktinvest section of www.pcc.eu likewise contains information on our latest issuances and the PCC bonds in circulation.

PCC SE bonds maturing in 2022

PCC. Direktinvest

ISIN	Fixed coupon p. a.	Issue date	Maturity date	Listing	Redemption volume in € k
DE000A2G9HY2	3.00 %	04/01/2018	02/01/2022	Frankfurt	9,588
DE000A14KJ43	6.50 %	05/01/2015	04/01/2022	Frankfurt	16,181
DE000A254TD7	3.00 %	04/30/2020	05/01/2022	Frankfurt	14,631
DE000A2GSSY5	4.00 %	10/01/2017	07/01/2022	Frankfurt	24,968
DE000A162AQ4	6.00 %	10/01/2015	10/01/2022	Frankfurt	24,860

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. Every quarter, we hold an investor conference as an online webcast at which the Executive Board presents the recently published quarterly report or annual report, explains current business developments, and participates in an interactive Q&A session with the audience. In the fall of each year, we hold our traditional PCC Information Evenings in several major German cities, giving investors and other interested parties the opportunity to meet personally with the Executive Board in an exclusive setting.

PCC SE securities in circulation

As of December 31, 2022, there were 21 bonds outstanding representing a total nominal volume of around €440.5 million. Subsequent to the balance sheet date, PCC SE redeemed the 3.00 % bullet bond ISIN DE000A2TSTW0 with a repayment volume of €18.4 million on February 1, 2023, and the 4.00 % bullet bond ISIN DE000A2G8670 with a repayment volume of €21.8 million on April 1, 2023. The bonds of PCC SE currently available for subscription can be viewed online at www.pcc-direktinvest.eu.

PCC affiliates listed in Poland

Market value of listed PCC companies rises to € 522.7 million

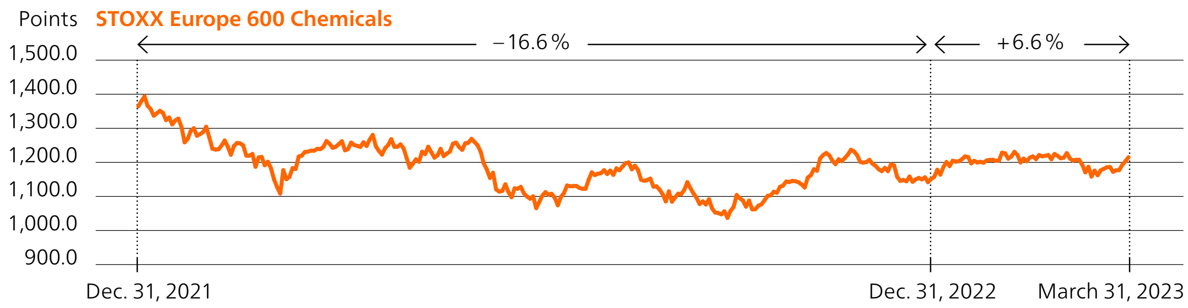
Two PCC Group companies, PCC Rokita SA and PCC Exol SA, are listed on the Warsaw Stock Exchange (GPW). Including the share packages of its subsidiaries, PCC SE holds a clear majority of around 85 % in each of the two listed affiliates. The main advantages of stock exchange listings are transparent company valuations, a strengthened equity base for the entities involved, and the possibility of financing future investments through further equity measures. Stock exchange listings also offer institutional and private investors the opportunity to acquire a direct stake in a company.

The value of the share packages of listed shareholdings held directly by PCC SE and indirectly via its subsidiaries as of the reporting date December 31, 2022, amounted to a combined total of €443.7 million, around 7.1 % above the stock market value of the previous year. The total market capitalization of these listed PCC shareholdings at the reporting date amounted to €522.7 million, an increase of 6.9 % compared to the previous year.

As in 2021, the 2022 stock trading year was dominated by the impact of the coronavirus pandemic, with the Russian war against Ukraine also impacting the markets since February 2022. The increased restrictive zero-covid policy of the Chinese central government led to far-reaching restrictions on global supply chains, particularly in the first half of 2022, and thus also impacted global economic growth. The stock markets reacted to this development with a persistent downward trend, which was only broken in the final quarter of the year. The war in Ukraine and the associated energy crisis further slowed economic development across Europe. In addition, the US Federal Reserve and the ECB in particular, together with other national central banks in countries such as Poland, ended their expansionary monetary policies due to inflationary pressures. At present, it is not possible to reliably estimate when the Polish central bank will reduce its interest rates again, as this depends on several factors, in particular its inflation target.

The European sector index STOXX Europe 600 Chemicals was characterized by a sharp decline during the 2022 stock trading year due to the energy crisis. At year-end, STOXX Europe 600 Chemicals closed 16.6 % down on the start of the year. The cumulative growth of the PCC subsidiaries in fiscal 2022 was thus well above that of the benchmark index.

Performance of STOXX Europe 600 Chemicals



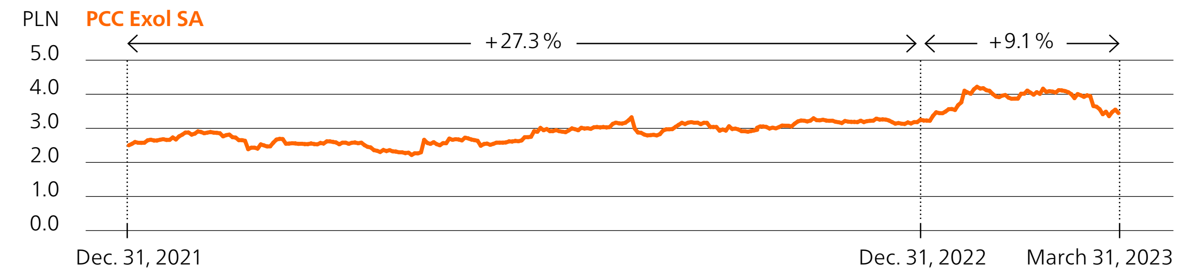
PCC Rokita SA shares gain 1.6 % in 2022

The closing price of PCC Rokita SA stock (PLPCCRK00076) as of December 31, 2022 was PLN 95.60, corresponding to a year-on-year gain of 4.4 %. Its market capitalization at year-end was thus the equivalent of €405.5 million. And the share price of PCC Rokita SA continued to show encouraging strength beyond the turn of the year thanks to the clearly positive development of the affiliate's business units. As of March 31, 2023, the shares of PCC Rokita SA were trading at historic highs, underpinning the strong confidence of capital market participants in our value creation capabilities. Including the share packages of its subsidiaries, PCC SE holds 84.26 % of the shares in PCC Rokita SA.

Shares in PCC Exol SA up 25.0 % in 2022

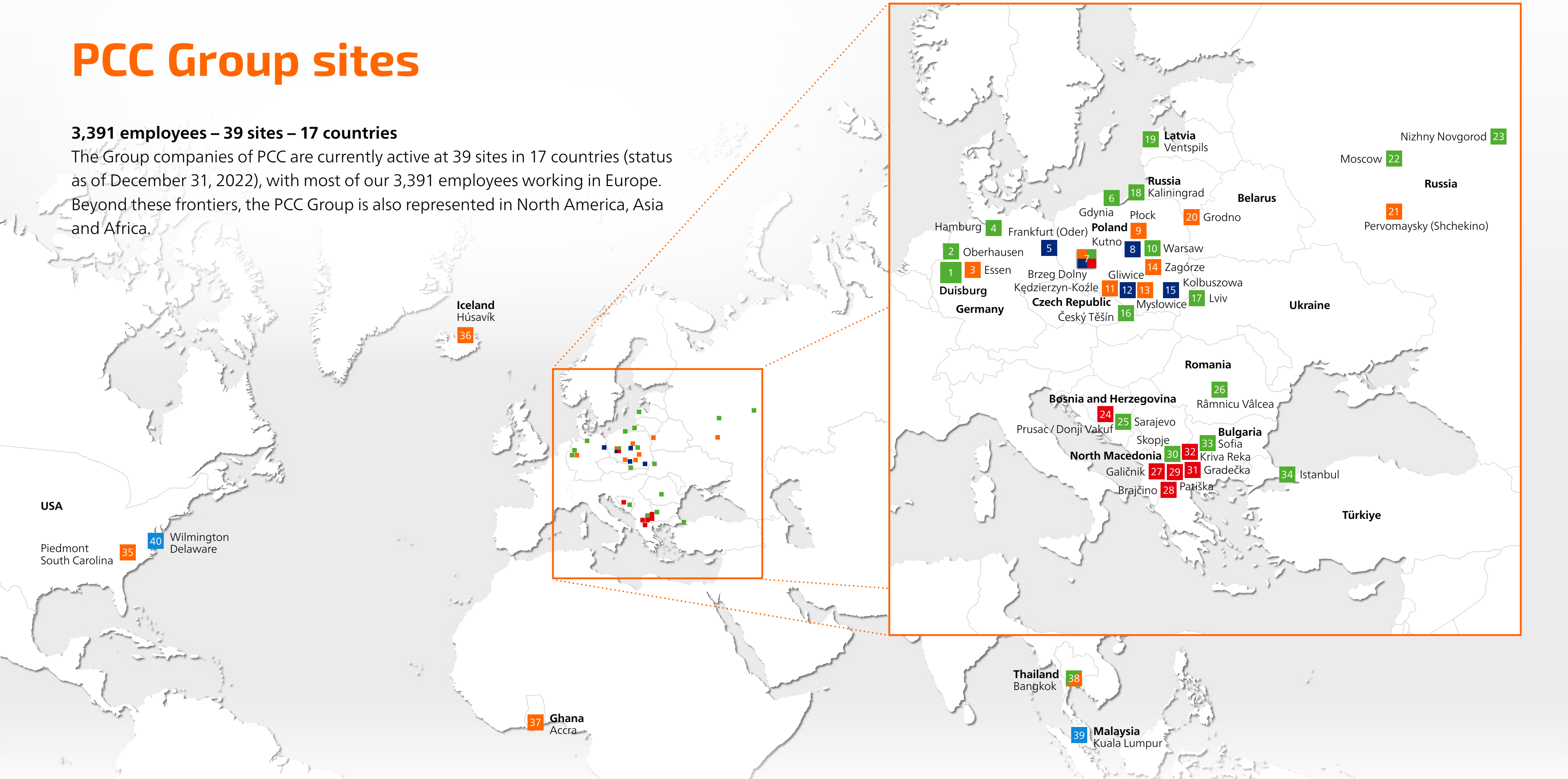
The share price performance of PCC Exol SA (PLPCCEX00010) reflected the very good economic performance of the company. Its development in fiscal 2021 had already shown how effective and resilient this surfactants manufacturer was in navigating its operating business through a series of crises; and fiscal 2022 saw PCC Exol SA continue to progress along similarly successful lines. The closing share price on December 31, 2022 was PLN 3.15, corresponding to a year-on-year increase of 27.3 %. As a result, the market capitalization of PCC Exol SA increased to the equivalent of €117.2 million, again clearly reflecting the positive development of this affiliate's business units in the course of fiscal 2022. PCC Exol SA shares also performed well in the first quarter of 2023, reaching PLN 3.51 as of March 31, 2023 – an increase of 9.1 % compared to December 31, 2022. Including the share packages of its subsidiaries, PCC SE holds 87.03 % of the shares in PCC Exol SA.

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



PCC Group sites

3,391 employees – 39 sites – 17 countries
The Group companies of PCC are currently active at 39 sites in 17 countries (status as of December 31, 2022), with most of our 3,391 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)
- 20 Grodno (BY)
- 21 Pervomaysky (Shchekino) (RU)
- 35 Piedmont, South Carolina (US)
- 36 Húsavík (IS)
- 37 Accra (GHA)
- 38 Bangkok (TH)

Power plants

- 7 Brzeg Dolny (PL)
- 24 Prusac / Donji Vakuf (BA)
- 27 Galičnik (MK)
- 28 Brajčino (MK)
- 29 Patiška (MK)
- 31 Gradečka (MK)
- 32 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

- 39 Kuala Lumpur (MY)
- 40 Wilmington, Delaware (USA)

The structure of the PCC Group

Aside from the holding company PCC SE, the PCC Group comprises a total of 67 affiliates and investments in Germany and abroad. The fully consolidated entities, together with the joint ventures accounted for using the equity method, are all featured on this page (status as of December 31, 2022). The percentages indicated for the companies in this segment-aligned presentation represent the shares held both directly and indirectly (via subsidiaries) by PCC SE. For a detailed schedule of shareholdings, please refer to Note (44) of the consolidated financial statements at the back of this report.

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

Polyols & Derivatives

- **PCC Rokita SA** Polyols business unit, Brzeg Dolny, PL (84.26 %)
- **PCC PU Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **PCC Prodex Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **PCC Prodex GmbH** Essen, DE (100 %)
- **PCC Therm Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **PCC Bulgaria EOOD** Sofia, BG (100 %)
- **PCC MORAVA-CHEM s.r.o.** Insulation Materials business unit, Český Těšín, CZ (100 %)
- **PCC Insulations GmbH** Duisburg, DE (100 %)
- **PCC Synteza S.A.** Kędzierzyn-Koźle, PL (100 %)
- **PolyU GmbH** Oberhausen, DE (100 %)
- **IRPC Polyol Company Ltd.*** Bangkok, TH (50 %)

Surfactants & Derivatives

- **PCC Exol SA** Brzeg Dolny, PL (87.03 %)
- **PCC Chemax, Inc.** Piedmont, SC, US (100 %)
- **PCC Consumer Products S.A.** Brzeg Dolny, PL (100 %)
- **PCC Consumer Products Kosmet Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **OOO PCC Consumer Products Navigator** Grodno, BY (100 %)
- **OOO PCC Consumer Products** Moscow, RU (100 %)

Chlorine & Derivatives

- **PCC Rokita SA** Chlorine business unit, Brzeg Dolny, PL (84.26 %)
- **MCAA SE** Brzeg Dolny, PL (100 %)
- **PCC MCAA Sp. z o.o.** Brzeg Dolny, PL (98.88 %)
- **PCC Rokita SA** Phosphorus and Naphthalene Derivatives business unit, Brzeg Dolny, PL (84.26 %)

Silicon & Derivatives

- **PCC BakkiSilicon hf.** Húsavík, IS (65.40 %)
- **PCC Seaview Residences ehf.** Húsavík, IS (100 %)
- **PCC Silicium S.A.** Zagórze, PL (99.99 %)

Trading & Services

- **PCC Trade & Services GmbH** Duisburg, DE (100 %)
- **PCC MORAVA-CHEM s.r.o.** Commodity Trading business unit, Český Těšín, CZ (100 %)
- **AO NOVOBALT Terminal** Kaliningrad, RU (100 %)
- **PCC Exol Kimya Sanayi ve Ticaret Limited Şirketi** Istanbul, TR (100 %)
- **distripark.com Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **PCC Energetyka Blachownia Sp. z o.o.** Kędzierzyn-Koźle, PL (84.46 %)
- **PCC IT S.A.** Brzeg Dolny, PL (100 %)
- **PCC Rokita SA** Headquarters business unit, Brzeg Dolny, PL (84.26 %)
- **PCC Rokita SA** Energy business unit, Brzeg Dolny, PL (84.26 %)
- **PCC Apakor Sp. z o.o.** Brzeg Dolny, PL (99.59 %)
- **LabMatic Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **Ekologistyka Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **ChemiPark Technologiczny Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **Aqua Łososiowice Sp. z o.o.** Brzeg Dolny, PL (100 %)

Logistics

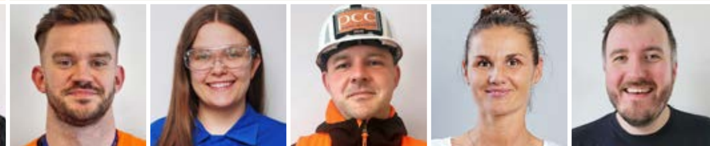
- **PCC Intermodal SA** Gdynia, PL (99.09 %)
- **PCC Intermodal GmbH** Duisburg, DE (100 %)
- **PCC Autochem Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **ZAO PCC RAIL** Moscow, RU (100 %)

Holding & Projects

- **PCC Chemicals GmbH** Duisburg, DE (100 %)
- **PCC Integrated Chemistries GmbH** Duisburg, DE (100 %)
- **Elpis Sp. z o.o. i.L.** Brzeg Dolny, PL (100 %)
- **PCC BD Sp. z o.o.** Brzeg Dolny, PL (100 %)
- **S.C. EURO Urethane S.R.L.** Râmnicu Vâlcea, RO (58.72 %)
- **PCC Thorion GmbH** Duisburg, DE (100 %)
- **PCC Renewables GmbH** Duisburg, DE (100 %)
- **GRID BH d.o.o.** Sarajevo, BA (85.62 %)
- **PCC HYDRO DOOEL Skopje** Skopje, MK (100 %)
- **PCC NEW HYDRO DOOEL Skopje** Skopje, MK (100 %)
- **PCC Izvorsko EOOD** Sofia, BG (100 %)
- **OOO DME Aerosol*** Pervomaysky, RU (50 %)
- **PCG PCC Oxyalkylates Sdn. Bhd.*** Kuala Lumpur, MY (50 %)
- **PCC Chemicals Corporation** Wilmington, DE, US (100 %)

* Joint venture consolidated using the equity method

GROUP MANAGEMENT REPORT

Contents

Organization of the PCC Group

In previous years, the PCC Group was managed on the basis of five Chemicals segments Polyols, Surfactants, Chlorine, Specialty Chemicals and Consumer Products, plus three further segments Energy, Logistics and Holding / Projects. Commensurate with the development of the PCC Group in recent years and a rapidly changing market environment, the Executive Board of PCC SE resolved to realign its segment structure. The primary changes implemented are as follows: The Specialty Chemicals segment has been dissolved and the business units previously managed therein have been re-assigned to the new segments **Polyols & Derivatives, Surfactants & Derivatives** and **Chlorine & Derivatives**. The Commodity Trading business has been transferred to the newly created Trading & Services segment. The Energy segment has been dissolved and the operations managed in the Conventional Energies business unit have been re-assigned to said new **Trading & Services** segment. The small hydropower plants and project companies in the Renewable Energies business unit have been integrated into the **Holding & Projects** segment. And a **Silicon & Derivatives** segment has been newly created, with silicon metal production having been assigned to it from the Holding & Projects segment and the related upstream quartzite quarry business joining it from the previous Specialty Chemicals segment. The Consumer Products segment has been integrated into the Surfactants & Derivatives segment as a downstream activity. All prior-year figures contained in this report have been duly restated to reflect the new segment structure in accordance with IFRS 8.

Segments and business units of the PCC Group

	Polyols & Derivatives	Surfactants & Derivatives	Chlorine & Derivatives	Silicon & Derivatives	Trading & Services	Logistics	Holding & Projects
Business units	– Polyols – Polyurethane Systems – Alkylphenols	– Anionic Surfactants – Non-ionic Surfactants – Amphoteric Surfactants (Betaines) – Household and Industrial Cleaners, Detergents and Personal Care Products	– Chlorine – Chlorine Downstream Products – MCAA – Phosphorus and Naphthalene Derivatives	– Quartzite – Silicon Metal	– Commodity Trading – Services	– Intermodal Transport – Road Haulage – Rail Transport	– Portfolio Management – Project Development

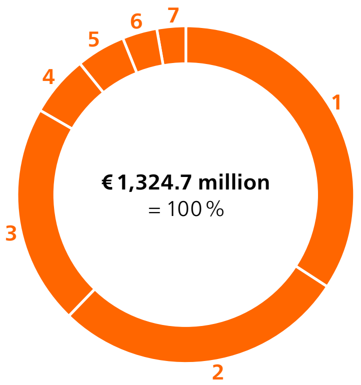
The PCC Group currently has more than 3,300 employees at 39 sites in 17 countries. Since the reorganization of the segment structure of the PCC Group with effect from January 1, 2022, the investment portfolio has been divided into seven segments. The six segments Polyols & Derivatives, Surfactants & Derivatives, Chlorine & Derivatives, Silicon & Derivatives, Trading & Services and Logistics are allocated full operational responsibility. Assigned to these six segments are a total of 18 business units that are managed by our international companies and entities. The seventh segment, Holding & Projects, includes not only the holding company PCC SE but also the intermediate holding companies PCC Chemicals GmbH and PCC Renewables GmbH, as well as various project companies.

The operational strategy of the PCC Group is geared to sustainable corporate investment and business development, with the primary priority of generating and growing enterprise value. As a growth-led investor predominantly aligned to the long term, the holding company PCC SE supports its 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. The Group's development policy also focuses on the regular appraisal of further projects and acquisitions geared to both forward and backward integration. The aim is to diversify into new market segments in line with our expertise, while at the same time strengthening our raw materials base. By contrast, non-core activities are only developed to a certain level of market maturity with a view to then offering them for sale. The main objective remains the achievement over the long-term of further profitable growth for the PCC Group as a whole.

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 2022, we generated 21.1 % (previous year: 20.3 %) of our sales with customers in Germany, with 34.3 % attributable to customers in Poland (previous year: 35.2 %) and 28.1 % to customers in other EU member states (previous year: 26.2 %). Including PCC SE, the consolidated financial statements of the PCC Group for 2022 cover a scope of 49 fully consolidated entities. There are three joint ventures accounted for using the equity method.

Sales 2022 by region in %

1	Poland	**34.3 %**	5	Other Regions	**4.8 %**
2	Other EU Member States	**28.1 %**	6	Asia	**3.4 %**
3	Germany	**21.1 %**	7	USA	**2.6 %**
4	Other Europe	**5.8 %**			



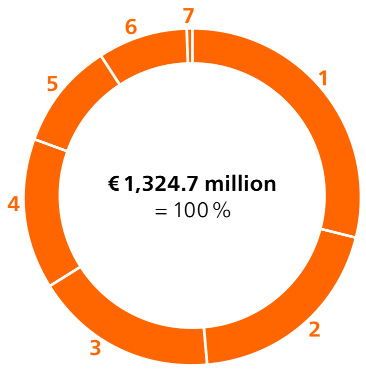
Core business activities

At € 1,324.7 million, consolidated sales exceeded the billion mark in fiscal 2022, up € 345.0 million or 35.2 % on the previous year's figure of € 979.6 million. This growth was significantly greater than expected and was mainly due to average selling prices for many of the commodities we produce being appreciably higher than anticipated, accompanied by increased sales volumes.

All six operating segments of the PCC Group contributed to this positive sales performance. The main sales driver was the Chlorine & Derivatives segment. This segment also made by far the largest contribution to the historically good consolidated earnings result in 2022, followed by the Surfactants & Derivatives, Polyols & Derivatives and Logistics segments. By contrast, the Silicon & Derivatives and Trading & Services segments closed the past fiscal year with a loss. Details of the different business developments in the individual segments can be found in the following analysis in which the respective prior-year figures have been restated to reflect the new segment structure.

Sales 2022 by segment in %

1	Chlorine & Derivatives	**29.3 %**	5	Logistics	**10.4 %**
2	Polyols & Derivatives	**19.6 %**	6	Silicon & Derivatives	**8.5 %**
3	Surfactants & Derivatives	**17.5 %**	7	Holding & Projects	**0.2 %**
4	Trading & Services	**14.5 %**			



Business performance by segment

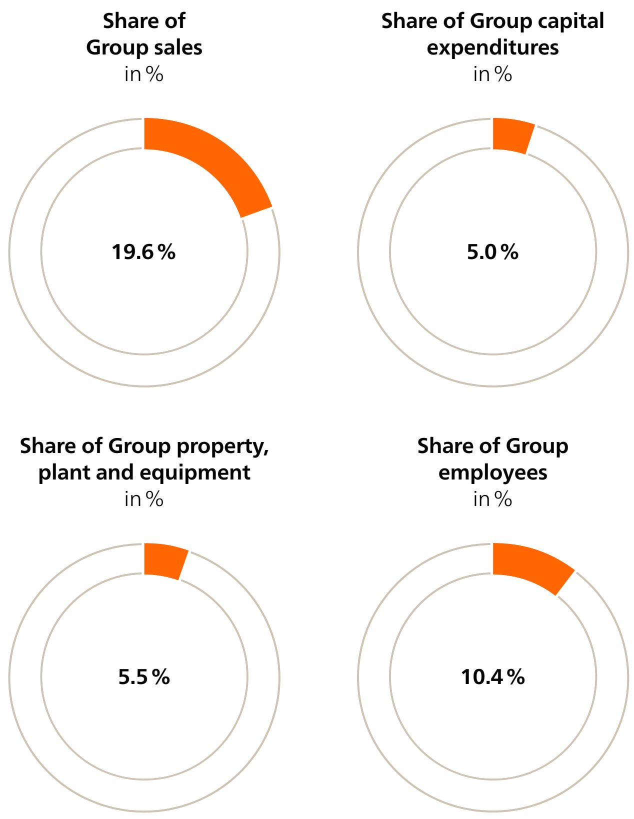
Polyols & Derivatives

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 pads for the automotive industry, while PU systems are employed e.g. in thermal insulation applications, in block constructions incorporating thermal insulation panels, and as polyurethane adhesives for a variety of applications.

The Polyols & Derivatives segment comprises the Polyols, Polyurethane Systems and Alkylphenols business units. The dominant business unit in this segment is the Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), with its polyether polyol production and distribution activities. This segment also includes PCC PU Sp. z o.o., Brzeg Dolny, the operations of which focus on polyester polyols. Following a resolution passed in 2022, this company was merged with PCC Rokita SA at the beginning of January 2023 and integrated into its Polyols business unit. The Polyols & Derivatives segment also includes the specialty foam and polishing pad manufacturer PCC Prodex GmbH, Essen, Germany, and the systems house PCC Prodex Sp. z o.o., Brzeg Dolny, as well as the intermediate holding company PCC Insulations GmbH, Duisburg, Germany, under the umbrella of which all operations involving the production and distribution of insulation and other building materials have been pooled. These include PCC Therm Sp. z o.o., Brzeg Dolny, PCC Bulgaria EOOD, Sofia, Bulgaria, and the corresponding business unit of the Czech company PCC Morava-Chem s.r.o., Český Těšín. The business activities of these affiliates, the development of which had been delayed in previous years due to the pandemic, were still being built up in 2022. This also applies to the activities of PolyU GmbH, Oberhausen, Germany, which focuses on the development of customer-specific polyol-based specialty products. An important milestone was reached in 2022 with the commencement of production of these specialty products by PCC Synteza S.A., Kędzierzyn-Koźle, Poland, the core business activity of which is the manufacture of alkylphenols. The Polyols & Derivatives segment is completed by IRPC Polyol Company Ltd., Bangkok, Thailand, in which the PCC Group holds a 50 % interest through a joint venture with the Thai IRPC Public Company Ltd. The joint venture is included in the consolidation using the equity method. The number of employees in the Polyols & Derivatives segment at the end of the fiscal year was 351 (previous year: 335).

The Polyols & Derivatives segment generated sales of € 259.8 million in fiscal 2022, on a par with the previous year (€ 255.7 million), with its share of Group sales decreasing to 19.6 % (previous year: 26.1 %). Nevertheless, this figure far exceeded our sales expectations for 2022. On the earnings side too, the Polyols & Derivatives segment closed fiscal 2022 significantly better than anticipated. However, this fell somewhat short of the record level of the previous year 2021, which was achieved on the back of the outstanding performance of the Polyether Polyols business unit, mainly due to persistently high demand from the furniture and mattress industries. Demand generally remained at a high level beyond the turn of the year, but increasingly plateaued from the second quarter.

Key facts and figures for the Polyols & Derivatives segment 2022



This led to selling prices for all polyether polyol grades declining, with additional pressure ensuing, particularly for standard grades, due to increasing competition from e.g. China.

Polyols & Derivatives segment Figures in €m	**2022**	2021	Absolute change	Relative change
Net external sales (consolidated)	**259.8**	255.7	4.1	1.6 %
Sales to other PCC segments	**81.7**	71.5	10.2	14.2 %
Total segment sales (total operating output)	**341.5**	327.2	14.2	4.4 %
EBITDA	**36.1**	79.5	−43.4	−54.6 %
Property, plant and equipment	**50.8**	52.5	−1.7	−3.2 %
Capital expenditures on intangible assets and property, plant and equipment	**5.8**	4.2	1.7	39.5 %
Employees at Dec. 31	**351**	335	16	4.8 %

In this challenging market environment, the Polyols business unit of PCC Rokita SA nevertheless performed well and once again posted net income well into the black.

The polyurethane systems house PCC Prodex Sp. z o.o. benefited in 2022 from persistently robust demand from the construction industry, again improving its performance compared to an already good previous year. By contrast, the affiliates operating in the specialty foam, polishing pads, insulation systems and other businesses involving construction materials remained in loss-making territory in 2022. Part of the reason for this lay in the fact that the development of the PCC Insulations Group was additionally held back by delays in the ETA ("European Technical Approval") certification of the insulating foam developed by the company, which was anticipated in the first half of 2022. This certification is now expected to be granted in the first half of 2023. Sales and earnings development of the Thai joint venture IRPC Polyol Company Ltd. was again positive in 2022, albeit with results coming in significantly below the previous year. Here, too, the main reason was declining demand coupled with increasing competitive pressure from China. PCC Synteza S.A. recorded declining demand for its alkylphenols over the year under review. Due to the exceptionally strong start to the year, this affiliate nevertheless posted a positive earnings result in 2022, matching the very good level of the previous year. The product portfolio of PCC Synteza S.A. was expanded in 2022 to include polyol-based specialty chemicals developed by its sister company PolyU GmbH. This cooperation should result in further growth opportunities for both companies in the coming years.

We plan to continue diversifying and expanding the product portfolio of the Polyols & Derivatives segment in the future in order to strengthen this segment's basis for success going forward. Among other things, the focus will be on the development of products for customer-specific applications together with geographic expansion, particularly in the still dynamically growing Asian markets and also – in the longer term – in the USA. This applies not only to the Polyols & Derivatives segment, but also across all segments and core business areas in the Group. In fiscal 2022, the focus was on the establishment of a production plant for oxyalkylates (a group of chemicals comprising special non-ionic surfactants and polyester polyols) in Malaysia in cooperation with the Malaysian joint venture partner PETRONAS Chemicals Group Berhad (PCG). Construction of this plant with a production capacity of 70,000 metric tons by the joint project company PCG PCC Oxyalkylates Sdn. Bhd. progressed according to plan in 2022. Commissioning is scheduled for the third quarter of 2023. This will then enable PCG PCC Oxyalkylates Sdn. Bhd. to contribute to further growth in the Polyols & Derivatives and Surfactants & Derivatives segments.

Surfactants & Derivatives

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 many and varied actions they produce include foaming, wetting, emulsifying and cleaning. Surfactants are basic components of laundry and home care detergents, 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, adhesives and plastics.

The Surfactants & Derivatives segment comprises the Anionic Surfactants, Non-ionic Surfactants and Amphoteric Surfactants (Betaines) business units, as well as downstream business activities in the consumer goods sector. This segment includes PCC Exol SA, Brzeg Dolny, and its US subsidiary PCC Chemax, Inc., Piedmont (South Carolina). Since 2022, PCC SE has also been managing PCC Consumer Products S.A. and its subsidiaries within the Surfactants & Derivatives segment. Its consumer goods production activities include house-

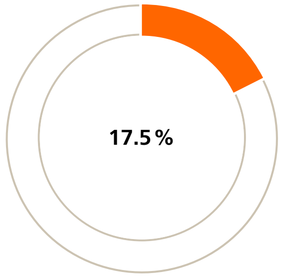
Surfactants & Derivatives segment Figures in €m	**2022**	2021	Absolute change	Relative change
Net external sales (consolidated)	**231.8**	158.1	73.7	46.6 %
Sales to other PCC segments	**44.6**	36.0	8.6	23.9 %
Total segment sales (total operating output)	**276.3**	194.0	82.3	42.4 %
EBITDA	**40.0**	19.0	20.9	> 100 %
Property, plant and equipment	**63.6**	61.3	2.4	3.9 %
Capital expenditures on intangible assets and property, plant and equipment	**14.9**	10.2	4.7	45.8 %
Employees at Dec. 31	**513**	511	2	0.4 %

hold and industrial cleaners, laundry detergents and personal care products, both under PCC's own brand names and as private label products. The Surfactants & Derivatives segment generated sales of € 231.8 million in 2022. Compared to the previous year (€ 158.1 million), this represents an increase of 46.6 %. The share of total sales of the PCC Group increased by 1.4 percentage points to 17.5 %. The number of employees remained essentially constant at 513 (previous year: 511).

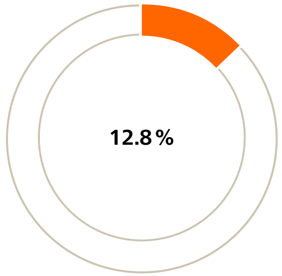
The dominant affiliate in this segment is PCC Exol SA, which again improved its performance in 2022 compared to the already exceptionally successful previous year. PCC Exol SA benefited from significantly increased sales volumes, particularly in respect of its feedstocks for the personal care and home care industries. Demand for specialty products for industrial applications likewise remained at a high level. This field of business is to be further expanded going forward and is expected to contribute to additional growth in future years. Over the course of fiscal 2022, PCC Exol SA was also able to benefit from falling commodity purchase prices based on declining quotations for the basic input materials ethylene and propylene. As a result, PCC Exol SA once again closed fiscal 2022 with an extremely successful set of figures, outstripping the previous year at all earnings levels. This also applies to its U.S. subsidiary and to the Surfactants & Derivatives segment as a whole, thus more than compensating for the losses made by the Consumer Products business unit. The largest affiliate of the Consumer Products business unit is PCC Consumer Products Kosmet Sp. z o.o. At this affiliate, rising input material purchase prices had a negative impact on earnings, especially in the first half of the year. It was only with the successful implementation of significant price increases on the sales side that PCC Consumer Products Kosmet Sp. z o.o. was able to return to a positive earnings position from the middle of the year onward, at least at the monthly level, with profits then rising steadily over the course of the rest of the year. Overall, however, PCC Consumer Products Kosmet Sp. z o.o., and thus the entire Consumer Products business unit, remained in loss-making territory in 2022.

Key facts and figures for the Surfactants & Derivatives segment 2022

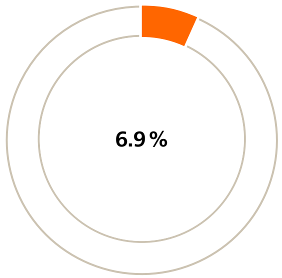
Share of Group sales
in %



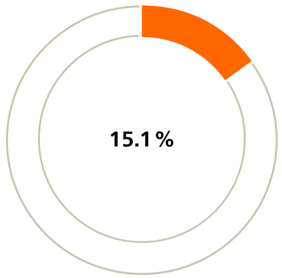
Share of Group capital expenditures
in %



Share of Group property, plant and equipment
in %



Share of Group employees
in %



Similar to the Polyols & Derivatives segment, the PCC Group also plans to further diversify its product portfolio in the Surfactants & Derivatives segment and thereby continuously expand the proportion of higher-value specialty products. In the same vain, selling and distribution activities are expected to be increasingly application-oriented across all segments, boosted by the introduction of regional managers. This applies to both the Western European and Eastern European regions (excluding Russia). In addition, PCC is continuing to strive for increased internationalization, particularly in the Asian market, but also in the MENA region and, in the longer term, in the USA as well. By concluding a joint offtake agreement with its most important ethylene oxide supplier, PCC Exol SA together with PCC Rokita SA had secured its long-term supply of this essential input material by the end of 2021. However, this contract also necessitates a further expansion of production capacities on the PCC side in the coming years, the utilization of which is to be prepared in good time in step with continued expansion in both our customer and product portfolios.

Chlorine & Derivatives

Chlorine is one of the most important and most-produced raw materials used in the chemicals industry. Within the PCC Group, the chemical is used, among other things, for the production of propylene oxide for polyols manufacture, 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- and downstream products, is used in water management and petrochemistry.

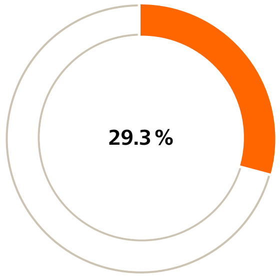
The Chlorine segment is divided into four business units: Chlorine, Other Chlorine Downstream Products, Monochloroacetic Acid (MCAA) and Phosphorus and Naphthalene Derivatives. This segment includes the corresponding Chlorine business unit of PCC Rokita SA, the business unit Phosphorus and Naphthalene Derivatives of PCC Rokita SA, plus MCAA SE and PCC MCAA Sp. z o.o., all located at the Brzeg Dolny site. Sales in this segment amounted to € 388.5 million in 2022, up 85.8 % versus the previous year (€ 209.1 million). The share of Group sales increased to 29.3 % (previous year: 21.3 %). As of year-end, the segment had a payroll of 464 employees (previous year: 505).

The Chlorine & Derivatives segment was again by far the main sales and earnings generator within the PCC Group in 2022. Average selling prices for all chlorine products reached historic highs in some markets. This development was driven by the continuing high and, in some areas of application, even increasing demand for chlorine derivatives, coupled with declining supply. The shortage resulted, among other things, from temporary force-majeure-related production shutdowns at some competitors and the war-related cessation of chlorine production in Ukraine. In addition, the polyvinyl chloride (PVC) industry reduced its chlorine production upstream of PVC production in anticipation of a slowdown in the construction industry. This further reduced the volume of chlorine by-products, with a corresponding impact on the selling prices of these feedstocks. In addition, demand for the chlorine by-product hydrochloric acid rose very sharply from the third quarter of 2022 due to the restart of several coal-fired power plants, driving up hydrochloric acid prices dramatically. As a result of these developments, the Chlorine business unit of PCC Rokita SA closed fiscal 2022 with a very successful set of figures and significantly up on the previous year.

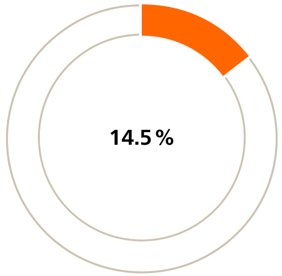
This also applies to the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA, which likewise benefited from significantly higher average selling prices, particularly for certain phosphorus derivatives. Although selling prices came under increasing pressure in the course of 2022 due to renewed competition from China, this business unit nevertheless achieved historically good results overall in the fiscal year under review.

Key facts and figures for the Chlorine & Derivatives segment 2022

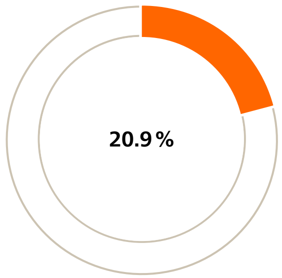
Share of Group sales
in %



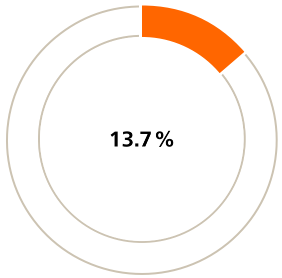
Share of Group capital expenditures
in %



Share of Group property, plant and equipment
in %



Share of Group employees
in %



In the MCAA business unit, sales and earnings were also significantly higher than in the previous year, surpassing our expectations. Demand for monochloroacetic acid, which is used among other things for the production of skin-friendly surfactants (betaines), remained at a high level in 2022.

Chlorine & Derivatives segment Figures in €m	2022	2021	Absolute change	Relative change
Net external sales (consolidated)	**388.5**	209.1	179.4	85.8 %
Sales to other PCC segments	**171.0**	108.7	62.3	57.4 %
Total segment sales (total operating output)	**559.5**	317.8	241.8	76.1 %
EBITDA	**204.9**	68.0	136.9	> 100 %
Property, plant and equipment	**193.6**	201.3	–7.7	–3.8 %
Capital expenditures on intangible assets and property, plant and equipment	**16.9**	13.9	3.0	21.8 %
Employees at Dec. 31	**464**	505	–41	–8.1 %

A decline in orders from a major customer (a supplier to the PVC industry) was offset by increased sales to other customers. PCC MCAA Sp. z o.o. likewise reaped the rewards of strong demand in the US market. This Group company also benefited from the high sales volumes for hydrochloric acid, a by-product of its production process. And MCAA manufacturing together with various input factors were further optimized in 2022. As a consequence, PCC MCAA Sp. z o.o. ended fiscal 2022 with a successful set of figures, with results significantly better than expected.

Silicon & Derivatives

Silicon metal is used, for instance, as an aluminum alloying element and in the chemical industry in siloxane and silicone production. A strong increase in demand for silicon metal and the silicon powder produced during its manufacture is predicted over the long term, due – among other things – to new applications relating to climate protection.

The Silicon & Derivatives segment is divided into the Silicon Metal and Quartzite business units and comprises PCC BakkiSilicon hf., Húsavík (Iceland), with its silicon metal production facilities, and PCC Silicium S.A., Zagórze (Poland), which extracts the basic raw material for silicon metal from its quartzite quarry. Also managed within this segment is PCC Seaview Residences ehf., Húsavík, which arranges housing for local employees. Overall, the Silicon & Derivatives segment generated sales of € 112.4 million in the past fiscal year, thereby exceeding the previous year's figure of € 48.1 million by 133.8 %. This significant increase was mainly due to the first full-year operation of the silicon metal plant in Iceland. Its share of Group sales amounted to 8.5 % (previous year: 4.9 %), and its payroll number increased to 223 (previous year: 214).

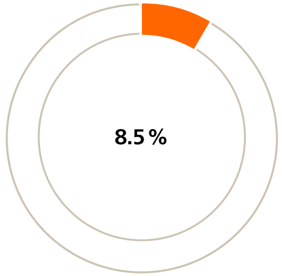
The main revenue generator in this segment is PCC BakkiSilicon hf., with its silicon metal plant in Húsavík, Iceland, boasting a nominal annual capacity of 32,000 metric tons. The past fiscal year saw this Group company produce almost all year round with its two furnaces. The first few months of 2022 were very successful, mainly due to the exceptionally high selling prices for silicon metal, which even made exports as far away as Japan possible. April 2022 also saw the successful conclusion of the talks already initiated in the previous year with all stakeholders on restructuring the financing of PCC BakkiSilicon hf. As a result, the equity base of PCC BakkiSilicon hf. was significantly strengthened while the interest burden was substantially reduced, so exerting a permanently positive effect on the development of the company. Although the stake held by PCC SE in PCC BakkiSilicon hf. was reduced from 86.5 % to 65.4 % as part of this restructuring, PCC SE nevertheless has remained by far the majority shareholder of this Group company.

In the course of the year, rising energy prices and other factors led to a significant drop in demand for silicon metal, particularly from the European aluminum industry, but also from other customers. In addition, increasing silicon metal volumes from China and Brazil were entering the European market, putting selling prices under ever greater pressure. Indeed, in some cases, the prices of these imported quantities were even lower than the production costs for silicon metal in Europe. This was because not only electricity prices but also, for example, the purchase prices paid for coal, which is used as a reducing agent in the silicon metal production process, rose significantly here as a result of the war in Ukraine. Some European silicon metal producers therefore shut down production. As a minimal precaution, PCC BakkiSilicon hf. temporarily took one of its two furnaces out of operation in mid-December. As a result of these developments, this Group company and thus the entire Silicon & Derivatives segment slipped into the red in the course of the second half of 2022. In the meantime, there are signs of a gradual recovery in demand, with – on the other side of the equation – raw material purchase prices also showing a downward trend. Nevertheless, additional measures will be required on the part of PCC BakkiSilicon hf.

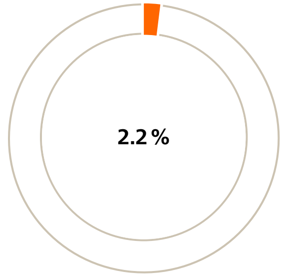
Silicon & Derivatives segment Figures in €m	**2022**	2021	Absolute change	Relative change
Net external sales (consolidated)	**112.4**	48.1	64.3	> 100 %
Sales to other PCC segments	**10.7**	0.0	10.6	> 100 %
Total segment sales (total operating output)	**123.0**	48.1	74.9	> 100 %
EBITDA	**−1.2**	9.6	−10.9	< −100 %
Property, plant and equipment	**361.5**	354.7	6.8	1.9 %
Capital expenditures on intangible assets and property, plant and equipment	**2.6**	6.5	−4.0	−60.5 %
Employees at Dec. 31	**223**	214	9	4.2 %

Key facts and figures for the Silicon & Derivatives segment 2022

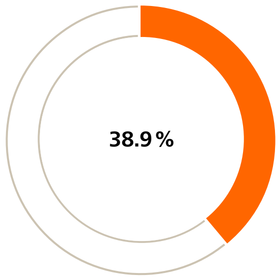
Share of Group sales
in %



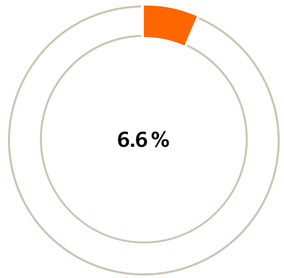
Share of Group capital expenditures
in %



Share of Group property, plant and equipment
in %



Share of Group employees
in %



to reduce its overheads and improve production efficiency in order to return to profitability and sustain that position. Ongoing diversification of its customer portfolio will also remain a major focus of this company. In the long term, there are still signs of strong growth in demand for silicon metal, not least from new areas of application such as in the battery sector, and thus a further significant improvement in the economic environment for this business.

PCC Silicium S.A. also ended the past fiscal year with a loss. The main reason for this was the sharp drop in sales of quartzite grades not suitable for silicon metal production; customers in the ferroalloy industry scaled back their production as a result of high energy costs and falling demand in the course of 2022, which led to a corresponding reduction in purchase volumes. By contrast, sales of ballast for the construction of roads and rail tracks remained at a very high level due to the large number of new infrastructure projects initiated in the region in 2022. However, the margins in this business area are significantly lower than for quartzite. In addition, significantly higher costs for internal transportation (partly as a result of sharply higher fuel prices) and for external services such as rock blasting had a negative impact on earnings.

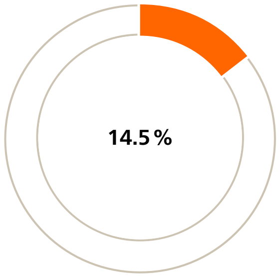
Trading & Services

The PCC Group can draw on expertise in the trading of petro- and carbon-derived commodities spanning almost three decades. The trading portfolio of PCC Trade & Services GmbH includes basic chemical feedstocks as well as coking plant by-products such as crude tar and crude benzene, and solid fuels such as coke breeze, small coke and anthracite in small nut sizes. In addition, this company also provides logistics services. Other services managed under this segment include the Conventional Energies business, which primarily supplies PCC SE's own plants in Poland with process steam and electricity, plus a wide range of other internal services, including in the fields of information technology, infrastructure management, analytics, maintenance and repair, and waste disposal.

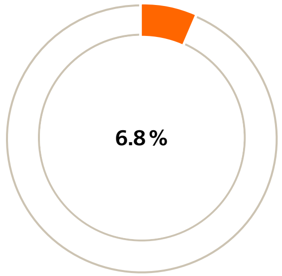
Trading & Services segment Figures in €m	2022	2021	Absolute change	Relative change
Net external sales (consolidated)	191.5	189.2	2.4	1.2 %
Sales to other PCC segments	129.9	90.2	39.7	44.1 %
Total segment sales (total operating output)	321.5	279.4	42.1	15.1 %
EBITDA	–9.6	5.8	–15.5	<–100 %
Property, plant and equipment	120.4	109.2	11.3	10.3 %
Capital expenditures on intangible assets and property, plant and equipment	7.9	16.5	–8.6	–52.1 %
Employees at Dec. 31	1,099	1,043	56	5.4 %

Key facts and figures for the Trading & Services segment 2022

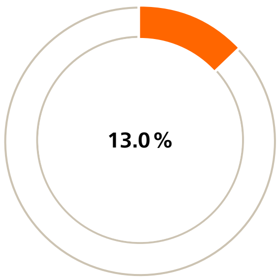
Share of Group sales in %



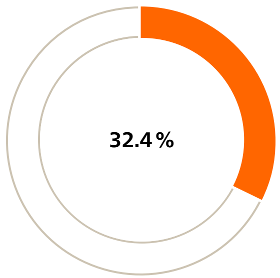
Share of Group capital expenditures in %



Share of Group property, plant and equipment in %



Share of Group employees in %



The Trading & Services segment is divided into the two business units of Commodity Trading and Services and comprises the trading companies PCC Trade & Services GmbH, Duisburg (Germany); distripark.com Sp. z o.o., Brzeg Dolny (Poland); PCC Morava-Chem s.r.o., Český Těšín (Czech Republic); and the Turkish sales company PCC Exol Kimya Sanayi ve Ticaret Limited Şirketi, Istanbul. The port company AO Novobalt Terminal, Kaliningrad (Russia), is also consolidated within this segment. In addition, we manage the Conventional Energies business in this segment through the corresponding business unit of PCC Rokita SA, i.e. its Energy business unit, and the energy utility PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland). The Services business unit also includes a number of other companies that provide predominantly intra-Group services, including PCC IT S.A., PCC Apakor Sp. z o.o., LabMatic Sp. z o.o. and Ekologistyka Sp. z o.o., each based in Brzeg Dolny. Overall, the Trading & Services segment generated sales of € 191.5 million in the past fiscal year, thereby exceeding the previous year's figure of € 189.2 million by 1.2 %. The share of total consolidated sales decreased by 4.8 percentage points to 14.5 %. The number of employees amounted to 1,099 (previous year: 1,043).

The main revenue generator in this segment is the commodity trading company PCC Trade & Services GmbH. The business of this affiliate, which had sourced a large proportion of the commodities it traded from Russia in previous years, was critically impacted from March 2022 by the Russian war of aggression on Ukraine. Following the outbreak of the war, PCC Trade & Services GmbH worked flat-out on shipping out the quantities already stored in the Russian port of Kaliningrad and in Ventspils (Latvia), as well as those still in transit there under old contracts. In strict compliance with the sanctions imposed on Russia, old contracts on the sales side continued to be honored from these supplies until the beginning of July 2022. At the same time, trade in raw materials from other provenances continued with, in addition, new sources of supply to replace Russian volumes being investigated.

While the sales volume of PCC Trade & Services GmbH declined sharply year on year as a result of these upheavals, the company still managed to almost match the high revenues generated in the previous year. The main reason for this lay in a significantly higher average selling price level, driven by high demand coupled with supply scarcities, due in particular to the import ban on Russian raw materials. Despite this challenging market environment, PCC Trade & Services GmbH ended fiscal 2022 on a decidedly positive note and in much better shape than expected. The other trading companies of the PCC Group also achieved positive results in 2022, likewise surpassing our expectations.

However, the Trading & Services segment as a whole closed fiscal 2022 with a loss, as expected. Among the main causes here were the high costs of CO_2 certificates and the high electricity charges prevailing in Poland, coupled with high personnel costs in some of the business units of PCC Rokita SA managed within this segment. At the level of PCC Rokita SA, however, these costs were more than offset by other business results.

Logistics

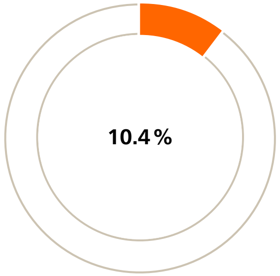
The Logistics segment is divided into three business units: Intermodal Transport, Road Haulage and Rail Transport. PCC Intermodal SA is one of Poland's leading providers of container transport services. The logistics network based on several wholly owned container terminals extends from Eastern Europe to the Benelux countries. And the PCC Group's tanker fleet specializes in the Europe-wide road haulage of liquid chemicals.

The Logistics segment includes the Polish company PCC Intermodal SA, 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 in the Logistics segment amounted to € 137.9 million in 2022, up 17.7 % on the previous year (€ 117.2 million). The share of Group sales amounted to 10.4 % (previous year: 12.0 %). The number of employees increased by 35 to 652 as of the reporting date.

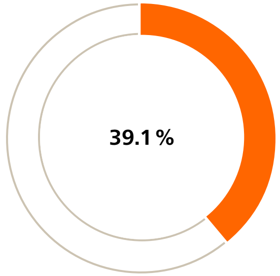
The Logistics segment is dominated by PCC Intermodal SA, the portfolio of which includes regular combined transport operations both within Poland and on international routes with points of departure in Rotterdam, Hamburg and Duisburg, among others. Conditions on the international container market remained difficult in 2022. Although the global backlog of containers, which was largely caused by the coronavirus pandemic and the associated lockdowns, did increasingly dissipate in 2022, many construction sites on the railroad lines in Poland and Germany and, more recently, increasingly in the Dutch-German border area have repeatedly led to delays in rail transport services. In Poland, the situation was further exacerbated by the prioritization of coal and grain shipments over all other transports. In this difficult market environment, PCC Intermodal SA was nevertheless able to hold its own to excellent effect, thus closing 2022 with a very successful set of figures and outstripping the already good level of the previous year. The Intermodal Transport business unit continued to be a focus of investment by the PCC Group in 2022. With the acquisition of further locomotives and platforms and the continuous expansion of the existing terminals, important foundations for further growth were also laid in 2022. With the construction of further terminals on the horizon, this trend is expected to continue into the future. One such project south of the Polish seaports of Gdynia and Gdańsk was thus duly progressed with PCC Intermodal SA acquiring the land required for this undertaking in the summer of 2022. In preparation for the further pursuit of this project and its financing, the equity base of PCC Intermodal SA was also strengthened by means of a debt-equity swap implemented by PCC SE. In addition, public funding has been applied for in respect of this project. Additional growth potential for the Intermodal Transport business should also result from the expansion of the activities of PCC Intermodal GmbH. In the third quarter of 2022, this company received approval from Germany's Ministry for the Environment, Nature Conservation and Transport

Key facts and figures of the Logistics segment 2022

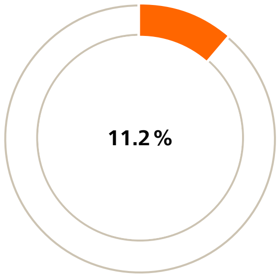
Share of Group sales in %



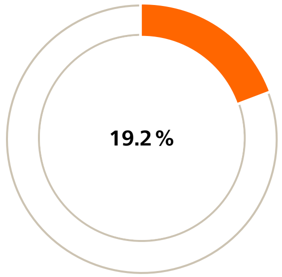
Share of Group capital expenditures in %



Share of Group property, plant and equipment in %



Share of Group employees in %



of the State of North Rhine-Westphalia to operate as a railway undertaking (RU). At the beginning of 2023, the safety certificate required under the General Railway Act (AEG) for the operation of such an RU on higher-level networks was then also issued. With this, PCC Intermodal GmbH will be able to carry out transport operations with its own locomotives from

Logistics segment Figures in €m	**2022**	2021	Absolute change	Relative change
Net external sales (consolidated)	**137.9**	117.2	20.7	17.7 %
Sales to other PCC segments	**20.2**	16.8	3.4	20.5 %
Total segment sales (total operating output)	**158.1**	134.0	24.1	18.0 %
EBITDA	**30.3**	23.3	7.1	30.4 %
Property, plant and equipment	**104.1**	82.3	21.8	26.4 %
Capital expenditures on intangible assets and property, plant and equipment	**45.5**	32.7	12.8	39.0 %
Employees at Dec. 31	**652**	617	35	5.7 %

2023 onward, thereby further enhancing the overall competitiveness of the PCC Intermodal companies.

Despite sharp increases in personnel and fuel costs, the tanker haulage company PCC Autochem Sp. z o.o. posted a positive business performance last year beyond our expectations. In addition, this affiliate recorded extraordinary income in the single-digit million range from an insurance settlement for the tanker cleaning facility destroyed by a major fire in the previous year. The revenue and earnings performance of the Russian freight car operator ZAO PCC Rail showed a marked improvement on the previous year due to higher freight car tariffs in Russia. The outbreak of the war in Ukraine led to demand for transportation in Russia accelerating. At the same time, as the war wore on, uncertainties about the further economic development of this intra-Russian business continued to grow. Added to this was the progressive obsolescence of the PCC-owned stock of freight cars. ZAO PCC Rail therefore sold its entire fleet at the end of 2022 and discontinued its freight car hire operations.

Holding & Projects

The Holding & Projects segment manages nascent projects with potential for the future, such as the current construction of an oxyalkylates production facility in Malaysia together with our joint venture partner PETRONAS Chemicals Group Berhad (PCG); a further plant in the USA is in the planning phase. This segment also includes our start-up PCC Thorion GmbH, which is developing an innovative material made from nano-silicon powder for enhancing the performance of lithium-ion batteries.

The segment is divided into the two business units of Portfolio Management and Project Development. Alongside the Group holding company PCC SE and the intermediate holding company PCC Chemicals GmbH, this segment also includes PCC Renewables GmbH and the project company PCC Thorion GmbH, both based in Duisburg. In addition, various other project companies and our environmentally compatible small hydropower plants are managed under this segment.

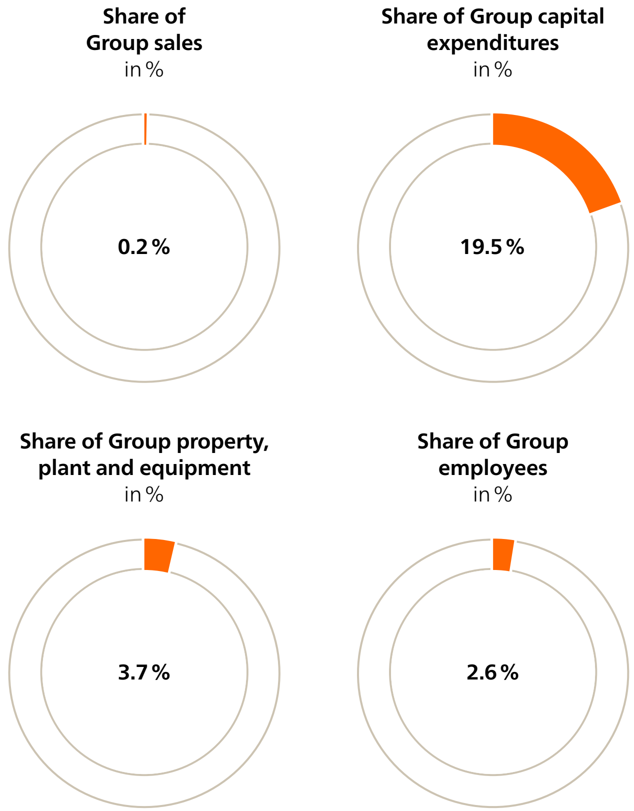
In the past fiscal year, the Holding & Projects segment generated earnings before interest / financial result, taxes, depreciation and amortization (EBITDA) of € –8.4 million (previous year: € –7.8 million). This essentially reflects the EBITDA performance of the Group holding company PCC SE. The number of employees in the segment at the end of the fiscal year was 89 (previous year: 86).

The Holding & Projects segment also includes two project companies that are accounted for in the consolidated financial statements of PCC SE using the equity method: the joint venture OOO DME Aerosol, Pervomaysky, and the joint venture PCG PCC Oxyalkylates Sdn. Bhd., Kuala Lumpur. The development of the Malaysian project company, which we operate together with our joint venture partner PETRONAS Chemicals Group Berhad (PCG), one of Southeast Asia's leading chemical producers, progressed according to plan in 2022. Construction of the planned production plant for oxyalkylates (special non-ionic surfactants and polyether polyols for a wide range of industrial applications) with an annual capacity of 70,000 metric tons is scheduled for completion in 2023. Commissioning is scheduled for the third quarter of this year. This will then enable PCG PCC Oxyalkylates Sdn. Bhd. to contribute with its oxyalkylates production to further growth in the Polyols & Derivatives and Surfactants & Derivatives segments. The aim with this project is to drive forward expansion of core businesses of the PCC Group in the high-growth region of Southeast Asia across all relevant segments.

At the joint venture OOO DME Aerosol, which operates a plant for the production of dimethyl ether (DME) in the Tula region of Russia, business development in 2022 was impacted by Russia's war of aggression on Ukraine and the associated sanctions imposed by the European Union and other players. As a result, sales can now only be made to countries in which the purchase and import of DME from Russia is not sanc-

Holding & Projects segment (incl. consolidation) Figures in €m	**2022**	2021	Absolute change	Relative change
Net external sales (consolidated)	**2.8**	2.3	0.5	22.8 %
Sales to other PCC segments	**0.0**	2.0	−2.0	−100.0 %
Total segment sales (total operating output)	**2.8**	4.3	−1.5	−34.9 %
EBITDA	**−8.4**	−7.8	−0.6	7.9 %
Property, plant and equipment	**34.2**	25.6	8.5	33.2 %
Capital expenditures on intangible assets and property, plant and equipment	**22.7**	26.8	−4.1	−15.4 %
Employees at Dec. 31	**89**	86	3	3.5 %

Key facts and figures for the Holding & Projects segment 2022



tioned. Nevertheless, continuous plant operation was maintained and a positive annual result was achieved for the first time. OOO DME Aerosol also benefited from positive currency translation effects.

In the Renewable Energies business, which we manage within the Project Development business unit, an important milestone was reached in 2022 with the final commissioning of the fifth small hydropower plant in North Macedonia. This commissioning had been repeatedly delayed since March 2020 due to lengthy regulatory approval proceedings. Permits remain pending for three sites in Bosnia and Herzegovina, and there is still no end in sight to this protracted process. There is still only one power plant in operation there. At least the now six operating affiliates continued to deliver relatively stable cash flows in 2022. In view of the general increase in energy demand and the current climate protection initiatives, PCC SE expects to see increasing flexibility in the potential utilization of these assets in the future.

In the past fiscal year, the project company PCC Thorion GmbH launched a collaboration with the Fraunhofer Institute for Solar Energy Systems ISE and the universities of Freiburg and Duisburg for the development of an innovative nano-silicon powder material based on our silicon metal from Iceland. The aim of the project is to increase the performance of lithium-ion batteries. Assuming successful project implementation, this could extend the value chain in our Silicon & Derivatives segment and also significantly increase its profitability.

With the establishment in 2022 of the US project company PCC Chemicals Corporation, Wilmington, DE, the foundation was laid in the Holding & Projects segment for further expansion in the Polyols & Derivatives and Surfactants & Derivatives segments, that is to say the core businesses of the PCC Group. In addition, a site was identified in 2022 for the construction of a production plant for oxyalkylates for the high-growth US market. However, the final investment decision is still pending.

Business development and financial performance

Development of selected Group indicators

Key financials of the PCC Group per IFRS		2022	2021	Absolute change	Relative change
Sales	€m	1,324.7	979.6	345.0	35.2 %
– Polyols & Derivatives segment	€m	259.8	255.7	4.1	1.6 %
– Surfactants & Derivatives segment	€m	231.8	158.1	73.7	46.6 %
– Chlorine & Derivatives segment	€m	388.5	209.1	179.4	85.8 %
– Silicon & Derivatives segment	€m	112.4	48.1	64.3	> 100 %
– Trading & Services segment	€m	191.5	189.2	2.4	1.2 %
– Logistics segment	€m	137.9	117.2	20.7	17.7 %
– Holding & Projects segment	€m	2.8	2.3	0.5	22.8 %
Gross profit	€m	503.2	355.9	147.3	41.4 %
EBITDA [1]	€m	292.0	197.5	94.5	47.9 %
EBIT [2]	€m	217.3	125.3	92.0	73.4 %
EBT [3]	€m	192.6	91.7	100.9	> 100 %
Net income	€m	143.9	75.4	68.5	90.9 %
Gross cash flow [4]	€m	243.6	190.7	53.0	27.8 %
ROCE [5]	%	18.0	11.2	6.8 [9]	60.6 %
Net debt [6]	€m	699.4	888.9	– 189.5	– 21.3 %
Net debt / EBITDA		2.4	4.5	– 2.1	– 46.8 %
Group equity	€m	419.2	144.6	274.6	> 100 %
Equity ratio [7]	%	26.3	10.4	15.9 [9]	> 100 %
Return on equity [8]	%	51.1	51.6	– 0.5 [9]	– 1.1 %
Capital expenditures	€m	116.3	110.9	5.4	4.9 %
Employees (Dec. 31)		3,391	3,311	80	2.4 %
– Germany		165	174	– 9	– 5.2 %
– International		3,226	3,137	89	2.8 %

Rounding differences possible.

1 EBITDA (Earnings before Interest / financial result, Taxes, Depreciation and Amortization)
2 EBIT (Earnings before Interest / financial result and Taxes) = Operating profit = EBITDA – Depreciation and amortization
3 EBT (Earnings before Taxes) = EBIT – Interest / financial result
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 2022 was overshadowed right at the start by Russia's war of aggression on Ukraine. The result was supply chain bottlenecks and a developing energy crisis in Europe due to dependence on Russian natural gas. Sanction packages imposed by the European Union and the USA, and counter-sanctions by Russia, had negatively impacted the development of the global economy. Force majeure-related production stoppages and also international logistics bottlenecks further impaired economic performance. In this challenging environment, the business activities of the PCC Group developed exceptionally well in almost all segments, especially in the first half of the year. At the beginning of the second half of the year, the outlook became gloomier, with a decline in demand and with prices falling. Nevertheless, the PCC Group closed the fiscal year as a whole with the best net income result in the Group's history.

Restrictions in the wake of the coronavirus pandemic, which had characterized the previous two years, eased in Europe as a result of decreasing regulation. However, there were renewed coronavirus-related impediments to global economic development, in particular due to lockdowns in China. In some cases, primary input or intermediate products were not available in sufficient quantities and, as a result, sectors such as the automotive industry had to cut back their capacities due – in their case – to a lack of electronic components from Chinese manufacturers. However, Chinese domestic value-added also declined, so that at times large volumes of chemical products and silicon metal were exported, leading to a temporary oversupply in Europe and falling prices in some market segments.

Nevertheless, demand for chemical products was high overall, supporting the positive economic development of the majority of PCC companies. Raw materials remained scarce, and some producers cut back or even ceased production as a result of the energy crisis. In addition, there were force-majeure-related congestion problems, with the result that some prices rose to historic highs, especially in the second half of the year for the chlorine co-products caustic soda flakes and caustic soda lye.

PCC's silicon metal production in Iceland, which was temporarily shut down in the previous year, was almost fully operational in fiscal 2022 until the end of the year, with stable high grades being manufactured. However, the energy crisis in Europe led to competitors significantly reducing or even discontinuing their production capacities in the course of the year. Increased quantities of silicon metal from China and Brazil were imported, in some cases at dumping prices. As a result of this, the overall market price level declined sharply, while full warehouses and increasing customer restraint led to PCC BakkiSilicon hf. also temporarily taking one of its two furnaces out of operation at the end of the year.

Overall, the PCC Group ended fiscal 2022 with earnings before interest / financial result, taxes, depreciation and amortization (EBITDA) of € 292.0 million, up € 94.5 million or 47.9 % on the prior year's result of € 197.5 million. Consolidated sales in 2022 amounted to € 1,324.7 million, an increase of € 345.0 million or 35.2 % compared to the € 979.6 million of the previous year. This very positive earnings and sales performance was due both to the continued high commodity prices, as mentioned above, and to the first full year of production at the silicon metal plant.

At € 179.4 million, most of this increase in sales was attributable to the Chlorine & Derivatives segment, followed by the Surfactants & Derivatives segment with an increase in sales of € 73.7 million. The Silicon & Derivatives segment recorded an increase in sales of € 64.3 million and the Logistics segment a rise in revenues of € 20.7 million. There were no significant effects on sales due to changes in the scope of consolidation in 2022.

For most 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 constant exchange rates versus the previous year, sales of the PCC Group would have amounted to € 1,349.4 million and would therefore have been € 24.7 million or 1.9 % higher than the nominal figure reported. The reason for the difference lies in the exchange rate developments of the currencies of relevance to the PCC Group, primarily the Polish złoty and the US dollar.

The gross profit of the PCC Group also increased significantly in 2022, rising by 41.4 % to € 503.2 million (previous year: € 355.9 million), with the gross margin rising to 38.0 % (previous year: 36.3 %). Higher procurement costs on the raw material side were passed on to the revenue side with a slight time lag. This also largely applies to the increased energy costs for electricity and gas. Since the start of the coronavirus pandemic in the second quarter of 2020, there has been very high volatility in all commodity prices, with ongoing developments also characterized by uncertainty and forecasting difficult at present due to continuing high inflation, ongoing supply chain issues and the war in Ukraine.

Year on year, personnel expenses rose by 27.6 % from € 112.5 million to € 143.6 million, with wage and salary increases coupled with higher variable compensation components as the primary drivers. The number of employees in the Group rose by 2.4 % from 3,311 to 3,391 as of the reporting date. Most of this increase was attributable to the Trading & Services segment, to which various service units were transferred. Employee numbers also increased due to growth in the Logistics segment in the field of intermodal transport. In the regional analysis, Poland accounted for 104 new jobs. There were 18 job cuts in the Rest of Europe region and nine in Germany.

At € 31.6 million, other operating income was € 1.8 million higher than the previous year's figure of € 29.8 million. There were two major contributory factors in this development. One is the insurance compensation payment arising from the fire at our tanker cleaning facility at the Brzeg Dolny site in Poland; the other is an increase in the income streams from both costs recharged to affiliates and the disposal of property, plant and equipment.

Research and development work aimed at creating new products, processes and technologies, and at further improving existing customer solutions, is a permanent feature of the business activities of the PCC Group. Cross-company project teams are also formed for this purpose. In the past fiscal year, the PCC Group recognized expenditures of € 14.3 million for research and development (R&D), thus underlining its commitment in this area (previous year: € 5.1 million).

Capital expenditures totaled € 116.3 million in 2022, 4.9 % above the prior-year level of € 110.9 million. After capital expenditure was reduced to a minimum in 2020 as a Covid-19 safeguarding measure, major investment projects resumed in 2021 and continued unabated in 2022. In the reporting year, such expenditure was primarily allocated to the Logistics and Chlorine & Derivatives segments, and project development work in the Holding & Projects segment, with primarily long-term infrastructure investments being implemented. In addition to expenditure on container terminals, this also included investments in locomotives and platforms. Major progress was also made in the establishment of the new research and development center at the Brzeg Dolny site – all supplemented by ongoing replacement investments. In addition, the holding company PCC SE implemented a number of capital measures involving its subsidiaries. Further funds were invested in the construction of the production facility in Southeast Asia of PCG PCC Oxyalkylates Sdn. Bhd., this joint venture being included in the consolidation as of the reporting date using the equity method. All investments are expected to contribute to future sales and earnings growth of the Group. At the same time, capital expenditures mean for the consolidated statement of income an increase in depreciation, amortization and interest expenses, which continue to be capitalized for investments not yet completed. These effects are reflected in the balance sheet as of December 31, 2022, in the increase in non-current assets and on the liabilities side in the increase in non-current financial liabilities. Amortization of intangible assets, depreciation of property, plant and equipment, and depreciation of right-of-use assets increased only slightly year on year to € 74.7 million (previous year: € 72.2 million).

Interest and similar expenses resulted mainly from bond liabilities, liabilities to banks and lease liabilities. These expenses decreased by 4.3 % from € 35.4 million to € 33.9 million in the fiscal year under review. This reduction was mainly due to more favorable financing and refinancing costs. Both the holding company and other Group companies were able to benefit from the initially favorable market interest rate environment in 2022 and finance or refinance debt accordingly. In the course of the fiscal year, key interest rates were raised in stages both in the euro zone and in Poland. In the case of financial liabilities subject to floating interest rates, this resulted in rising interest expenses. The PCC Group neutralizes such interest rate increases with appropriate hedging transactions. The weighted interest rate of all interest-bearing liabilities increased from 3.6 % in the previous year to 4.3 % in fiscal 2022. Financial liabilities decreased by a total of € 119.6 million or 12.2 % year on year. Interest attributable to the creation of a qualifying asset is capitalized until final completion of the construction period.

Income and expenses from exchange rate differences are reported in financial result under foreign currency translation result. In fiscal 2022, this increased earnings by € 2.1 million (previous year: € 0.9 million). The effective tax rate of the PCC Group in the year under review was 25.3 % (previous year: 17.8 %).

Compared to the previous year, earnings before taxes (EBT) increased by € 100.9 million from € 91.7 million to € 192.6 million. Total consolidated comprehensive income of the PCC Group rose by € 62.0 million from € 79.3 million to € 141.3 million, largely as a result of the aforementioned effects.

Net assets

Year on year, total assets increased by € 200.0 million, or 14.4 %, to € 1,592.2 million as of December 31, 2022. This increase was spread over both non-current and current assets. Intangible assets increased by € 6.0 million to € 50.6 million. The net carrying amount of property, plant and equipment increased by € 41.3 million or 4.7 % to a total of € 928.2 million. Right-of-use assets increased by € 3.1 million or 5.7 % to € 58.3 million. Investments accounted for using the equity method decreased only marginally, by € –0.3 million to € 15.3 million, largely reflecting the valuation of the Malaysian joint venture PCG PCC Oxyalkylates Sdn. Bhd. In addition, this balance sheet item includes the pro rata allocation of earnings of the Thai joint venture IRPC Polyol Company Ltd. and the Russian joint venture OOO DME Aerosol. Where accumulated losses exceed the equity value, the latter is carried at an amortized equity value of zero. This was still the case at OOO DME Aerosol as of the reporting date of the past fiscal year.

Current assets amounted to € 492.2 million as of the balance sheet date, up € 145.3 million on the previous year (€ 346.9 million), thus representing the largest increase in value terms. Inventories in particular increased by € 35.4 million from € 114.0 million to € 149.4 million. Trade accounts receivable rose by € 31.8 million to € 141.3 million. For both items, the high average commodity price level is reflected on both the purchasing and the selling side. In addition, inventories of strategically critical input materials were increased in fiscal 2022 to counter potential supply chain issues or production bottlenecks at suppliers. Other receivables and other assets increased from € 29.1 million to € 31.1 million. Cash and cash equivalents increased by € 70.0 million or 74.7 % to € 163.8 million due to the increase in cash flow from operating activities. Cash and cash equivalents disclosed in the balance sheet include an amount as of December 31, 2022 of € 3.8 million (previous year: € 2.2 million) in funds not freely available for use. These are almost entirely attributable to financing already earmarked for investment projects.

Financial position

The equity of the PCC Group increased by € 274.6 million from € 144.6 million in the previous year to € 419.2 million in the fiscal year just ended. This development is mainly attributable to net income and the issue of hybrid capital. This latter new item relates to an equity instrument introduced as part of the restructuring of PCC BakkiSilicon hf. In accordance with IAS 32, this is classified as equity, as there is neither a contractual obligation to repay the nominal amount nor to pay interest. Instead, the repayment is subject to conditions that depend on the decision of the management of the company to make distributions to its shareholders. As soon as resolutions are passed on such distributions, the hybrid capital will also be serviced on a pro rata basis. Revenue reserves / other reserves increased by € 138.3 million to € 276.8 million, mainly as a result of consolidated net income for the year. Minority interests rose by € 59.8 million to € 97.3 million. This increase also results from the restructuring of the financing of PCC BakkiSilicon hf., as shareholder loans were converted into equity in the course of this process, resulting in a change in partner shareholdings. Other equity items decreased slightly by € 2.6 million to € –39.2 million, mainly as a result of differences from currency translation effects recognized directly in equity. By contrast, the remeasurement of defined benefit pension obligations as of the reporting date did not give rise to any appreciable absolute change versus the previous year. As a result of the aforementioned effects, the equity ratio rose from 10.4 % in the previous year to 26.3 % in the year under review.

The long-term investments are financed with long-term borrowings. Non-current provisions and liabilities decreased by 12.7 % to € 780.3 million as of December 31, 2022 (previous year: € 893.4 million). This was mainly due to the decrease in non-current financial liabilities, which fell by € 119.8 million or 14.5 % year on year. Deferred tax liabilities increased to € 11.1 million (previous year: € 9.4 million). Other liabilities rose by € 5.8 million or 11.7 % from € 49.3 million in the previous year to € 55.1 million in the year under review.

Turning to bond liabilities, the holding company PCC SE redeemed in full and on schedule five bonds with a total volume of € 90.2 million in the course of 2022 (previous year: € 65.6 million). The volume placed by the end of the year totaled € 75.2 million (previous year: € 63.4 million) spread over four new bond issuances. These funds were used in the past fiscal year both to partially refinance liabilities due in 2022 and to finance investments and subsidiaries. Aside from PCC SE, of which the bonds 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 € 47.8 million as of year-end 2022 (previous year: € 53.9 million). The bond issued in US dollars by the Icelandic affiliate PCC BakkiSilicon hf. is no longer disclosed as of the balance sheet date 2022 due to it having been converted into equity shares as part of the restructuring process. Its prior-year value was € 76.6 million. Secured credit lines within the PCC Group not utilized as of the reporting date amounted to € 40.7 million (previous year: € 35.4 million).

Current provisions and liabilities increased by € 38.5 million to € 392.8 million. At € 98.9 million, trade accounts payable were virtually on a par with the item balance of € 100.6 million reported as of year-end 2021. At € 154.3 million, financial liabilities also remained at roughly the previous year's level of € 154.1 million. Other liabilities increased by € 7.4 million to € 55.9 million. This was mainly the result of increased value-added tax and payroll tax liabilities.

Provisions for pensions and similar obligations and other provisions increased by € 20.1 million to € 58.3 million (previous year: € 38.2 million). This is primarily due to the increase in provisions for emission allowances.

Figures in € k	**Dec. 31, 2022**	Dec. 31, 2021
Cash and cash equivalents	**163,780**	93,763
Interest-bearing liabilities	**863,179**	982,645
Net debt	**699,399**	888,882

The net debt of the PCC Group decreased in the past fiscal year by € 189.5 million or 21.3 % from € 888.9 million in 2021 to € 699.4 million this time. This was due not only to repayments but also to the conversion of debt financing into equity instruments as part of the restructuring of PCC BakkiSilicon hf. In addition, there was a significant increase of € 70.0 million in cash and cash equivalents. As a result of the likewise significant year-on-year increase in earnings before interest / financial result, taxes, depreciation and amortization (EBITDA), the leverage ratio of net debt to EBITDA improved from 4.5 to 2.4 as of year-end 2022. Our target of steering this indicator to a value below 5.0 has thus been met by some considerable margin.

Seen as a whole, management views the development of our net assets, financial position and results of operations in fiscal 2022 as thoroughly satisfactory. Our core business activities in the segments of the chemicals sector as well as in the Logistics segment proved to be robust and crisis-resistant in view of the volatilities on the raw material and commodity price markets. Our diversified businesses were able to respond promptly to changing market conditions in order to maintain or even expand their respective competitive positions. As a result, the expectations documented in the previous year's reporting were met and, in some cases, even exceeded in almost all areas. For this reason, and due to the events detailed above, the sales increase of 10 % to 15 % forecasted in the previous year's guidance was significantly exceeded. The PCC Group was also able to exceed its prior-year forecast for EBITDA by a multiple of the expected figure. With the silicon metal plant having recorded a full year of production in 2022, another important milestone was reached for the long-term improvement of the net assets, financial position, results of operations and enterprise value of the company.

Opportunities for and risks to future development

The future economic performance of the PCC Group is highly dependent on the development of the economy going forward, not only in our main sales markets in Europe but also worldwide. The further development of energy prices and inflation as a whole will likewise be a major factor. For further details, please refer to the section "Outlook for 2023 and beyond".

The ongoing war in Ukraine also poses a not insignificant political risk to our Group beyond our control. In some business units, the developments associated with this war actually had a positive impact on the PCC Group, while other businesses completely disappeared in 2022. A further escalation of the war could bring renewed transportation and supply chain problems, and the continued existence of our remaining shareholdings in Russia could also be jeopardized. However, this was not expected to occur at the time of preparation of this management report. Moreover, the value of PCC's Russian assets is only in the low single-digit million range, which means the ratio to the Group's total assets is small and exposure is therefore relatively minor. Aside from a further escalation of the Ukraine war, any intensification of the conflict between China and Taiwan could also have a negative impact on the global economy. Due to the many current imponderables, however, the financial impact on the PCC Group as a whole cannot be specifically assessed at present.

Another challenge is posed by the "European Green Deal" and the "Fit for 55" package of measures adopted by the EU Commission in July 2021, implementation of which is intended to secure achievement of the European climate targets by 2055. For the European chemical industry, and thus also for large parts of the PCC Group, this means a far-reaching transformation of their production processes, changes that will entail considerable additional cost which as yet cannot be estimated with any degree of accuracy. This could also have a negative impact on the future dividend earnings of the Group holding company. At the same time, this transformation and the associated introduction of innovative processes, on the development of which the PCC Group is also working at several levels, will likely open up further growth opportunities.

The business units within the chemical-producing segments are also exposed to the risk of rising environmental protection costs in the wake of increasingly stringent pan-European regulations relating to waste, wastewater, effluent and other environmental phenomena. Investment requirements possibly resulting from these could, in the future, have a negative effect on the earnings position of these segments and thus also on the dividend income streams flowing from the portfolio companies concerned to the Group holding company. The same applies to possible additional expenses arising in connection with the EU's REACH Regulation (covering the registration, evaluation and authorization of chemicals). REACH-like regulations are also currently being planned or are already being introduced by other countries. This applies to Türkiye, 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 chemical-producing segments and the Silicon & Derivatives segment, there are also risks in the sourcing of strategically important raw materials. The number of suppliers for these feedstocks was already limited in the past and was further reduced in 2022 in a few cases by the loss of Russian supply sources due to sanctions. Gratifyingly, the PCC Group was able to conclude a long-term offtake agreement with its most important supplier for the key raw material ethylene oxide back in 2021, although this will entail substantial capital expenditures on the PCC side over the coming years. In the long term, these investments will contribute to the further growth of our chemical-producing segments.

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 credit or default risks. These risks should be effectively mitigated 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 again can be at least partially eliminated by hedging transactions. The foreign exchange rate and foreign currency risk encountered in the PCC Group should be significantly reduced once the euro has been introduced by 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 legal framework and differing interpretations of the law by the tax authorities or courts cannot be ruled out. This could result in higher tax charges for the companies of the PCC Group in Germany and abroad.

Negative effects may also result from subsequent changes in the assessment of state subsidies and similar 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 said financial aid being clawed back. The occurrence of similar scenarios in the future can also not be ruled out.

Some Group companies find themselves confronted with growing asset obsolescence. This applies particularly to the production facilities of PCC Synteza S.A. With further intensive use of these assets, the expenses for maintenance and servicing increase, as does the risk of accidents and production downtimes.

In our financial planning, we anticipate continuing, regular liquidity inflows arising in the future from the issuance of corporate bonds by the holding company. Obstacles that may arise within the SME bonds market segment could possibly – at least temporarily – lead to liquidity bottlenecks. Consequently, work is continuing to replace the liquidity loans granted to subsidiaries by loans from local banks. 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 likewise to be considered over the longer term. The latter requires a stable level of indebtedness. By clearly falling below the target of less than 5.0 in 2022, significant progress has been made with regard to the associated leverage ratio at Group level. This key indebtedness benchmark is to remain in place with the aim of ensuring it remains at or below 5.0.

In addition to the financing risk, there are various other risks associated with projects during the planning and construction phase, such as technical risks, risks relating to property rights, and risks relating to licensing law. Furthermore, it cannot be ruled out that external market conditions may change during the implementation phase and that market developments may not pan out as originally expected. Despite the most careful of appraisals, an investment project may therefore be significantly delayed or generate a substantially lower return than projected. A complete failure of a project and thus a total loss of the capital invested by the Group holding company or one of its subsidiaries can likewise not be ruled out. Depending on the size of the project, this could have a significant negative impact on the liquidity situation of the respective company. Hence, the Group holding company will continue to seek project financing in the future based as far as possible on the viability of the respective project.

Last but not least, the PCC Group is 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. This risk was reduced by the change from a monistic to a dualistic board structure at the Group holding company in 2021, serving to strengthen the position of the holding company's operational management. Notwithstanding this reorganization, the sole shareholder, who is also Chairman of the Supervisory Board of PCC SE, remains in close and accessible proximity, thus maintaining the ability to react quickly and flexibly to new investment opportunities and to align activities in a timely fashion to the continued sustainable growth of the PCC Group.

The increasing focus of our portfolio companies 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. In addition, there will be further investments in modernization and expansion, geared to both backward and forward integration. In this way, we aim both to further enhance our market positions in the individual segments and to increase the sustainability – and secure the future viability – of our business operations by investing in highly efficient and environmentally compatible production facilities. In the long term, the holding company PCC SE should benefit from the increased earnings expected from these investments 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, 2022 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 the company insight-software Deutschland GmbH. The pre-consolidated financial statements of individual subsidiaries, duly audited by their own auditors, are incorporated by the holding company 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 adhere to 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 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 the 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 subgroups and related information for incorporation in the consolidated financial statements.

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. Any necessary adjustments are documented in Forecast I or Forecast II, as the case may be. 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 areas and the senior management of PCC SE, together with the management or business unit director of each individual entity. The members of the Executive Board and of the Supervisory Board of PCC SE also perform supervisory board duties at various affiliates. Both within these oversight bodies and in the aforementioned review meetings, any deviations from budget at the affiliates and business areas 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 developments in relation to 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 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 Supervisory Board. Fluctuations in liquidity and temporary cash requirements in the individual entities and segments can thus be quickly identified and then 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 excluded from the audit.

Sustainability is a core element of our long-term strategy; it is an essential component of our corporate philosophy and a major factor determining our actions. 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 and viability 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. All companies of the PCC Group are therefore committed to an ethically defined and sustainable approach to their business activities. We continually analyze all areas and activities that can contribute to better environmental protection or the more efficient use of natural resources.

The investment holding company PCC SE pursues sustainability in the economic sense primarily through its responsible and risk-conscious corporate governance and its predominantly long-term approach to the management of its 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 environmental and social senses. A holistic understanding of sustainable development is therefore also the basis of our Group-wide value-driven growth strategy. The following general objectives serve as our sustainability vision:

PCC's sustainability vision

PCC SE and the companies of the PCC Group are committed to their ecological and social responsibility. Our objective is to make a strong contribution to climate protection and sustainable development. To this end, we aim to halve the greenhouse gas emissions of our chemical manufacturing operations by 2030 compared to our 2020 levels (Scopes 1 and 2). We intend by then to have completely eliminated coal from our power generating activities. And we want to see our Group completely net-climate-neutral by 2050.

Explanations of the terminology used for Scopes 1 and 2 can be found on page 44.

How we intend to implement this sustainability vision in our business activities is reflected in our mission statement on sustainability:

PCC's sustainability mission statement

PCC is an innovative and rapidly expanding group of companies with extensive investment activities. In order to achieve our sustainability goals, we implement all our investment projects, particularly those relating to our manufacturing operations, using state-of-the-art, energy-efficient and resource-saving technologies aligned to an ever-decreasing carbon footprint. In addition, we continue to research and develop products that meet high sustainability standards and with usage profiles that offer reduced greenhouse gas emissions.

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

PCC SE is a portfolio holding company focused on sustainable growth and the pursuit of a long-term investment strategy. We have a diversified portfolio of Group companies primarily active in the production of chemical feedstocks, specialty chemicals and silicon metal. We also have major interests in the field of container logistics. As a growth-oriented investor, PCC SE supports its affiliated companies in their entrepreneurial development and in the expansion of their various specific strengths.

The headquarters of PCC SE and the PCC Group is Duisburg, Germany. PCC was founded in 1993 by Waldemar Preussner, who, today as its sole shareholder, is Chair of the Supervisory Board of PCC SE. In the course of the past fiscal year, the PCC Group, with its more than 3,300 employees in 17 countries, generated consolidated sales of € 1,324.7 million. The majority of these revenues, around 66.3 %, were generated by the chemical-producing segments Polyols & Derivatives, Surfactants & Derivatives and Chlorine & Derivatives, primarily at their sites in Poland. In the same period, PCC realized consolidated earnings before interest / financial result, taxes, depreciation and amortization (EBITDA) of € 292.0 million. Capital expenditures in 2022 totaled € 116.3 million, an increase of 4.9 % compared to the previous year's investment volume of € 110.9 million.

The Group strategy of PCC focuses on long-term corporate investment and sustainable business development aligned to generating and growing enterprise value. We actively manage and continuously optimize our existing investment portfolio by constantly reviewing projects and acquisitions. We strive to diversify into new market segments in line with our expertise while also developing non-core activities, sometimes just to a certain degree of market maturity ready for selling on. Our primary goal is 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 Polish town of Brzeg Dolny, the headquarters of our two largest chemical companies PCC Rokita SA and PCC Exol SA. There these entities produce chemicals such as polyols, chlorine, chlorine co- and downstream products, phosphorus derivatives and other specialty chemicals. In the Silicon & Derivatives segment, we manage the silicon metal plant of our Group subsidiary PCC BakkiSilicon hf. in Iceland. The Trading & Services segment manages, among others, our founding company and largest commodity trading entity PCC Trade & Services GmbH, and in the Logistics segment our container logistics subsidiary PCC Intermodal SA connects European destinations, often via its own transshipment terminals. The Holding & Projects segment manages projects aligned to the future, a current example being the construction of a production plant for specialty chemicals in Malaysia within the joint venture PCG PCC Oxyalkylates Sdn. Bhd. in partnership with PETRONAS Chemicals Group Berhad.

Corporate social responsibility at PCC

Our sense of corporate social responsibility (CSR) or corporate citizenship forms the foundation of our sustainability strategy. For PCC SE, corporate social responsibility means listening to and properly taking into account the concerns of all stakeholders associated with our Group. The specific commitment of the PCC Group to CSR is anchored in special guidelines for those areas in which the interests of the respective stakeholders intersect with those of PCC companies. 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 trust, 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 39 locations in 17 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. For example, we present our quarterly and annual reports to our investors live in internet-based interactive investor conferences, in which we always include a Q&A session. And in late fall, PCC SE traditionally holds information evenings in several major German cities, these events having only been suspended for two years during the coronavirus pandemic for safety reasons. At these evening engagements, the members of the Executive Board of PCC SE provide investors, bondholders and other stakeholders with information covering the latest business developments, taking questions from the audience and making themselves available for personal discussions. The two Group companies listed on the Warsaw Stock Exchange, PCC Rokita SA and PCC Exol SA, also maintain direct communication with their stakeholders at various information events.

Socially responsible corporate action, CSR, is built on this basis of consistently open and transparent communication with all interest groups. The principles of CSR within the PCC Group include, for example, the rejection of all forms of corruption and discrimination, unconditional respect for human rights, a commitment to fair working conditions, and compliance with high safety standards for all our employees, as well as fulfillment of all environmental requirements. We take ownership of socially accepted standards, thereby underpinning them further. As part of our CSR, we also commit to compliance with standards that go beyond general norms, for example by having the PCC production companies participate in environmental protection initiatives such as the Carbon Disclosure Project, the United Nations Global Compact or the chemical industry's Responsible Care® initiative.

The portfolio holding company PCC SE assumes responsibility for strategic positioning and mission statements relating to Group-wide areas of importance, such as transparency in communication with our investors. Meanwhile, the individual PCC Group companies serve as the actual drivers of the dialog with diverse interest 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 in all business activities.
- All actions are based on the principles of the worldwide Responsible Care® initiative. This represents the efforts of the chemical industry to continuously improve environmental protection and general and occupational health and safety – irrespective of legal requirements.
- PCC strives for a corporate culture in which continuous improvement, consistent competitiveness and outstanding performance are in line with the principles of sustainable development and our ethical standards.
- PCC assumes ethical responsibility for sustainable, economically effective, ecological and fair business practices.
- The Group's social responsibility is an integral part of our 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 three chemical-producing segments and the segments Silicon & Derivatives, Trading & Services, Logistics, and Holding & Projects.

Sustainability in the PCC Group companies

Sustainability in the chemical-producing segments

The Group companies operating in the chemicals production sector (assigned to the Polyols & Derivatives, Surfactants & Derivatives and Chlorine & Derivatives segments) are increasingly focusing on sustainability as part of their strategic business alignment, with their engagement in this area gaining force year on year. They continue to improve the efficiency of their production facilities, protecting the climate and the planet's limited natural resources through the adoption of ever more energy-saving technologies and the increased use of renewable raw materials.

A pioneer in CSR is PCC Exol SA, one of the most advanced surfactants manufacturers in Central and Eastern Europe. For example, PCC Exol SA is the first company in Poland to have implemented and registered the Good Manufacturing Practice (GMP) system certified by the European trade association EFfCI. And the Group company also participates in reporting on its environmental impact as part of the Carbon Disclosure Project (CDP). We are likewise establishing a sustainable supply of the raw material palm kernel oil in Ghana, West Africa, for the surfactants production of PCC Exol SA. Rather than harvest the kernels of the palm fruit needed for our organic production there from large plantations, we collect them from more than 400 smallholders in various regions in southern Ghana.

PCC Rokita SA, the largest PCC company and one of the biggest chemical companies in Poland, is also increasingly focusing on sustainability and is steadily expanding its portfolio of environmentally and climate-friendly products. For example, chlorine supplied by PCC Rokita SA under the GREENLINE™ brand is exclusively manufactured using an environmentally friendly and resource-conserving membrane process, with this PCC subsidiary also ensuring that only energy from renewable sources is used for production. PCC Rokita SA introduced the membrane process in its chlorine production back in 2015, some three years ahead of a corresponding EU regulation – offering an example of how our production meets high environmental protection standards and how we often comply with new requirements long before they come into force. Through substantial investment in the modernization and expansion of its production capacities, PCC has, since acquiring a majority stake in PCC Rokita SA in 2003, created a flourishing chemicals group that is now also an important factor for the region, for example as a major and multi-award-winning employer. In addition, PCC Rokita SA's modern power plant, a combined heat and power facility, supplies large parts of the nearby small town of Brzeg Dolny with environmentally friendly district heat. In Poland, coal-fired heating of domestic dwellings still predominates, as was also the case in Brzeg Dolny prior to PCC Rokita SA commencing its supply operations.

The PCC chemical companies pursue sustainability not only through their modern and efficient production methods, but also through the products they manufacture. Our innovations render items and commodities that many people use in everyday life more durable, safer and more environmentally compatible. The innovative chemical substances produced by the portfolio companies of our chemicals business ensure, for example, that hydraulic oils need to be changed less frequently and homes can be insulated more effectively; they make cosmetics even more skin-friendly and facilitate the manufacture of high-convenience foams that are also virtually free of emissions of volatile organic compounds as well as being exceptionally flame-retardant. Our aim and ambition is to ensure that our chemistry is not only creative and innovative, but also sustainable.

PCC's chemical companies are underscoring this commitment with a new product portfolio of sustainable chemicals under the brand name GREENLINE™, a range that already boasts more than 250 products. PCC's portfolio of green chemicals includes high-quality compounds offering a wide spectrum of sustainability benefits – such as increasing the efficacy of laundry detergents at low temperatures and thus reducing energy consumption. Products from PCC bearing the "Passivbau" label have been developed for especially energy-efficient construction, such as the PU foams for thermal insulation in our Crossin® product line. And our products carrying the "ECO" mark meet the strict standards of ECOCERT certification. This requires that products do not pose any threat to humans or the environment through their provenance, properties or production processes. Chemical feedstocks, additives and formulations of this group can be used for the production of finished products of the eco, organic or vegan type. More and more chemicals manufactured by PCC are 100 % biodegradable – an important sustainability feature, particularly for cosmetics that end up in sewage.

In addition to chemical feedstocks such as the especially skin-friendly betaines of the "ROKAmina" brand, the product range of the PCC Group also includes a number of ecological consumer goods. An example of this is the CAMOLIN® line of body care products and cleansers based exclusively on natural ingredients. PCC's green chemistry categories also include products bearing the "LOW VOC" label with particularly low emissions of volatile organic compounds; the "Waste-free Production" label is awarded to PCC products in the manufacture of which the generation of unwanted waste has been eliminated or significantly reduced, or the waste has been used as an integral part of the production process; and halogen-free and formaldehyde-free products are likewise among PCC's green chemistry categories.

Sustainability in the Silicon & Derivatives segment

The silicon metal plant of PCC BakkiSilicon hf. in Iceland is a flagship project of PCC in the field of sustainability. The installation of state-of-the-art filters makes the plant virtually free of dust emissions, and the energy supply for the Iceland plant is covered entirely by renewable sources (geothermal energy, hydropower). The plant's carbon footprint is therefore exceptionally low compared to other silicon production facilities worldwide, and is destined to be further improved. See also the section on measures implemented to combat environmental issues in the non-financial report on page 45.

Sustainability in the Trading & Services segment

The service entities managed within this segment include, in particular, the Conventional Energies business unit, which primarily supplies the production facilities of PCC in Poland with steam and electricity. Here, dust emissions have been reduced from 50 to 20 mg / m³ in recent years through the installation of modern electrostatic precipitators at the PCC cogeneration plant at the Brzeg Dolny chemical site. As a result, this already low-emission power-and-heat facility operates even further below the dust discharge limit value of 100 mg / m³ currently in force in Poland. The facility not only supplies energy for PCC's chemical production at the Brzeg Dolny site, but also provides a large proportion of the households in the small town with district heating.

Sustainability in the Logistics segment

The mainstay of our Logistics segment is the intermodal container transshipment business. PCC Intermodal SA runs combined transport operations throughout Europe on the basis of five wholly owned container handling terminals in Poland and Germany, facilities that have been greatly expanded and modernized in recent years. It therefore efficiently combines environmentally friendly rail and flexible road transport, thus supporting the transfer of traffic from road to rail in line with demands expressed by the European Union.

Sustainability in the Holding & Projects segment

In the Holding & Projects segment, we manage, in particular, the Renewable Energies business, which focuses on the construction and operation of small hydropower plants that are exceptionally environmentally friendly due to their relatively low impact on nature. Six of these power plants, five in North Macedonia and one in Bosnia and Herzegovina, have so far been connected to their respective national grids.

Initiatives and certifications

The goal of firmly anchoring sustainability in all companies of the PCC Group is also served by the involvement of PCC affiliates in a large number of certification procedures, the signing of public agreements and membership in initiatives. For example, our chemical companies PCC Rokita SA, PCC Exol SA and PCC Synteza S.A. all participate in the chemical industry's global Responsible Care® initiative. Our production companies have also received several awards for their sustainability and can point to high ratings and rankings in this domain. For example, two of our companies were awarded Gold certification in the renowned EcoVadis sustainability assessment: PCC Exol SA (2021) and PCC MCAA Sp. z o.o. (2022).

PCC Rokita SA achieved Silver status in 2022, as it had done since 2018. The commitment of the holding company PCC SE to sustainability is underscored by its participation in the Renewable Carbon Initiative. The main certifications and initiatives are assigned to each of the five sustainability aspects of non-financial reporting, as described below.

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 HGB (German Commercial Code). 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 adjustments to 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 on the five aspects specified, namely environmental issues, employee issues, respect for human rights, social issues and the fight against 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 to our social responsibility as a corporate citizen.

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.

The following table summarizes all the performance indicators applicable to non-financial reporting at Group level.

Non-financial performance indicators of the PCC Group

Indicator	Unit	2022	2021	Absolute change	Relative change
Environmental indicators					
Greenhouse gas emissions (GHG Protocol)					
Direct emissions (Scope 1)	t '000 CO_2e	486.8	414.8	72.0	17.4 %
Direct emissions (Scope 1, gross), covered by the EU Emissions Trading System	t '000 CO_2e	459.8	414.3	45.5	11.0 %
Indirect emissions (Scope 2), location-based	t '000 CO_2e	424.5	440.5	–16.0	–3.6 %
Indirect emissions (Scope 2), market-based	t '000 CO_2e	313.0	329.4	–16.5	–5.0 %
Indirect emissions (Scope 2), offset	t '000 CO_2e	111.0	121.7	–10.7	–8.8 %
Production, trading	t '000	1,753.1	2,122.2	–369.1	–17.4 %
Relative CO_2 emissions[1] (Scope 1)	t CO_2e / t product	0.3	0.2	0.1	42.1 %
Energy					
Electricity consumption					
On the basis of fossil fuel sources	GWh	565.2	512.2	53.0	10.4 %
On the basis of renewable sources	GWh	496.9	340.5	156.4	45.9 %
Total	GWh	1,062.1	852.7	209.4	24.6 %
Relative electricity consumption	GWh / t '000 product	0.6	0.4	0.2	50.8 %
Share of renewable energy sources in electricity procurement	%	46.8	39.9	6.9[2]	17.2 %
Energy sources					
Coke & coal	t '000	103.4	154.6	–51.2	–33.1 %
Natural gas	GWh	1,255.8	1,368.0	–112.2	–8.2 %
Mineral oil, gasoline, diesel	t '000	0.7	0.5	0.2	50.2 %
Biomass	t '000	–	39.9	–39.9	–100.0 %
Energy generation					
Electricity on the basis of fossil fuel sources	GWh	78.0	98.4	–20.4	–20.7 %
Electricity on the basis of renewable sources	GWh	19.3	17.8	1.5	8.3 %
Steam on the basis of fossil fuel sources	t '000	444.0	475.2	–31.1	–6.6 %
Heat on the basis of fossil fuel sources	GWh	43.5	619.7	–576.3	–93.0 %
Other environmental influences					
Water consumption	m^3 '000	6,654.5	7,130.5	–476.0	–6.7 %
Relative water consumption	m^3 / t product	3.8	3.4	0.4	13.0 %

1 Based on the total output of all products and intermediates
2 Change in percentage points

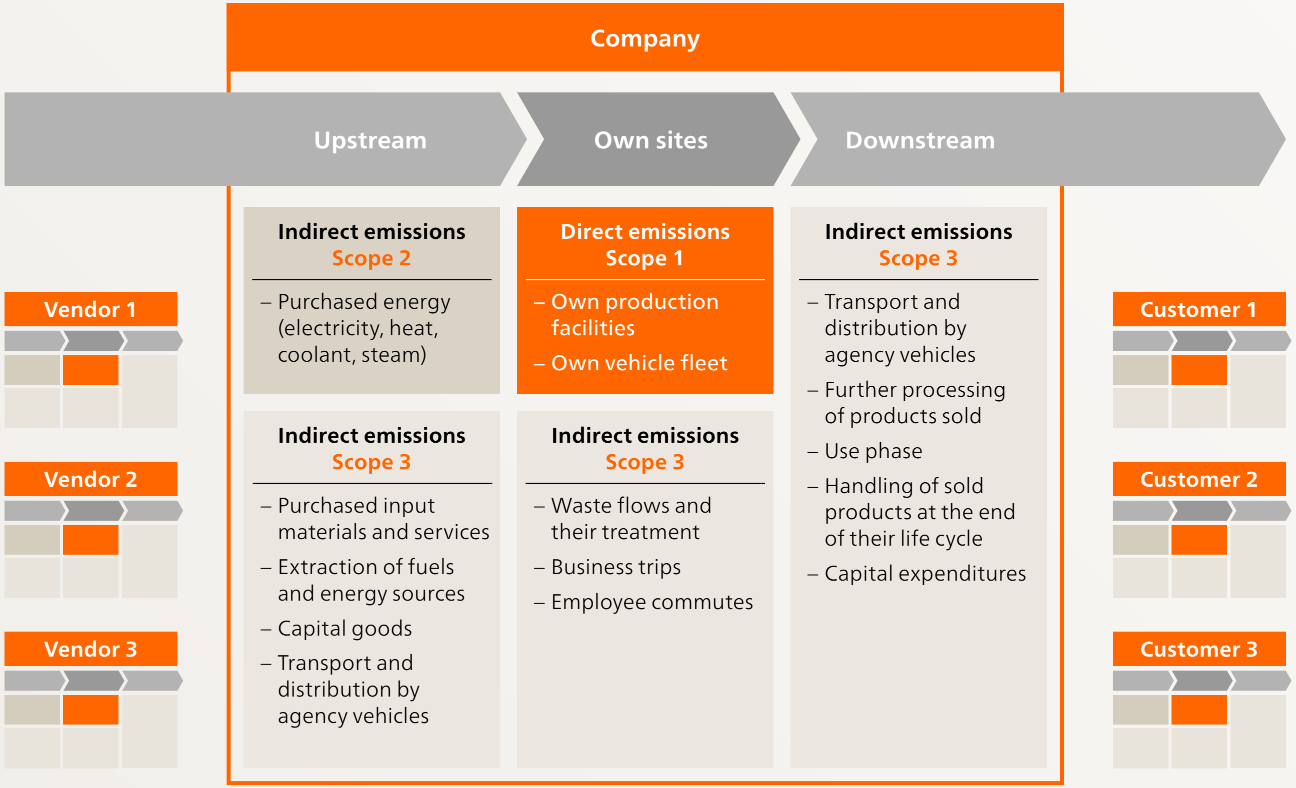
Continued on next page

CONTINUED

Non-financial performance indicators of the PCC Group Indicator	Unit	**2022**	2021	Absolute change	Relative change
Social indicators					
Employees					
Employees, total	Persons	**3,391**	3,311	80	2.4 %
Proportion female	%	**25.4**	27.2	– 1.8[2]	–6.7 %
Number in managerial positions[3]	Persons	**128**	129	– 1	–0.8 %
Proportion female in managerial positions[3]	%	**22.7**	19.4	3.3[2]	16.9 %
Length of service in company	Years	**9.1**	8.9	0.2	2.3 %
Average age	Years	**40.6**	39.6	1.0	2.6 %
Number of nationalities		**28**	27	1	3.7 %
Occupational health and safety					
Training and occupational development	Hours	**60,456.2**	31,815.3	28,640.9	90.0 %
Training and occupational development per full-time employee	Hours	**17.8**	9.6	8.2	85.5 %
Incidences of employee absenteeism > 1 day		**45.0**	64.0	– 19.0	– 29.7 %
Lost-time injuries	Hours	**1,593.0**	1,328.0	265.0	20.0 %
Deaths		**0**	0	0	–
Alleged human rights violations		**0**	0	0	–
Anti-corruption measures					
Total amount donated to political parties or their representatives	€ k	**–**	–	–	–
Number of projects supported		**86**	62	24	38.7 %
Penalties and fines due to legal violations	€ k	**–**	–	–	–
Business relationships rejected due to compliance violations		**0**	0	0	–
Business relationships terminated due to compliance violations		**0**	0	0	–
Value added and distribution					
Value added, total	**€ k**	**372,054.4**	**255,552.7**	**116,501.7**	**45.6 %**
Employees	€ k	**146,432.2**	114,581.8	31,850.4	27.8 %
State / Taxes	€ k	**47,800.0**	30,145.4	17,654.6	58.6 %
Investors / Lenders	€ k	**33,910.3**	35,437.5	– 1,527.2	–4.3 %
Minority shareholders	€ k	**14,968.4**	13,705.2	1,263.2	9.2 %
Consolidated net income for the year	€ k	**128,943.6**	61,682.8	67,260.7	> 100 %

2 Change in percentage points
3 First and second management levels

What do we mean when we talk about Scope 1, 2 and 3 emissions?



The classification of emissions according to different "scopes" (i.e. areas of application) has its roots in the Greenhouse Gas Protocol introduced by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The GHG Protocol has become an international standard and is instrumental in harmonizing greenhouse gas balances and reporting. The classification into scopes serves in particular to make the reporting process more manageable, since emissions occur at a large number of points along the value chain and can be controlled to very different degrees by individual protagonists.

In the approach adopted, **Scope 1** includes all emissions that are within a company's direct sphere of influence, for example emissions from its own production facilities or from company vehicles.

Scope 2 includes all emissions resulting from purchased energy in the form of electricity, heat, coolant or steam. Here, the reporting entity has no direct control, but can exert a relatively large influence, for example by choosing environmentally friendly energy suppliers.

All emissions occurring in upstream and downstream processes, as well as all emissions not directly related to energy consumption and production, are attributed to **Scope 3**. This includes a wide range of emission categories, such as all emissions attributable to the production of purchased raw / input materials, emissions from the transport of goods by third-party companies, business trips using means of transport that are not within the company's control, emissions from the disposal of waste streams by external disposal companies, or emissions from the further processing of goods sold. This diversity illustrates the complexities involved in recording and presenting all the emissions that a company contributes to. This is also one reason why Scope 3 emissions reporting is not mandatory under the GHG Protocol. Moreover, each company decides for itself which of the categories of these Scope 3 emissions it needs to publish, so a direct comparison between companies is not possible.

Due to the complexities and constraints described above, PCC SE has decided to include all Scope 1 and Scope 2 emissions in its reporting in accordance with the international reporting standard. We are making every effort to record and continuously reduce Scope 3 emissions in collaboration with our partners and stakeholders, and aim to also integrate these activities into our non-financial reporting as comprehensively as possible in the near future.

1. Environmental issues

Environmental issues in connection with our business activities affect in particular the interests of the residents around our sites and other local communities. 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, efficient and, especially, energy-saving technologies. Aside from the safety of our employees and local residents, we regard the preservation of the environment as of paramount importance.

PCC policy in relation to environmental issues

1. The great importance we attach to environmental protection in the PCC Group has a decisive influence on our choice of manufacturing processes and products; it also greatly informs our commitment to sustainability and safety. This is likewise recorded in our Code of Ethics, which is binding on the entire PCC Group.

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

3. 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.

4. All employees are jointly responsible for the protection of people and the environment in their sphere of activity. 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, oversee and support his or her employees in the exercise of this responsibility. The commercial exploitation of natural resources such as air, water and geological materials may 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.

5. Waste must be disposed of in accordance with statutory regulations. If third parties are involved 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, and especially our production operations, exert an effect on the environment. Significant environmental impacts include emissions of air pollutants, consumption of raw materials and feedstocks, handling of hazardous substances, consumption of water and energy, wastewater pollution, waste disposal, accidents and noise emissions.

Companies of the PCC Group continuously combat these impacts by analyzing all areas and activities from which adverse effects on the environment and on the efficient use of resources may emanate, and by taking limiting measures where necessary, at the same time carefully taking into account the information provided by all interest groups, in particular local residents. This direct dialog with stakeholders at the local level is among the tasks and duties assigned to the respective Group companies.

One example that demonstrates how PCC takes environmental concerns into account in its investment projects is the silicon production plant in Iceland. Silicon production is extraordinarily electricity-intensive, but the energy supply of the PCC plant is covered entirely by regenerative sources, primarily geothermal energy. The dust emissions generated during silicon production are almost completely removed from the ambient air in our plant by especially effective filter systems. The goal is also to operate the plant so that it is climate-neutral throughout. Due to the nature of the chemical reaction, known as reduction, CO_2 will always be produced in the process, even with the exclusive use of renewable energy. In order to make these emissions climate-neutral, the reducing agent coal currently being used is increasingly being substituted in the process by sustainably produced charcoal. In addition, the CO_2 produced is to be captured and used in the further process to produce green methanol, a climate-friendly fuel. This can contribute, in particular, to the decarbonization of shipping, which today still largely uses fossil fuels. We have started collaborating with the national Icelandic energy supplier with the aim of testing the production of green methanol. According to sustainability certifications of green methanol already available on the market, it can save up to 90 % of greenhouse gas emissions compared to fossil-based methanol, as indicated by calculations by the sustainability certification provider ISCC, for example. And the products of PCC BakkiSilicon hf. are also expected to contribute to sustainability and climate protection in the future. Silicon powder, for example, serves as the starting material for a novel anode material being developed by Group company PCC Thorion GmbH in collaboration with the Fraunhofer Institute for Solar Energy Systems ISE. The anode material is expected to improve the performance of lithium-ion batteries, a key component of climate-friendly electromobility.

The Logistics segment's largest business area is that of intermodal container transport, a system that efficiently combines environmentally friendly rail transport on long-distance routes and flexible road transport over shorter distances. Compared to road-only transport, our combined intermodal transport services enabled emissions savings of 402,000 metric tons of the greenhouse gas CO_2 in 2022 (previous year: 383,535 metric tons of CO_2) with a total productive output of 3,237.0 million ton-kilometers (previous year: 3,088.0 million ton-kilometers). These calculations are based on data from the European Environment Agency of November 5, 2015 for the reference year 2014.

In recent years, the Conventional Energies business unit has reduced dust emissions from the PCC combined heat and power plant at the Brzeg Dolny chemical site with the installation of modern electrostatic precipitators. Meanwhile. the Renewable Energies business focuses on the construction and operation of small hydropower plants, proven to be particularly environmentally compatible due to their relatively low impact on nature. To date, six of these power plants, five in North Macedonia and one in Bosnia and Herzegovina, have been connected to the grid.

Numerous certifications, the signing of public agreements and membership of initiatives document the commitment of PCC's affiliates 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. – OOO DME Aerosol – 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.
Certification in Good Manufacturing Practice (EFfCI)	– PCC Exol SA
Certification in Good Manufacturing Practices – Cosmetics – to ISO 22716	– PCC CP Kosmet
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
SQAS (Safety and Quality Assessment System) certifications for tank cleaning and transport services	– PCC Intermodal SA – PCC Autochem Sp. z o.o.
Authorised Economic Operator	– PCC Rokita SA – PCC Intermodal SA
Membership of the global chemical 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
Member of the Renewable Carbon Initiative (RCI)	– PCC SE
"Platinum Status" rating of the sustainability platform for CSR reporting, EcoVadis (2022)	– PCC Synteza S.A.
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2022)	– PCC MCAA Sp. z o.o. – PCC Exol SA
"Silver Status" rating of the sustainability platform for CSR reporting, EcoVadis (2022)	– PCC Rokita SA
Membership of the European Chemical Industry Council, CEFIC, covering the safe usage of surfactants	– PCC Exol SA

Continued on next page

CONTINUED

Certifications and initiatives in relation to environmental issues

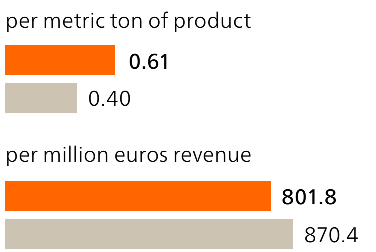
Certification / Initiative	Company
Membership of the European Committee of Organic Surfactants and their Intermediates	– PCC Exol SA
Product certifications through Ecocert according to the cosmetics standard COSMOS: Ecocert Cosmos	– PCC Exol SA
Organic Agriculture Europe product certification by Ecocert 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.
Rainforest Alliance Certification	– 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
Products awarded the EU Ecolabel of the European Commission	– PCC CP Kosmet
Products listed in the accepted ACPs of ÖKO-TEX	– PCC Rokita SA

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 as environmental issues. Scope 1 defines greenhouse gas emissions arising directly from our own assets or those controlled by PCC companies (see also explanations on page 44). In the case of energy consumption, all energy sources that are recorded individually, i.e. electricity, gas, heat, steam, fuel oil, gasoline and diesel, are added together without any distinction being made in the data record. The water consumption 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.

The electricity consumption of all companies of the PCC Group in 2022 was 1,062.1 GWh (previous year: 852.7 GWh). Of this, 496.9 GWh, or 46.8 %, was generated from renewable energy sources (previous year: 340.5 or 39.9 %). The main contributor to the share of renewable energy sources is our silicon metal plant in Iceland, which is supplied exclusively with green electricity (mainly from geothermal sources).

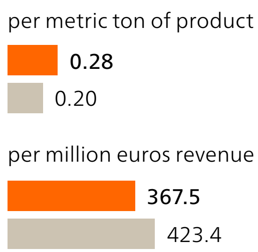
Electricity consumption in MWh 2022 2021



Moreover, changes in the electricity mix from national supply networks also support this development. Although total electricity consumption increased in absolute terms compared to the previous year, the share of electricity from renewables rose even more sharply. The specific energy consumption of our affiliates increased by around half year on year in 2022, to 0.61 MWh per metric ton of product (previous year: 0.40 MWh). The main reason for this is that in 2022, due to the sanctions imposed as a result of the war in Ukraine, large trading volumes of coke, coal and anthracite were eliminated from the supply-side mix, resulting in a decline in the total volume of products in the PCC Group. Specific electricity consumption related to sales was 801.8 MWh per million euros, a reduction of 7.9 % compared to the previous year (870.4 MWh).

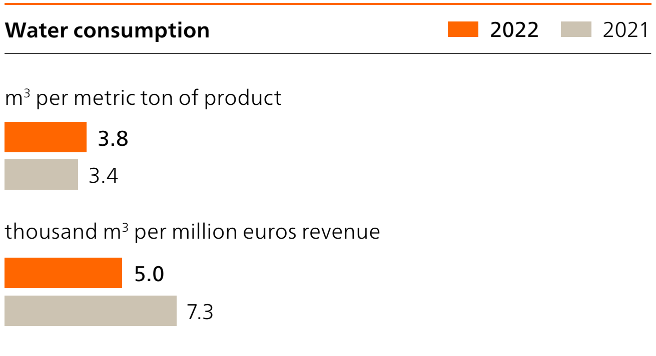
Absolute gross emissions of greenhouse gases in Scope 1 increased by 17.4 % year on year in 2022, to 486,800 metric tons CO_2-equivalent (t '000 CO_2e) (previous year: 414,800 t CO_2e). The increase resulted from the year-round operation of the silicon metal production plant in Iceland. As in previous years, carbon dioxide (CO_2) accounted for the majority of greenhouse gas emissions. Adjusted for emissions from non-fossil, i.e., sustainable, raw materials, such as wood, Scope 1 emis-

Scope 1 emissions in t CO_2e 2022 2021



sions amounted to 459.8 thousand t CO_2e. In specific terms, i.e. per metric ton produced or traded, gross emissions of Scope1 greenhouse gases increased by 42.1 % to 0.28 t CO_2e (previous year: 0.20 t CO_2e). Related to sales, gross emissions of greenhouse gases decreased by 13.2 % to 367.5 t CO_2e per million euros (previous year: 423.4 t CO_2e).

Water consumption and the generation of wastewater at the portfolio companies of the PCC Group essentially arise in the manufacturing process of our affiliates in the chemical-producing segments. Absolute water consumption decreased by 6.7 % to 6,654,500 m^3 in 2022 (previous year: 7,130,500 m^3). In volume terms, this translates into in a specific rate of use of 3.8 m^3 of water per metric ton produced or traded, 13.0 % more than in the previous year (3.4 m^3). This increase resulted, in particular, from the sharp reduction in traded volumes arising from the war in Ukraine. Related to sales, water usage decreased year on year to 5,000 m^3 per million euros, 31.0 % below the previous year's level of 7,300 m^3 per million euros.



Goals

In their sustainability vision, PCC SE and the companies of the PCC Group acknowledge their ecological and social responsibility. The objective is to make a strong contribution to climate protection and sustainable development. Thus, the PCC Group is striving in the long term to reduce specific consumption and usage, particularly of water. Greenhouse gas emissions from PCC's chemical production are to be halved by 2030 compared to 2020 (Scopes 1 and 2, see explanations on page 44). By then, PCC's energy generation is to be completely coal-free, with the share of energy supplied from renewable sources to be further increased. By 2050, the Group as a whole is to be net climate-neutral.

2. Employee issues

Among employee issues, the first priority is always that of ensuring occupational health and safety. PCC invests 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. Continued investment in modern production facilities makes a significant contribution to occupational safety.

In addition, PCC specifically promotes the individual development of its employees. They are granted scope to work independently on a results-led basis and opportunities to take on responsibility. Employee initiative and creativity are specifically encouraged, with decision-making authority assigned within the scope of each individual's potential. They are supported in their personal development through tailored preparation for new tasks with thorough on-the-job training. In its human resources management, PCC attaches great importance to diversity, both cultural and professional. Discrimination is not tolerated within the company in any form whatsoever. And regulations promoting gender equity and equality 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 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. For example, we implemented a highly comprehensive range of home office solutions at short notice during the coronavirus pandemic of recent years. In the event of an accident or malfunction, PCC takes the appropriate measures to avert, mitigate and repair the damage as quickly and effectively as possible and informs the relevant authorities.

The provisions on equality between men and women must be complied with. The equity imperative encompasses, in particular, areas such as task allocation, pay, training, professional development 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 their dignity.

Bullying as the deliberate exclusion and humiliation of employees is likewise 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 takes all reasonable measures to prevent discriminatory conduct and harassment. All employees are called upon to report any and all cases of 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. PCC is actively working to create a safe environment for its people, continuously improving working 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 operation, significantly improving workplace quality in the facilities concerned.

PCC ensures 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. 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 arrangements. PCC encourages open communication between employees and, to the full 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

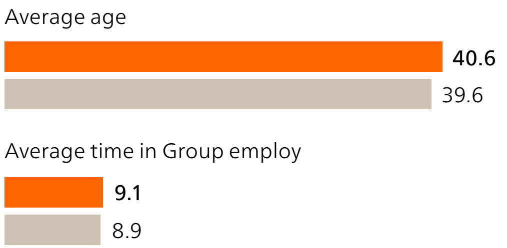
Certification / Initiative	Company
Certification of occupational health and safety management systems to ISO 45001:2018	– PCC Rokita SA – PCC Exol SA – PCC CP Kosmet – PCC MCAA Sp. z o.o. – PCC PU Sp. z o.o. – PCC Synteza S.A.
Certification in Good Manufacturing Practices – Cosmetics – to ISO 22716	– PCC CP Kosmet
Certification in Good Manufacturing Practice (EFfCI)	– PCC Exol SA
Membership of the global chemical 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
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

Certification / Initiative	Company
Certified member of the Roundtable on Sustainable Palm Oil	– PCC Exol SA – PCC CP Kosmet – PCC Organic Oils Ghana Ltd.
"Platinum Status" rating of the sustainability platform for CSR reporting, EcoVadis (2022)	– PCC Synteza S.A.
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2022)	– PCC MCAA Sp. z o.o. – PCC Exol SA
"Silver Status" rating of the sustainability platform for CSR reporting, EcoVadis (2022)	– PCC Rokita SA
SQAS (Safety and Quality Assessment System) certifications for tank cleaning and transport services	– PCC Intermodal SA – PCC Autochem Sp. z o.o.
Authorised Economic Operator	– PCC Rokita SA – PCC Intermodal SA
Signatory of the Diversity Charter promoting employee diversity in companies and combating discrimination	– PCC Rokita SA – PCC Exol SA

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. In 2022, the PCC affiliates around the world had in their employ people from a total of 28 nations (previous year: 27). As a result of the Group's extensive investments and growth, particularly in new regions, its workforce has increased in recent years, and rose again by 2.4 % in 2022 to 3,391 as of December 31 (previous year: 3,311). The proportion of women decreased slightly to 25.4 % (previous year: 27.2 %).

Employees in years — 2022 / 2021

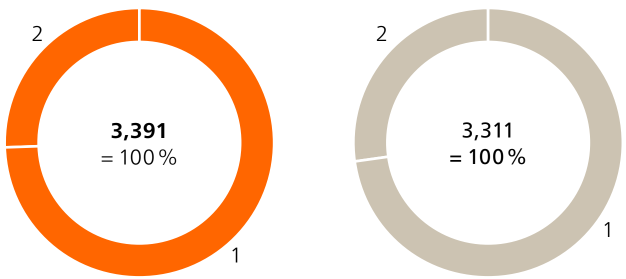


The proportion of women in the first and second levels of management at PCC's affiliates was 22.7 % in the year under review (previous year: 19.4 %).

PCC invests intensively throughout the Group in the training and further development of its employees, with 60,456 person-hours spent on such activities last year (previous year: 31,815 person-hours), representing an increase of around 90 %. 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 45 in 2022 (previous year: 64), representing a reduction for the fourth year in succession. The number of sick days due to occupational accidents increased across the Group to 1,593 (previous year: 1,328). And the number of sick days due to accidents at work per employee rose to an average of 0.47 (previous year: 0.40).

PCC rewards the commitment of its people appropriately and respects all employee rights of freedom of organization and co-determination. All forms of discrimination are forbidden. Backed up by insights revealed in personal discussions, the relatively high average period of service with the PCC Group of 9.1 years (previous year: 8.9 years) offers an indication of employee satisfaction. The average age of 40.6 years (previous year: 39.6 years) is evidence that PCC makes use of the expertise of older employees while also providing entry opportunities for young people, thus encouraging diversity and promoting good team performance through a mix of complementary skills and experience.

Employees across the Group in % — 2022 / 2021



		2022			2021
1	Male	**74.6 %**	1	Male	72.8 %
2	Female	**25.4 %**	2	Female	27.2 %

Goals

PCC has set itself the goal of continuously raising the standards of health and safety for the Group's employees, constantly paying particular attention to accident prevention and health protection at the workplace as well as to preventative healthcare measures. Beyond a safe, pleasant working environment based on mutual awareness and appreciation, it is a central objective 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 especially by PCC Exol SA's membership of the United Nations Global Compact.

Overall, it can be seen that the sites of the PCC companies are predominantly located in countries with a positive human rights record, particularly in Europe. Swapping these sites for those with a poorer human rights record and possibly lower production costs is not an option for PCC SE – neither for the Group as a whole, nor for the individual PCC companies.

Measures

Both PCC SE and the companies in its investment portfolio are actively committed to respecting human rights, especially in new regions in which the PCC Group has previously not been active. The same human rights standards apply throughout the PCC Group, i.e. irrespective of location, as documented, in particular, by our participation in a number of initiatives.

Certifications and initiatives to promote respect for human rights

Certification / Initiative	Company
Membership of the global chemical 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
Signatory of the Diversity Charter promoting employee diversity in companies and combating discrimination	– PCC Rokita SA – PCC Exol SA
Product certification confirming health and environmental compatibility issued by the PZH (Polish National Institute of Public Health)	– PCC Prodex Sp. z o.o.
Products awarded the Halal Certificate	– PCC MCAA Sp. z o.o.

Performance indicators

As in the previous year, no violations of human rights were reported in 2022, 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 previously been commercially active. PCC believes that monitoring of compliance with human rights must be intensified at 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. PCC also supports its employees in their social volunteering work and actively engages in dialog with local communities. PCC's 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 Executive Board of PCC SE, or the executive board or senior management of the respective Group companies. Cash payments and other financial contributions to politicians, political parties or other political organizations are strictly prohibited.

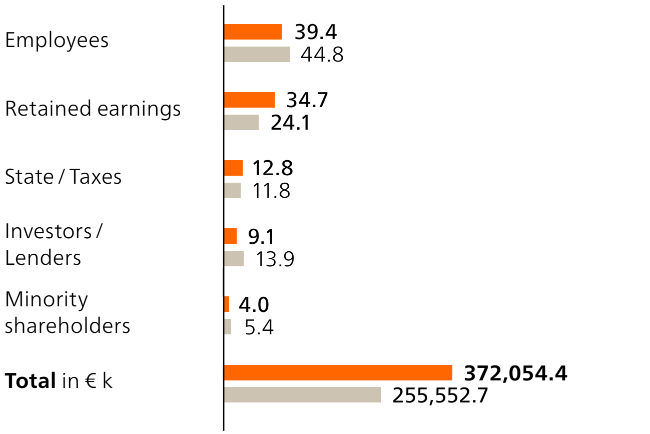
Performance indicators

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, namely our employees. A total of € 146.4 million, or 39.4 % of value added in the 2022 reporting year, went to employees in the form of wages and salaries, employer-paid benefits for social security, pension benefits and sundry other benefits (previous year: € 114.6 million or 44.8 %).

Distribution of value added Figures in € k	**2022**	**2021**
Value added, total	**372,054.4**	255,552.7
Distribution		
Employees	146,432.2	114,581.8
State / Taxes	47,800.0	30,145.4
Investors / Lenders	33,910.3	35,437.5
Minority shareholders	14,968.4	13,705.2
Retained earnings	128,943.6	61,682.8

The state received 12.8 % of the value added of the PCC Group in the form of tax payments such as corporate income taxes or property taxes in the amount of € 47.8 million (previous year: € 30.1 million or 11.8 %). Our investors, subscribers to bonds and also minority shareholders in affiliates received € 33.9 million or 9.1 % of the value added through interest payments or dividends (previous year: € 35.4 million or 13.9 %). Consolidated net income in fiscal 2022 contributed € 128.9 million or 34.7 % to the value added retained in the company (previous year: € 61.7 million or 24.1 %).

Distribution of value added in % 2022 2021



Achievements related to social issues

PCC SE and its subsidiaries are directly involved in the local communities in which they operate. At our Group headquarters in Duisburg, for example, PCC SE has been supporting the homeless charity "Gemeinsam gegen Kälte Duisburg e.V." ("Joint Action Against the Cold") for a number of years now. PCC also sponsors local and regional sports and cultural events. For example, the holding company is the name sponsor of the PCC Stadium in Duisburg-Homberg, located near the Group's headquarters, and the main sponsor of VfB Homberg e.V., the regional soccer team based there. As of year-end 2022, the PCC Group was providing support to 86 projects (previous year: 62).

Goals

PCC has set itself the goal of continuing to drive value creation within the Group for the benefit of all stakeholders. PCC strives to augment its commitment to its social responsibilities through greater participation of its Group companies in international organizations and initiatives in the field of CSR, and is implementing an increasing number of corresponding programs in pace with this effort. PCC also intends to further expand its social commitment, including its collaborations 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 related measures are only approved once all the bodies responsible have conducted their own thorough examinations. As in the previous year, the number of penalties and fines for non-compliance with laws and regulations was zero.

Also as in the previous year, there were no compliance violations in the reporting year leading to the rejection or termination of business relationships.

Anti-corruption initiatives

Initiatives	Company
Membership of the global chemical 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

Goals

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

Events after the reporting date

The bond carrying the ISIN code DE000A2TSTW0 issued by PCC SE with a placed volume of € 18.4 million was redeemed in full on February 1, 2023. This bond was issued on March 1, 2019 and had a coupon of 3.0 % p.a.

The bond carrying the ISIN code DE000A2G8670 issued by PCC SE with a placed volume of € 21.8 million was redeemed in full on April 1, 2023. This bond was issued on January 1, 2018 and had a coupon of 4.0 % p.a.

Effective February 1, 2023, PCC SE issued a new bond carrying the ISIN code DE000A30VR40 with a maturity date of April 1, 2028. And effective April 3, 2023, PCC SE issued a new bond carrying the ISIN code DE000A351K90 with a maturity date of July 1, 2028. Both bonds carry a coupon of 5.0 %.

Outlook for 2023 and beyond

The focus of the PCC Group in fiscal 2023 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. Green-field and brownfield projects will also be given due consideration as opportunities arise. This applies, in particular, with respect to the possible in-company production of strategically important raw materials. Beyond this, the future issues of sustainability and climate protection and the associated transformation of all production processes will increasingly come to the fore. This will inevitably bring further investments in highly efficient and environmentally friendly production facilities, which in turn will decisively strengthen the future viability of the PCC Group. Essentially, 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 sustainably increase our enterprise value.

The business performance of the PCC Group in 2023 will again be heavily dependent on future global economic trends. At present, forecasts emanating from both political sources and various banks and other institutions indicate a slight degree of growth in the German economy in 2023. Meanwhile, rather stronger growth is expected for the European Union and for the global economy as a whole, but at a much lower rate than in 2021 and 2022. For example, in its latest forecast from March 2023, the OECD predicts an increase in gross domestic product of 0.3 % for the German economy in the current year, while growth of 0.8 % is predicted for the euro zone as a whole, and with 1.5 % expected for the USA. Also according to the OECD, the global economy is likely to grow by as much as 2.6 % overall in 2023. However, these forecasts are subject to a high degree of uncertainty as a result of the current crises (including the Ukraine war, the energy crisis, and possibly renewed transport and supply chain problems). Added to this is the specter of high inflation, which could have a dampening effect on consumption. Additional risks for the global economy as a whole could also arise from a renewed coronavirus outbreak in China, and from China’s Taiwan policy. The situation has been further complicated by the changes in the monetary policy of the central banks and problems in the financial and banking sectors. In addition, the future development of raw material prices is bound to heavily impact our subsidiaries operating in the chemicals and silicon metal sectors.

Similarly, in its spring forecast of March 2023, the ifo Institute states that it expects stagnation for Germany in the current year, with bottlenecks in energy supply and intermediate products as well as the shortage of skilled labor impeding industrial production. The same source identifies the high level of demand for goods and services still prevailing at year-end 2022 as having the effect of driving up inflation in general. While the gas and electricity price brakes, for example, should have a dampening effect on inflation in Germany in the coming months, economic output is still expected to decline in the first quarter of 2023. The ifo Institute then expects the

German economy to recover from spring 2023, with further improvement in the second half of the year, due among other things to anticipated high wage settlements bringing an upswing in purchasing power. The ifo Institute also expects economic output in the euro zone to contract in the first quarter of 2023 due to the aforementioned supply bottlenecks and high inflation. However, slight growth of 0.6 % is expected here for 2023 as a whole. The ifo Institute forecasts a small degree of overall global economic growth, reflecting also the assessments of the OECD and the IMF.

The current Group budget planning for the years 2023 to 2025, which was prepared for the operating businesses of the Group companies and affiliates in the period from September to November 2022, foresees sales in 2023 remaining at the level of the previous year. At Group level, this is based on the assumption that total earnings before interest / financial result, taxes, depreciation and amortization (EBITDA) will be 20 to 25 percent lower than in the record year of 2022, but will at least match the EBITDA of the good post-coronavirus year of 2021. Compared to 2022, earnings are expected to be adversely affected, in particular, by rising energy prices and higher costs for personnel and external services. The Chlorine & Derivatives segment is again expected to make by far the largest contribution to Group EBITDA in 2023. However, due to rising overheads, results are bound to fall short of the historically good prior-year figures. In addition, average selling prices are likely to fall short of the exceptionally high level of the previous year. Earnings in the Polyols & Derivatives segment are also expected to be clearly positive, but likewise below the prior-year level. Increased competitive pressure from China and the start-up of new production capacities by a European competitor are predicted to have a negative impact on sales and earnings. By contrast, the Surfactants & Derivatives segment anticipates a further increase in its already strong prior-year performance in 2023, due to higher capacities coming on stream and an increasing proportion of higher-margin products, particularly for industrial applications. This applies especially to PCC Exol SA. The Consumer Products business, which has been integrated in the Surfactants & Derivatives segment since 2022, is expected to achieve a turnaround in 2023, partly due to the successful implementation of strong price increases on the sales side. The first positive effects already became apparent in the second half of 2022.

For PCC BakkiSilicon hf., the dominant company in the Silicon & Derivatives segment, the market environment will remain challenging in 2023 due, among other things, to high energy prices in Europe and strong competitive pressures emanating from China and Brazil. Since the end of 2022, this affiliate has only been producing with one furnace as a means of restricting inventory build-up and to keep costs under control. There are, however, signs of a revival in demand. At the same time, purchase prices for some raw materials are again showing a downward trend. Nevertheless, this affiliate and thus the Silicon & Derivatives segment as a whole is expected to close fiscal 2023 with earnings below those of fiscal 2022, the first half of which produced very strong results. This also applies to the Commodity Trading business managed within the Trading & Services segment, for which lower sales and lower, but still clearly positive earnings are expected in 2023 due to the discontinuation of raw material supplies from Russia. By contrast, the Intermodal Transport business unit should be able to further improve its results in 2023 in the wake of further increases in transport and handling volumes. Taking all these developments into account, Group EBITDA remains unlikely to reach the record level of the previous year overall, but should at least match the good post-coronavirus year of 2021.

Based on lower EBITDA coupled with increasing depreciation and amortization expenses and a likewise rising interest burden as a result of the planned investments, consolidated earnings before taxes (EBT) are expected to roughly halve year on year, although still remaining in the high double-digit million range.

This analysis does not include the negative effects of any further escalation of the war in Ukraine, due to the impossibility of adequate assessment at present. This also applies to any impact of renewed transportation and supply chain issues that may result from the war effort.

We expect expenses for such items as personnel and external services to rise in subsequent years. For the energy market, by contrast, the expectation is for increasing normalization and thus a decline in prices. Depreciation and amortization will again increase as a result of the implementation of further investments. Although earnings at the EBITDA and also at EBT level are likely to decline slightly overall in 2024, they should remain reasonably high, provided that the economy continues to pick up. PCC SE therefore anticipates receiving further dividend payments in the double-digit million range beyond 2023, with no significant change in the level of its indebtedness. For the PCC Group as a whole, however, net debt is expected to rise as a result of the planned capital expenditures. With a strong EBITDA result expected, it should nevertheless be possible to keep the leverage ratio of the PCC Group below the target level of less than 5 %.

In 2023 and also in the years to follow, the focus of PCC SE's activities will be on corporate investment and business development, predominantly aligned to the long-term perspective. Particular priority will be assigned to providing support to

PCC BakkiSilicon hf. in optimizing its production process and further improving its earnings situation. Moreover, in cooperation with – among others – the Fraunhofer Institute for Solar Energy Systems ISE, alternative higher-value applications for silicon metal are also being investigated, especially in lithium-ion batteries for electric vehicles, which could lead to further growth in the Silicon Metal business unit going forward.

PCC SE will likewise continue to focus across its chemical-producing segments on the development of higher-value products for customer-specific applications. The holding company is also endeavoring to drive geographic expansion in respect of its core businesses. The commissioning of the production plant of PCG PCC Oxyalkylates in Malaysia in the growth region of Southeast Asia, scheduled for the third quarter, will mark an important milestone for 2023 in this respect. In addition, PCC SE will be examining further investment projects in the future, aligned to both backward and forward integration, the purpose being both to better secure raw material supplies for the PCC Group over the long term, and to extend the value chain as the basis for further growth. The geographic focus going forward is destined to also encompass the USA.

Beyond this, the future issues of sustainability and climate protection and the associated long-term transformation of all production processes will increasingly come to the fore. This will inevitably bring further investments in highly efficient and environmentally friendly production facilities, which in turn will decisively strengthen the future viability of the PCC Group.

As a fundamental principle, PCC SE will continue to pursue its strategy of proactive investment portfolio management and ongoing portfolio 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 increase in enterprise value remaining the key criteria guiding our corporate decision-making.

Duisburg, April 27, 2023
PCC SE

The Executive Board

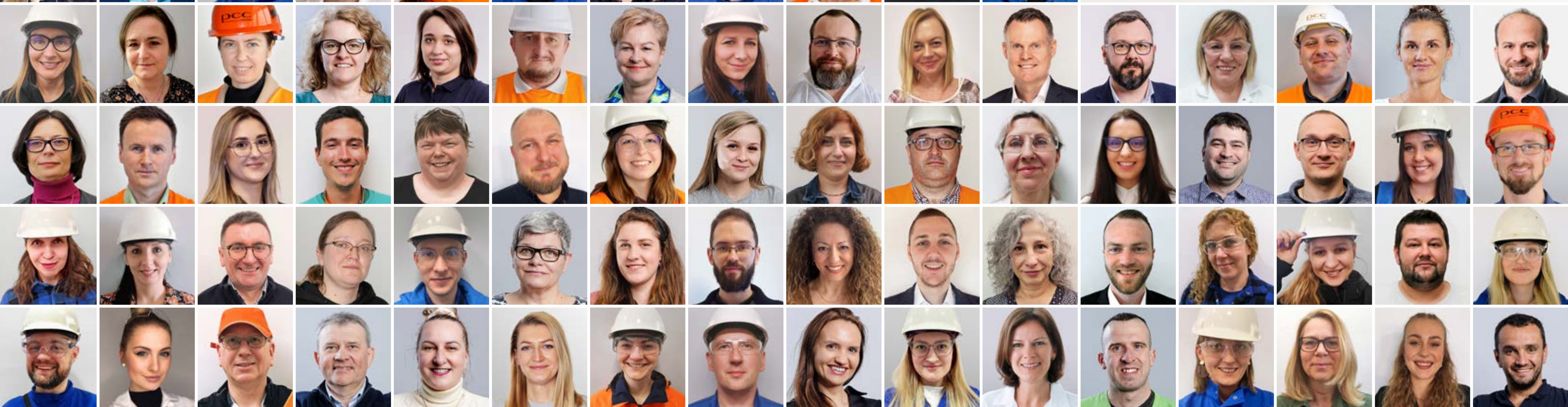
Dr. Peter Wenzel

Ulrike Warnecke

Dr. rer. oec. (BY) Alfred Pelzer

CONSOLIDATED FINANCIAL STATEMENTS

Contents



Consolidated balance sheet

Assets in €k	(Note)	**Dec. 31, 2022**	Dec. 31, 2021
Non-current assets		**1,100,041**	1,045,338
Intangible assets	(19)	**50,562**	44,518
Property, plant and equipment	(20)	**928,205**	886,900
Right-of-use assets	(21)	**58,264**	55,116
Investments accounted for using the equity method	(12)	**15,263**	15,573
Non-current financial investments	(22)	**19,579**	10,056
Other non-current financial assets	(23)	**16,775**	16,424
Deferred tax assets	(34)	**10,635**	16,399
Other receivables and other assets	(26)	**757**	352
Current assets		**492,175**	346,898
Inventories	(24)	**149,439**	114,046
Trade accounts receivable	(25)	**141,319**	109,547
Other receivables and other assets	(26)	**31,061**	29,079
Income tax receivables		**6,576**	462
Cash and cash equivalents	(38)	**163,780**	93,763
Total assets		**1,592,216**	1,392,236

Equity and liabilities in €k	(Note)	**Dec. 31, 2022**	Dec. 31, 2021
Equity	(27)	**419,201**	144,569
Subscribed capital		**5,000**	5,000
Capital reserve		**56**	56
Revenue reserves / Other reserves		**276,807**	138,547
Other equity items / OCI		**–39,245**	–36,597
Minority interests	(28)	**97,342**	37,563
Hybrid capital	(29)	**79,240**	–
Non-current provisions and liabilities		**780,258**	893,410
Provisions for pensions and similar obligations	(30)	**1,042**	922
Other provisions	(31)	**5,320**	6,215
Deferred tax liabilities	(34)	**11,076**	9,362
Financial liabilities	(32)	**707,754**	827,603
Other liabilities	(33)	**55,067**	49,309
Current provisions and liabilities		**392,757**	354,256
Provisions for pensions and similar obligations	(30)	**88**	51
Other provisions	(31)	**51,827**	31,024
Current tax liabilities		**31,814**	20,081
Trade accounts payable		**98,875**	100,586
Financial liabilities	(32)	**154,295**	154,069
Other liabilities	(33)	**55,858**	48,445
Total equity and liabilities		**1,592,216**	1,392,236

Consolidated statement of income

Figures in €k	(Note)	2022	2021
Sales revenue	(6)	**1,324,656**	979,615
Change in inventory of finished products and work in progress		31,429	29,696
Other internal costs capitalized	(7)	12,820	8,796
Purchased goods and services	(8)	865,657	662,174
Personnel expenses	(9)	143,594	112,531
Other operating income	(10)	31,627	29,801
Other operating expenses	(11)	98,876	76,254
Result from investments accounted for using the equity method	(12)	–372	560
Earnings before interest / financial result, taxes, depreciation and amortization (EBITDA)	(40)	**292,033**	197,510
Depreciation and amortization	(13)	74,693	72,185
Operating profit (EBIT)	(40)	**217,340**	125,325
Interest and similar income	(14)	10,117	3,502
Interest and similar expenses	(14)	33,910	35,437
Currency translation result	(15)	2,123	923
Other financial income		88	99
Other financial expenses		3,138	2,683
Earnings before taxes (EBT)	(17)	**192,620**	91,728
Taxes on income	(16)	48,708	16,340
Net income		**143,912**	75,388
Net income attributable to Group		128,944	61,683
Net income attributable to minority interests		14,968	13,705

Consolidated statement of comprehensive income

Figures in €k	2022	2021
Net income	**143,912**	75,388
Income and expenses recognized in equity for future recycling through profit or loss	**–2,567**	3,945
Exchange differences on translation of foreign operations	–2,374	4,165
Fair value measurement of cash flow hedges	–199	–221
Deferred taxes	6	–
Income and expenses recognized in equity not for future recycling through profit or loss	**–81**	–34
Remeasurement of defined benefit pension plans	–100	–40
Other changes	–	–1
Deferred taxes	19	8
Total income and expenses recognized in equity	**–2,648**	3,911
Total comprehensive income	**141,264**	79,299
Share of comprehensive income attributable to Group	126,296	65,594
Share of comprehensive income attributable to minority interests	14,968	13,705

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	Hybrid interests	**Total Group equity**
Jan. 1, 2021	5,000	56	77,059	−40,508	**41,607**	33,217	–	**74,824**
Dividends paid to shareholders	–	–	−2,750	–	−2,750	−3,387	–	−6,137
Changes in consolidation scope and other consolidation effects	–	–	2,555	–	2,555	−5,972	–	−3,417
Comprehensive income	–	–	61,683	3,911	**65,594**	13,705	–	**79,299**
Net income	–	–	61,683	–	61,683	13,705	–	75,388
Other income and expenses recognized in consolidated equity	–	–	–	3,911	3,911	–	–	3,911
– Currency translation differences	–	–	–	4,165	4,165	–	–	4,165
– Remeasurement of defined benefit pension plans	–	–	–	−40	−40	–	–	−40
– Fair value measurement of cash flow hedges	–	–	–	−221	−221	–	–	−221
– Other changes not for future recycling through profit or loss	–	–	–	−1	−1	–	–	−1
– Deferred taxes recognized in OCI	–	–	–	8	8	–	–	8
Dec. 31, 2021	5,000	56	138,547	−36,597	**107,006**	37,562	–	**144,569**

Continued on next page

CONTINUED

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	Hybrid interests	**Total Group equity**
Jan. 1, 2022	5,000	56	138,547	–36,597	**107,006**	37,562	–	**144,569**
Dividends paid to shareholders	–	–	–4,750	–	**–4,750**	–9,509	–	**–14,259**
Changes in consolidation scope and other consolidation effects	–	–	14,066	–	**14,066**	54,320	–	**68,387**
Hybrid capital	–	–	–	–	–	–	79,240	79,240
Comprehensive income	–	–	128,944	–2,648	**126,296**	14,968	–	**141,264**
Net income	–	–	128,944	–	**128,944**	14,968	–	**143,912**
Other income and expenses recognized in consolidated equity	–	–	–	–2,648	**–2,648**	–	–	**–2,648**
– Currency translation differences	–	–	–	–2,374	**–2,374**	–	–	**–2,374**
– Remeasurement of defined benefit pension plans	–	–	–	–100	**–100**	–	–	**–100**
– Fair value measurement of cash flow hedges	–	–	–	–199	**–199**	–	–	**–199**
– Deferred taxes recognized in OCI	–	–	–	25	**25**	–	–	**25**
Dec. 31, 2022	5,000	56	276,807	–39,245	**242,618**	97,342	79,240	**419,201**

Consolidated statement of cash flows

Figures in €k	(Note)	2022	2021
Net income		**143,912**	75,388
Depreciation and amortization		74,693	72,185
Write-downs of financial investments		1,097	2,585
Expenses (+), income (–) from income tax		48,708	16,340
Expenses (+), income (–) from interest		23,794	31,935
Change in provisions for pensions and other provisions		20,063	11,962
Interest received		582	376
Income taxes paid		–34,350	–10,404
Increase (+), decrease (–) in individual value adjustments for receivables and other assets		11	1,032
Gains (–), losses (+) from disposal of non-current assets		–2,391	–786
Write-ups of intangible assets, property, plant and equipment and right-of-use assets		–590	–161
Result from investments accounted for using the equity method		372	–560
Other non-cash gains (–) and expenses (+)		–32,255	–9,236
Gross cash flow		**243,647**	190,658
Increase (–), decrease (+) in inventories		–35,393	–56,099
Increase (–), decrease (+) in trade accounts receivable		–31,783	–38,612
Increase (–), decrease (+) in accounts receivable from affiliated companies		–194	–239
Increase (–), decrease (+) in other assets		–2,542	–2,068
Increase (+), decrease (–) in trade accounts payable		–1,672	13,398
Increase (+), decrease (–) in accounts payable to affiliated companies		408	383
Increase (+), decrease (–) in other liabilities		26,172	22,512
Cash flow from operating activities		**198,642**	129,933
Proceeds from disposal of intangible assets		11,099	–
Proceeds from disposal of property, plant and equipment		7,166	1,298
Proceeds from disposal of right-of-use assets		6,039	7,657

Continued on next page

CONTINUED

Consolidated statement of cash flows

Figures in €k	(Note)	2022	2021
Proceeds from disposal of other non-current financial assets		275	2
Capital expenditures on intangible assets		–4,489	–1,429
Capital expenditures on property, plant and equipment		–87,377	–68,122
Capital expenditures on right-of-use assets		–238	–1,379
Capital expenditures on investments accounted for using the equity method		–	–12,849
Capital expenditures on non-current financial investments		–	–20
Capital expenditures on other non-current financial assets		–1,805	–3,321
Cash flow from investing activities		**–69,330**	**–78,163**
Dividends paid to shareholder and owner		–4,750	–2,750
Dividends paid to minority interests		–9,509	–3,387
Proceeds from issuance of bonds		93,888	97,056
Payments for redemption of bonds		–95,569	–79,477
Proceeds from banks		53,436	47,692
Payments to banks		–48,670	–44,868
Payments in respect of leases		–14,851	–14,562
Payments for the partial acquisition of shares in a subsidiary without gain of control		–646	–2,756
Interest paid		–31,142	–28,108
Cash flow from financing activities		**–57,813**	**–31,161**
Changes in cash and cash equivalents due to cash transactions		71,499	20,608
Changes in cash and cash equivalents due to foreign exchange rates		–1,482	–589
Cash and cash equivalents at the beginning of the period		93,763	73,745
Cash and cash equivalents at the end of the period	(38)	**163,780**	93,763

Notes to the consolidated financial statements

Contents

Summary of significant accounting and valuation policies

Notes to individual items of the statement of income

Segment report

Notes to individual items of the consolidated balance sheet

Other disclosures

Summary of significant accounting and valuation policies

(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. PCC SE 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) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee (IFRS IC), which had been adopted by the European Commission for use in the EU by the reporting date and whose application was mandatory as of December 31, 2022. In addition, the requirements of Section 315e (3) HGB (German Commercial Code) in conjunction with Section 315e (1) HGB have been observed. The consolidated financial statements are based on the going concern principle.

The reporting date for the preparation of the consolidated financial statements is December 31, 2022, which is also the reporting date for the annual financial statements of PCC SE. The fiscal year of the Group corresponds to the calendar year.

The annual financial statements and subgroup financial statements of the subsidiaries included in the consolidated financial statements have also been prepared as at this reporting date. The financial statements of PCC SE and those of the consolidated subsidiaries have been prepared in accordance with uniform accounting and valuation policies.

The consolidated financial statements have been prepared in euros. The reporting currency is the euro. Unless otherwise indicated, all amounts are stated in thousands of euros (€ k); rounding differences may therefore arise.

Individual items of the balance sheet and the statement of income of the PCC Group have been partially aggregated in the interests of clarity. These items are explained in the Notes to the financial statements. The consolidated statement of income has been prepared using the nature of expense method.

In accordance with IAS 1.60, the PCC Group presents current and non-current assets and current and non-current liabilities in the balance sheet as separate classification groups, some of which are additionally broken down by their respective maturities as of December 31, 2022, in the Notes.

The Executive Board of PCC SE finalized these financial statements in their meeting of April 27, 2023, whereupon they were presented to the Supervisory Board for examination and approval, and then released to the operator of the German Federal Gazette for publication.

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

Mandatory standards and interpretations applied for the first time

The amendments to IFRS 3 Business Combinations include an update of the reference to the revised 2018 Conceptual Framework and an addition to IFRS 3 to require an acquirer to apply IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies instead of the Conceptual Framework to identify liabilities assumed in a business combination. In addition, IFRS 3 has been amended to state that an acquirer shall explicitly not recognize contingent assets.

The amendments to IAS 16 Property, Plant and Equipment prohibit the deduction from the cost of an item of property, plant and equipment of proceeds arising from the disposal of goods produced with the item before it is brought to its intended condition. Instead, the cost of production and the proceeds from the disposal of such goods are recognized through profit or loss.

The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relate to the definition of fulfillment costs in respect of onerous contracts. The definition has been clarified to the effect that settlement costs comprise the costs directly associated with the contract. These consist of the additional costs incurred by an entity in connection with the contract (e.g. direct labor and material costs) and the costs directly attributable to the contract (e.g. pro rata depreciation of property, plant and equipment used in the performance of the contract).

The annual improvements to IFRSs include a number of minor amendments to various standards to clarify existing requirements and correct existing inconsistencies.

The accounting standards listed in the table that are to be applied for the first time have no material impact on the consolidated financial statements of PCC SE.

Standards and interpretations applied for the first time Standard / Interpretation	Application mandatory per IASB as of	Application mandatory in the EU as of
Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework	January 1, 2022	January 1, 2022
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	January 1, 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract	January 1, 2022	January 1, 2022
Annual Improvements Project Cycle 2018 – 2020	January 1, 2022	January 1, 2022

Standards and interpretations for which application is not yet mandatory

The IASB has published the following standards and interpretations or amendments thereto that were not yet effective in fiscal 2022. Some of these standards and interpretations have not yet been endorsed by the EU and will not be applied by the PCC Group. The PCC Group is currently assessing the extent to which new standards and interpretations that are not yet mandatory will have an impact on the consolidated financial statements. It is currently expected that the standards and interpretations listed that are not yet mandatory will not have any material impact on the consolidated financial statements.

Standards and interpretations yet to be applied Standard / Interpretation	Application mandatory per IASB as of	Application mandatory in the EU as of
IFRS 17 Insurance Contracts	January 1, 2023	January 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 2: Disclosure of Accounting Policies	January 1, 2023	January 1, 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	January 1, 2023	January 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	January 1, 2023
Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	January 1, 2023
Amendments to IAS 1 Presentation of Financial Statements: – Classification of Liabilities as Current or Non-current – Classification of Liabilities as Current or Non-current – Deferral of Effective Date – Non-current Liabilities with Covenants	January 1, 2024	Not yet known
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	January 1, 2024	Not yet known
IFRS 14 Regulatory Deferral Accounts	January 1, 2016	No endorsement by EU

(3) Scope of consolidation

The consolidated financial statements of the PCC Group cover PCC SE and all material subsidiaries. Subsidiaries and associates 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	International
Jan. 1, 2021	**10**	**38**
Additions	–	1
Disposals / Mergers	–	1
Jan. 1, 2022	**10**	**38**
Additions	–	1
Disposals / Mergers	1	–
Fully consolidated subsidiaries at Dec. 31, 2022	**9**	**39**

In fiscal 2022, PCC Chemicals Corporation, Wilmington, Delaware, USA, was added to the scope of consolidation in the Holding & Projects segment. CATCH66 GmbH, Duisburg, Germany, was merged with PCC SE following the discontinuation of its business operations. In addition, PCC Specialties GmbH was renamed PCC Thorion GmbH; the business purpose of this affiliate was changed, and its registered office relocated to Duisburg.

(4) Consolidation methods

The consolidated financial statements of the PCC Group include the separate financial statements of PCC SE and all material German and international subsidiaries over which PCC SE exercises control, prepared on the basis of uniform accounting and valuation policies.

The subsidiaries are fully consolidated from the date of acquisition. The date of acquisition is the date on which the parent company gained control of these Group companies. Subsidiaries are included in the consolidated financial statements until control of these companies is no longer exercised.

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 aggregate of the fair values of the assets transferred, liabilities assumed from the former owners of the acquiree, and equity instruments issued by the Group in exchange for control of the acquiree. Any transaction costs associated with the business combination are recognized through profit or loss.

The purchase price is allocated to the acquired assets and liabilities at the date of initial consolidation. If this allocation results in a positive difference between the acquisition cost and the pro rata net assets acquired, this difference is capitalized as goodwill. In the event of a negative difference, this is immediately recognized as income in the statement of income. Any goodwill arising is tested for impairment at least once a year. Further details are provided in Note (19).

All intercompany receivables and payables as well as income and expenses are eliminated in the course of consolidation. Intercompany profits and losses, if material, are eliminated.

Investments in associated companies and joint ventures accounted for using the equity method are recognized in the consolidated balance sheet at cost. In subsequent periods, the equity method carrying amount is adjusted to reflect the Group's share of net income and dividends received. Any difference arising on initial consolidation is recognized using the equity method. The Group assesses at each reporting date whether there is any indication that an investment in an associate or joint venture may be impaired. If this is the case, the difference between the carrying amount and the recoverable amount is recognized as an impairment loss and included in "Result from investments accounted for using the equity method" in the consolidated statement of income.

(5) Explanatory notes to the accounting and valuation methods

Impact of the coronavirus pandemic and the war in Ukraine on the financial statements

Essentially, fiscal 2022 saw a continuation of the economic recovery that has followed the pandemic-related global slump in business activity of two years previous, albeit at a less pronounced rate than originally forecasted, with strict coronavirus restrictions and lockdowns in China slowing economic momentum and subduing global business development. High inflation rates put a brake on both private consumption and corporate investment. In addition, Russia's war of aggression on Ukraine and the associated sanctions in particular exacerbated the pressure on raw material availability, transport routes and supply chain stability. Scarce raw materials, limited transport options from Asia to Europe and continuing high demand for industrial products led to very sharp price increases for chemical commodities.

The aforementioned factors exerted varying effects on the diversified business portfolio of the PCC Group. Overall, the Chemicals business proved to be extremely robust as a result of continued high demand and correspondingly high capacity utilization of production facilities, as well as in some cases high price levels for many of the chemical commodities produced. The price increases led to high revenues and earnings contributions on the sales side. On the purchasing side, persistently high prices combined with further increases in inventories – a precautionary measure implemented to counter continuing transport and supply chain problems – resulted in an increase in working capital.

However, selling prices for silicon metal (Silicon & Derivatives segment) came under pressure in the course of 2022. One reason for this was declining demand from the aluminum industry, which is heavily dependent on the automotive sector. Another lay in increasing volumes from China entering the European market, with customers delaying purchases in anticipation of falling prices. At the same time, raw material purchase prices, including for coal, and transportation costs rose sharply as a result of the war in Ukraine.

Conditions prevailing in the intermodal transport business generally remained strained in 2022. Aside from a continuing imbalance on the international container market, the primary reason lay in increased costs for the trucking of containers. In addition, the establishment of a regular transport connection from the Ukrainian-Polish border to Poland's sea ports was inhibited due to the sometimes chaotic conditions in the border area and the partial congestion of said ports.

In view of the significant and continuing macroeconomic impact of the coronavirus pandemic and the war in Ukraine, Group management subjected the expected credit loss (ECL) model to a review and reassessment, taking into account all relevant factors. As in the previous year, the PCC Group did not incur any substantial bad debts in fiscal 2022. The activities of the PCC Group are not exposed to any significant individual sector risk, leaving customer credit risks as the primary factor in this regard. Consequently, the approach to determining default risk in respect of expected future bad debts remained unchanged. Trade accounts receivable are monitored on an ongoing basis and also increasingly with regard to potential pandemic-related defaults.

The major business units of the PCC Group carried out impairment tests on their assets and goodwill during the course of the fiscal year or as part of the preparation of their annual financial statements. These tests were prompted by changes in the market environment, currency developments and the associated updated budgets. Overall, this did not result in any significant need for impairment. The impairment losses recognized in the reporting year amounted to €0.9 million (previous year: €4.5 million).

Beyond the effects mentioned above, we did not identify any impact resulting from the coronavirus pandemic or the war in Ukraine on the net assets, financial position or results of operations of the PCC Group.

The development of the coronavirus pandemic remains dynamic. In addition, the war in Ukraine gives rise to political and economic risks that are beyond the control of the PCC Group. Both the further development of the coronavirus pandemic and the war in Ukraine may thus continue to give rise to increased risks in terms of value creation with, and the recoverability of, assets. The uncertainty that continues to prevail in the global economy could impact suppliers, customers and other business partners and lead, for example, to the disruption of supply chains, payment defaults or operational changes. The PCC Group will continue to carefully monitor the ensuing impacts. This also applies to the effects on inventories, trade accounts receivable and material assumptions relating to goodwill.

Property, plant and equipment

In accordance with IAS 16, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs for the repair and maintenance of property, plant and equipment are generally expensed. Regular maintenance of major items of plant and equipment or the replacement of significant components is capitalized where an additional future benefit is expected. Scheduled straight-line depreciation is based on the following useful lives:

Figures in years	Dec. 31, 2022	Dec. 31, 2021
Buildings and structures	4–75	4–75
Plant and machinery	2–30	3–30
Other facilities, factory and office equipment	3–30	3–37

For the useful lives of right-of-use assets, please refer to Note (21).

An item of property, plant and equipment is derecognized either upon disposal or when no further economic benefit is expected from its continued use. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statement of income in the period the asset is derecognized. Reversals of impairment losses are recognized in other operating income.

Residual values, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Intangible assets

Acquired intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. If the requirements for capitalization of internally generated intangible assets are met, these are also capitalized. Intangible assets are generally amortized on a straight-line basis over their estimated useful lives. Useful lives of between one and 42 years are assumed. With the exception of goodwill, intangible assets capitalized within the Group have finite useful lives. The intangible assets of the PCC Group mainly comprise concessions for the operation of technical facilities.

Research and development costs are accounted for in accordance with IAS 38 Intangible Assets. Research costs are expensed as incurred. Development costs are capitalized under certain conditions (see IAS 38.57) depending on the possible outcome of the development activities. Development costs of a project qualify for capitalization if the project is technically feasible and therefore internal use or sale of the asset is possible and there is also the intention and the means to complete and use or sell the asset. The assessment of this possible outcome requires significant assumptions by the respective management. Furthermore, the Group must demonstrate that the expenditure attributable to the intangible asset during its development can be reliably measured.

Inventories

Inventories are those assets that are consumed in the production process or in the rendering of services (raw materials and supplies), that are in the process of production (work in progress) or that are held for sale in the ordinary course of business (finished goods and merchandise). They are initially recognized at acquisition or production cost. Inventories are subsequently measured at the lower of cost, determined using the first-in, first-out (FIFO) method or the weighted average cost method, and net realizable value, which is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Borrowing costs

Directly attributable borrowing costs incurred in the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. They are capitalized until the asset is ready for its intended use. The relevant borrowing costs are recognized using the relevant interest rate. 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 a financial instrument. Financial assets are derecognized once the contractual rights to cash flows from the financial assets expire or the financial assets are transferred with all material risks and rewards. Financial liabilities are derecognized when the contractual obligations are discharged, canceled or expire. Regular-way purchases and sales of financial instruments are generally recognized on the transaction date, which is the date that the Group commits to purchase or sell the instrument.

Classification and measurement of financial instruments per IFRS 9

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

(a) **Financial instruments measured at amortized cost (aC)**
Financial assets are classified as aC if they are held within a business model that is designed to collect the contractual cash flows (strict business model condition). In addition, the asset 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 liabilities held exclusively for trading purposes, derivatives or liabilities for which the fair value option has been exercised. Within the PCC Group, the measurement category aC includes trade accounts receivable, as well as receivables and loans disclosed under other receivables and other assets, and other financial assets. Cash and cash equivalents are also included in 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.

Financial assets and liabilities are initially measured at fair value, which is generally the nominal value of the receivable or the loan amount granted. Non-interest-bearing or low-interest-bearing non-current receivables and loans 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 the financial assets or financial liabilities. Subsequent measurement of financial instruments classified as aC is at amortized cost using the effective interest method. 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 as FVtOCI if they are held in a business model for the purpose of both collecting contractual cash flows and making sales (moderated business model condition). In addition, the asset must be structured in such a way that it only gives rise to fixed-term cash flows that represent interest payments and repayments of principal in relation to the provision of capital (cash flow condition). Equity instruments never satisfy the cash flow condition, but may be voluntarily measured as FVtOCI. Within the PCC Group, investments in subsidiaries that are not fully consolidated for reasons of materiality are allocated to the FVtOCI measurement category. This category also includes investments in associates and joint ventures that are included in the consolidated financial statements using the equity method. Financial liabilities may not be allocated to the FVtOCI category. They are initially recognized at fair value, which in most cases corresponds to cost. Transaction costs directly attributable to the acquisition or issuance of financial assets are added to the fair value of the financial assets. Changes in fair value on subsequent measurement are deferred directly in equity and only recognized in profit or loss on disposal (recycling). Conversely, amounts recognized for equity instruments remain in equity upon disposal of the financial instrument (no recycling).

(c) Financial instruments at fair value through profit or loss (FVtPL)
All financial instruments that do not meet the conditions for inclusion in the first two categories are generally allocated to the FVtPL category. These include equity instruments, unless they have been voluntarily allocated to the FVtOCI category, derivatives and all other financial instruments held for trading purposes. In addition, in certain cases, the fair value option for the classification of financial instruments can be exercised voluntarily, but then irrevocably. The initial and subsequent measurement of financial instruments in the FVtPL category is at fair value. 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 offset and presented as a net amount in the balance sheet only when there is a legally enforceable right to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

An accounting provision for expected impairment losses is recognized in respect of financial assets measured at amortized cost. For trade accounts receivable, expected default rates are determined on the basis of historical defaults and future estimates (Stage 2 of the impairment model). In order to take into account the business model, the respective customer structure and the economic environment of the geographical region, specific default rates are determined for the individual Group companies. Additional differentiation is made by classifying the receivables portfolio on the basis of the length of time overdue. If there is objective evidence that trade receivables or other financial assets measured at amortized cost are impaired, they are tested individually 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 there is other substantial evidence of impairment, such as a significant deterioration in creditworthiness. Impairment losses are recognized in an allowance account on the asset side of the balance sheet. The gross value and the allowance (value adjustment) are not derecognized until the receivable is uncollectible. For reasons of materiality, no expected impairment losses are recognized in respect of contract assets or other financial assets.

Derivative financial instruments are initially measured at the fair value attributable to them on the date on which the contract is entered into. Subsequent measurement is also at fair value as of the respective reporting date. The method of recognizing gains and losses depends on whether the derivative financial instrument has been designated as a hedging instrument and, if so, on the nature of the hedged item. The PCC Group designates certain derivative financial instruments either (a) as a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge), (b) as a hedge of the exposure to variability in cash flows associated with a recognized asset or liability or an anticipated highly probable forecasted transaction (cash flow hedge), or (c) as a hedge of a net investment in a foreign operation (net investment hedge). In the year under review and in the previous year, the PCC Group only had cash flow hedges.

At the inception of the transaction, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of its risk management and the underlying strategy for undertaking the hedge. In addition, at the inception of the hedge and on an ongoing basis, the

Group documents its assessment of whether the derivatives that are used in hedging transactions extensively compensate for changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognized in other comprehensive income. The ineffective portion of such changes in fair value is recognized directly through profit or loss. Amounts deferred in equity are reclassified to the statement of income in the period in which the hedged item affects profit or loss.

When a hedge expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity and is not recognized in the statement of income until the originally hedged future transaction occurs. If the future transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately transferred to the statement of income.

Trade accounts receivable

Trade accounts receivable are stated at amortized cost. Receivables sold under open factoring arrangements are derecognized at the time of purchase by the factor. Only the remaining pro rata amount that is not purchased continues to be recognized in receivables. In the case of silent factoring, the receivable is not derecognized until the factor makes payment. At the same time, a receivable is recognized in a settlement account with the factor under other assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, checks and bank balances with an original maturity of up to three months, as well as highly liquid short-term financial investments. They are measured at amortized cost.

Trade accounts payable; bank overdrafts

Trade accounts payable, bank overdrafts and other liabilities are stated at their repayment amount.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Non-current provisions are recognized at the present value of future outflows 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 and deferred tax assets are essentially recognized for all taxable temporary differences. Deferred tax assets are recognized on unused tax losses carried forward only to the extent that it is probable that taxable profit will be available against which such claims can be utilized. The carrying amount 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 wholly or partially realized. Deferred income tax claims 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 realization of the deferred tax asset. Deferred tax liabilities and deferred tax assets are netted where there is a legally enforceable right to do so and where they involve the same tax jurisdiction. 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 specified period of time in return for payment of a consideration.

Leases in which the PCC Group is the lessee are accounted for using the rights-of-use model. For leases with a term of less than twelve months (short-term leases) and for leases involving low-value assets, the exemption per IFRS 16.5 is applied. The right-of-use asset and lease liability are not recognized for these leases. 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 measurement of lease liabilities. Application of the exemption allowed under IFRS 16.15 eliminates the need to distinguish between lease payments and payments for non-lease components. The existing payment obligations are discounted at the PCC Group's incremental borrowing rate where it is not possible to determine the implicit interest 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 increase the acquisition value of the right of use, while lease incentives received reduce it. Subsequently, the right-of-use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The lease liability is amortized using the effective interest method.

Contractually defined renewal, extension, purchase and termination options ensure future operational flexibility for the PCC Group 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 renewal 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.

Revenue recognition

In accordance with IFRS 15, the PCC Group realizes its sales revenues mainly through the sale of self-manufactured chemical products, through the trading of chemical raw materials and commodities, and through the provision of comprehensive logistics and transport services. In addition, the Group generates sales from electricity generation and trading based on both conventional and renewable energy sources.

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

1. Identification of contracts 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 taxes / value-added tax, discounts, allowances and rebates, when, or as, the customer obtains control of and benefits from the goods and / or services. The majority of the performance obligations of the PCC Group are performed at a point in time. The relatively minor recognition of revenue over a period of time occurs primarily in the sale of electricity and the rendering of services. In principle, the sales transactions of the PCC Group are not based on any significant financing component. The average payment term is 13 days.

The Group recognizes contractual liabilities in respect of performance obligations that have not yet been fulfilled but for which the customer has already provided consideration, and discloses these amounts under other liabilities in the balance sheet. However, when the Group satisfies a performance obligation, the Group recognizes the right to consideration as a contract asset in other receivables and other assets, unless said claim is not 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 receive payment is established.

Government grants

Government grants pursuant to IAS 20 are recognized in the consolidated financial statements of the PCC Group as deferred income to the extent that it is certain that the conditions attached to the grants will be fulfilled and that the grants will actually be received. The reversal is recognized in the statement of income under other operating income over the depreciable life of the related asset.

Exploration for and evaluation of mineral resources

Expenditure on successful exploration wells and on non-successful development wells is capitalized in accordance with IFRS 6. These expenditures are generally recognized as assets under construction until exploration is completed. When a positive discovery is made and production begins, the expenditure is reclassified to plant and machinery. The capitalized expenses are amortized over the maximum number of production years determined by expert appraisal. Should an annual review of the discoveries result in a change in this period, the amortization period is adjusted accordingly. If, in subsequent periods, it is also determined that the finds are unusable, an impairment loss is recognized.

Foreign currency translation

The consolidated financial statements are presented in euros, the functional currency of the parent company.

Each entity within the Group determines its own functional currency. Items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially translated into the functional currency at the spot rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at each reporting date using the spot exchange rate at that date. All exchange differences are recognized through profit or loss. Exceptions to this rule are translation differences arising from foreign currency borrowings to the extent that they are accounted for as hedges of a net investment in a foreign operation. These are deferred directly in equity until the disposal of the net investment and are only recognized in the statement of income upon such disposal. Deferred taxes arising from the translation differences of these foreign currency loans are likewise recognized directly in equity.

For entities whose functional currency is the euro, non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate applicable at the date when the fair value was determined.

Any assets and liabilities resulting from the acquisition of a foreign operation are recognized as assets and liabilities of the foreign operation and translated at the closing spot rate. For entities whose functional currency is not the euro, the assets and liabilities of the foreign operation are translated into euro at the closing rate. Income and expenses are translated at the weighted average exchange rate for the fiscal year. The resulting translation differences are recognized as a separate component of equity. The cumulative amount recognized in equity for a foreign operation is released to income upon disposal of that foreign operation.

The exchange rates of the major currencies used in the consolidated financial statements are shown in the table opposite:

	Closing rate		Average rate	
Foreign currency exchange rate for € 1	**Dec. 31, 2022**	Dec. 31, 2021	**2022**	2021
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)	**2.7013**	2.8826	**2.9411**	3.0050
Czech koruna (CZK)	**24.1160**	24.8580	**24.5660**	25.6400
Icelandic króna (ISK)	**151.5000**	147.6000	**142.2400**	150.1500
North Macedonian denar (MKD)	**61.4932**	61.6270	**61.6517**	61.6275
Malaysian ringgit (MYR)	**4.6984**	4.7184	**4.6279**	4.9015
Polish złoty (PLN)	**4.6808**	4.5969	**4.6861**	4.5652
Romanian leu (RON)	**4.9495**	4.9490	**4.9313**	4.9215
Russian ruble (RUB)	**79.2258**	85.3004	**74.1251**	87.1527
Thai baht (THB)	**36.8350**	37.6530	**36.8562**	37.8368
Turkish lira (TRY)	**19.9649**	15.2335	**17.4088**	10.5124
Ukrainian hryvnia (UAH)	**38.9510**	30.9226	**33.9954**	32.3009
US dollar (USD)	**1.0666**	1.1326	**1.0530**	1.1827

Use of assumptions and estimates

The preparation of the consolidated financial statements for the year ended December 31, 2022 in conformity with IFRSs requires management to make a number of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and also the reported amounts of revenues and expenses during the reporting period. The main areas in which assumptions and estimates are used are in determining the useful lives of non-current assets and in the recognition and measurement of other provisions, pension provisions and corporate income taxes. Estimates are also used in determining lease terms and in calculating the discount rate in accounting for leases. Furthermore, in order to determine whether goodwill is impaired, it is necessary to determine the value-in-use of the cash-generating unit to which the goodwill is allocated. The calculation of the value-in-use requires an estimate of future cash flows from the cash-generating unit and a suitable discount rate for the present value calculation. In addition, such judgments, estimates and assumptions are subject to increased uncertainty due, in particular, to the significant volatility prevailing in the energy markets as a result of the war in Ukraine and the consequences of the coronavirus pandemic. Estimates are based on experience, empirical values and other assumptions that are believed to be reasonable under the circumstances. They are reviewed on an ongoing basis but may differ from actual outcomes and figures that come to light. In light of both the war in Ukraine and the coronavirus pandemic, it is difficult to predict the duration and extent of potential effects on the net assets, financial position, results of operations and cash flows. The carrying amounts of the items affected by estimates and assumptions can be found in the corresponding sections of these Notes or in the balance sheet.

Notes to individual items of the statement of income

(6) Sales revenue

Sales in fiscal 2022 amounted to € 1,324.7 million (previous year: € 979.6 million). This includes € 0.4 million (previous year: € 0.4 million) in sales proceeds from contractual obligations at the beginning of the reporting period. Revenues comprised € 1,186.9 million from the sale of goods and € 137.8 million from the provision of services, whereby the provision of services relates primarily to transport services.

The majority of revenues from the sale of goods relate to the manufacture and sale of chemical products, which are mainly recognized at a point in time. In total, sales recognized at a specific point in time amounted to € 1,296.4 million and sales recognized over a specific period of time totaled € 26.3 million. Group sales in the reporting segments are distributed across various geographical markets. For more information, please refer to the segment report under Note (17).

(7) Other internal costs capitalized

The total of other internal costs capitalized essentially derives from manufacturing costs in respect of work or assets capitalized, with any material intercompany profits eliminated. This item increased from € 8.8 million in the previous year to € 12.8 million in fiscal 2022.

(8) Purchased goods and services

Figures in € k	2022	2021
Cost of raw materials, supplies and merchandise	699,238	521,137
Cost of external services	139,799	116,209
Transportation and warehouse costs	26,620	24,827
Cost of purchased goods and services	**865,657**	**662,174**

The cost of purchased goods and services increased by € 203.5 million or 30.7 % year on year to € 865.7 million. The main reason for this was the sharp rise in raw material prices, which reached historic highs, partly as a result of supply chain problems. In addition, the European energy crisis led some suppliers to reduce capacities or temporarily shut down plants completely. The first full year of production at the silicon metal plant added to this increase, while ongoing optimization of the raw material mix and production processes and the associated reduction in raw material usage had a countervailing positive effect.

(9) Personnel expenses

Figures in € k	2022	2021
Wages and salaries	123,185	95,436
Social security contributions	20,293	15,953
Pension costs	116	1,142
Personnel expenses	**143,594**	**112,531**

Personnel expenses increased by € 31.1 million or 27.6 %, from € 112.5 million in the previous year to € 143.6 million in fiscal 2022. This development was mainly due to a shortage of skilled workers coinciding with inflation-related pressure on payroll costs. In addition, there was an increase in variable remuneration components due to the very good annual results delivered by various subsidiaries and also by the PCC Group as a whole. The number of employees at the reporting date increased by 2.4 % from 3,311 to 3,391.

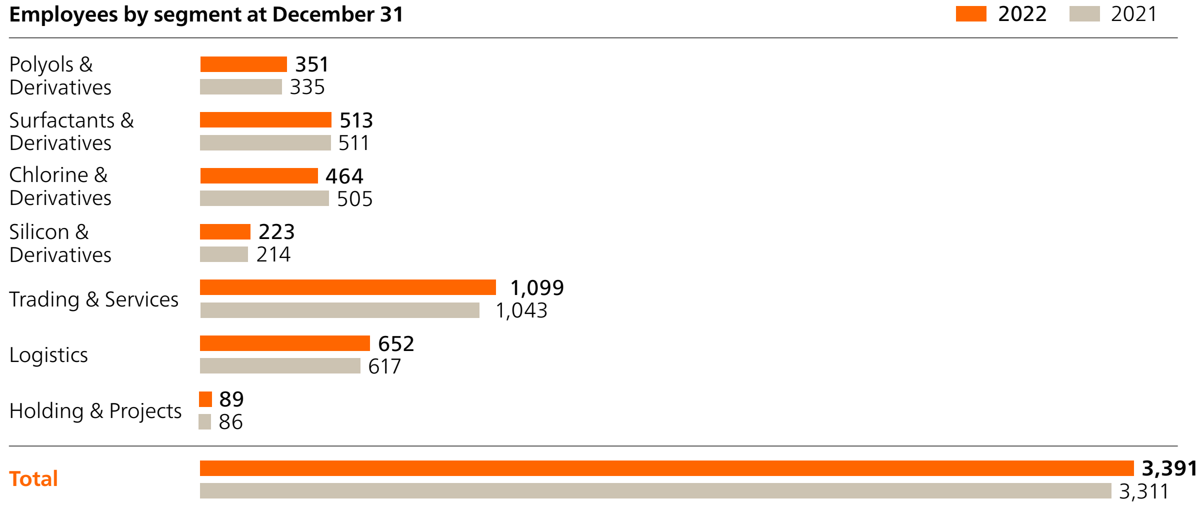
	Dec. 31, 2022	Dec. 31, 2021
Salaried employees	1,800	1,683
Waged employees	1,591	1,628
Total employees at year-end	**3,391**	3,311

The companies of the PCC Group employed an average of 3,358 people in 2022 (previous year: 3,266), an increase of 92 or 2.8 % year on year.

	2022	2021
Salaried employees	1,767	1,638
Waged employees	1,591	1,628
Total employees (average for the year)	**3,358**	3,266

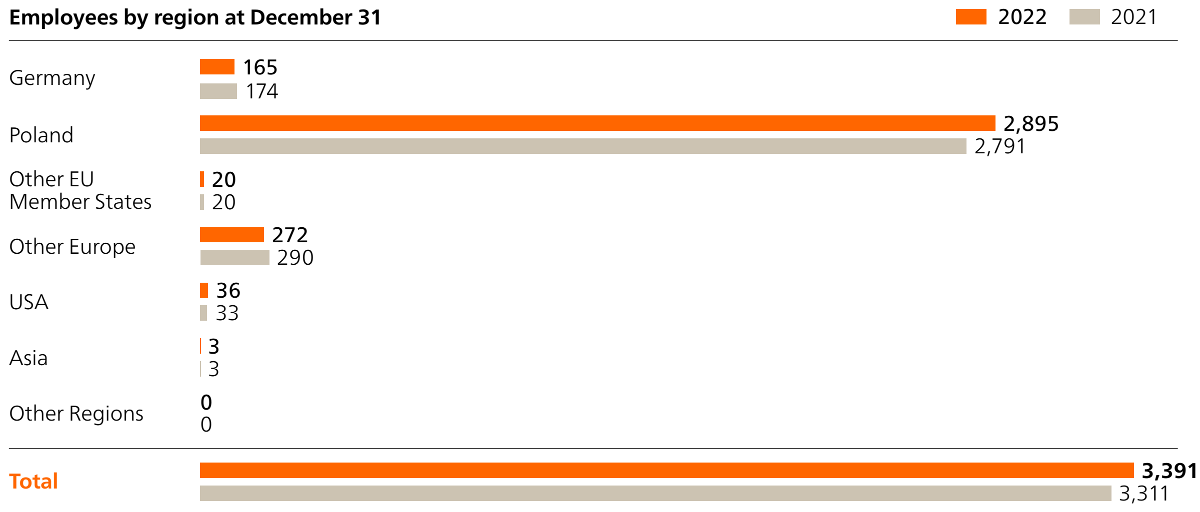
The adjacent graphics show the breakdown of the number of employees by Group segment at the reporting date. The majority of the increase was attributable to the Trading & Services segment. In addition, the number of employees in the Logistics segment increased as the Intermodal Transport business unit experienced further expansion. The number of employees as of December 31, 2021 has been restated from the previous year's report in line with the new segment structure.

Employees by segment at December 31



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

Employees by region at December 31



(10) Other operating income

Other operating income increased by € 1.8 million from € 29.8 million in the previous year to € 31.6 million in the past fiscal year. The increase is mainly attributable to higher income from insurance reimbursements received following the fire at a tanker truck cleaning facility. In addition, income from costs recharged increased by € 2.9 million to € 3.3 million and income from the disposal of property, plant and equipment by € 2.5 million to € 3.6 million in fiscal 2022.

Countervailing the increase in total other operating income, the compensation payments received in the fiscal year in connection with CO_2 certificates decreased. These were paid by the Polish government in the amount of € 5.5 million in fiscal 2022 to offset price increases for CO_2 certificates and had amounted to € 10.2 million in the previous year.

Income from the sale of energy efficiency certificates amounted to € 1.7 million in the past fiscal year, also down on the previous year's figure of € 3.0 million. These certificates were granted free of charge on application for particularly energy-saving investments. All certificates not required to cover the Group's own energy needs were sold.

As in the previous year, sundry other operating income is made up of various individual items that are not in themselves material.

Figures in € k	2022	2021
Income from insurance reimbursements	5,661	1,170
Compensation in connection with CO_2 certificates	5,483	10,167
Income from disposal of property, plant and equipment	3,615	1,109
Income from costs recharged	3,302	440
Income from sale of energy efficiency certificates	1,695	3,014
Income from contractual penalties received	967	507
Income from reversal of other provisions	857	379
Income from write-ups on property, plant and equipment	589	162
Income from the reversal of value adjustments and ECL on accounts receivable	291	262
Rental and similar income	243	46
Income from derivatives	86	30
Income from the waiver of purchase commitments	–	4,587
Sundry other operating income	8,840	7,929
Other operating income	**31,627**	**29,801**

(11) Other operating expenses

In fiscal 2022, other operating expenses increased by €22.6 million or 29.7 % from €76.3 million to €98.9 million.

As in the previous year, maintenance and repairs were the largest single item at €23.2 million. The expenses were mainly attributable to the asset-intensive business activities of the chemical sites. The other taxes item includes all tax expenses apart from taxes on income. Domestic and foreign income taxes and deferred taxes are shown separately in the tax result and explained in Note (16). In the year under review, other taxes amounted to €6.4 million, €0.3 million higher than the previous year's figure of €6.1 million.

As in the previous year, the sundry other operating expenses item comprises various individual items that are not in themselves material. Research and development expenses for the year under review were recognized in the amount of €14.3 million (previous year: €5.1 million).

Figures in €k	2022	2021
Maintenance and repair expenses	23,233	16,026
Legal, other consultancy and audit expenses	8,380	7,205
Insurance premiums	8,300	6,521
General business expenses	7,558	6,079
Other taxes	6,420	6,102
Travel and hospitality expenses	4,233	2,746
Rent and similar expenses	4,090	4,090
Non-wage personnel expenses	2,838	2,051
Marketing, selling and distribution expenses	2,088	1,649
Losses on disposal of property, plant and equipment	1,238	319
Increase in individual value adjustments and ECL on accounts receivable	255	166
Sundry other operating expenses	30,242	23,300
Other operating expenses	**98,876**	76,254

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

Due to the loss allocations exceeding the equity value of OOO DME Aerosol, Pervomaysky (Russia), the equity value for this company is shown as zero. The losses are carried forward in a sub-ledger and initially offset against future profits before a positive share of earnings is recognized in the consolidated statement of income. In the reporting year, a loss in the amount of the company's positive pro-rata share of net income of €0.8 million was reversed. As of December 31, 2022, the accumulated losses thus amounted to €4.1 million (previous year: €4.9 million).

The equity valuation of IRPC Polyol Company Ltd., Bangkok (Thailand), was uprated in the reporting year primarily due to the positive pro rata annual result of the company and amounted to €2.2 million as of the reporting date (previous year: €1.6 million). The other changes relate to foreign exchange effects.

The equity valuation of PCG PCC Oxyalkylates Sdn. Bhd., Kuala Lumpur (Malaysia), was downrated in the year under review by the negative pro rata net profit of the company and amounted to €13.1 million at the reporting date (previous year: €14.0 million).

PCC SE has provided guarantees to the financing banks of PCG PCC Oxyalkylates Sdn. Bhd. and OOO DME Aerosol. At the time of preparation of these financial statements, there is no expectation that these guarantees will be utilized.

Figures in €k	2022	2021
Equity value at Jan. 1	**15,573**	**2,164**
Additions	–	12,849
Proportionate net income / loss for the year	429	579
Reversal of negative value carried forward	–801	–18
Other changes	63	–1
Equity value at Dec. 31	**15,263**	**15,573**

	OOO DME Aerosol		IRPC Polyol Company Ltd.		PCG PCC Oxyalkylates Sdn. Bhd.	
Figures in €k	2022	2021	2022	2021	2022	2021
Statement of income data						
Sales revenue	8,957	7,768	43,428	44,720	–	–
EBITDA	3,687	2,041	1,903	2,506	–1,398	–584
EBT	2,055	–147	952	1,889	–1,739	–763
Net income / loss for the year	1,602	–146	995	2,066	–1,740	–763
Balance sheet data at Dec. 31						
Non-current assets	21,585	21,433	6,349	6,501	72,490	31,539
Current assets	2,023	1,836	13,094	24,168	3,572	18,731
Non-current liabilities	28,438	29,285	2,732	2,812	42,386	13,283
Current liabilities	3,584	3,191	12,220	24,440	6,094	7,811

(13) Depreciation and amortization

Depreciation and amortization amounted to €74.7 million in the past fiscal year (previous year: €72.2 million). Amortization of intangible non-current assets related to industrial property rights and similar rights. No impairment losses were recognized on goodwill either in the year under review or in the previous year. Further information on goodwill can be found in Note (19). Impairment losses of €1.5 million (previous year: €4.5 million) were recognized on intangible assets, property, plant and equipment and right-of-use assets in fiscal 2022. A large part of this relates to property, plant and equipment in the Chlorine & Derivatives and Polyols & Derivatives segments. In the previous year, impairment losses mainly related to spare parts in the Chlorine segment and property, plant and equipment in the Logistics and Energy segments.

Figures in €k	2022	2021
Amortization of intangible assets	2,084	2,187
Depreciation of property, plant and equipment	58,940	57,294
Depreciation of right-of-use assets	13,669	12,704
Depreciation and amortization	**74,693**	72,185

(14) Interest result

The result from interest income and interest expense increased by 25.5 % from € –31.9 million in the previous year to € –23.8 million in the past fiscal year. The individual items are listed in detail in the adjacent table.

As in the previous year, the largest single item was the interest payable on bonds, which at € 18.4 million was € 1.9 million lower year on year. Both the parent company of the PCC Group and several subsidiaries issue bonds for the purpose of financing capital expenditures and refinancing maturing liabilities. Note (32) provides a detailed presentation of the liabilities arising from bonds and their maturities. In accordance with IAS 23, interest incurred on investment projects that constitute qualifying assets is capitalized during their construction period. In the past fiscal year, interest expense of € 2.4 million (previous year: € 1.9 million) was capitalized. The financing cost rate was 4.6 % (previous year: 4.5 %). The weighted interest rate of all interest-bearing liabilities was 4.3 % in the year under review (previous year: 3.6 %).

Figures in € k	2022	2021
Interest and similar income	**10,117**	3,502
Interest income from deposits	254	0
Interest income on bank balances	1,592	1,768
Interest income from discounting non-current provisions	155	–
Interest income from derivative financial instruments	7,513	840
Interest income from loans to affiliated companies	603	894
Interest and similar expenses	**33,910**	35,437
Interest expense on bearer bonds	18,395	20,261
Interest expense on bank liabilities	13,444	11,760
Interest expense from factoring arrangements	185	91
Interest expense from discounting non-current provisions	175	176
Interest expense on leases	1,566	1,360
Interest expense from derivative financial instruments	145	1,787
Interest expense on loans received from affiliated companies	1	1
Net interest result	**–23,794**	–31,935

(15) Foreign currency translation result

Income and expenses from foreign currency translation are included in the financial result. Both gains and losses from foreign currency translation increased by a similar amount versus the previous year. Income from currency translation rose by €35.6 million to €66.7 million (previous year: €31.1 million). Expenses from currency translation increased by €34.4 million to €64.6 million (previous year: €30.2 million). The background to this is the exchange rate developments of the currencies of relevance to the PCC Group, essentially the Polish złoty and the US dollar. On balance, the result is positive at €2.1 million, up €1.2 million on the previous year's figure of €0.9 million.

Figures in €k	2022	2021
Exchange rate gains	66,744	31,161
Exchange rate losses	64,620	30,238
Foreign currency translation result	**2,123**	923

(16) Taxes on income / Tax expense

Taxes on income comprise income taxes paid or owed in the individual countries and deferred taxes recognized through profit or loss. Taxes on income comprise trade tax, corporate income tax, solidarity surcharge and the corresponding foreign income taxes. Other taxes amounting to €6.4 million (previous year: €6.1 million) include property taxes, wealth taxes and other comparable types of tax. They are allocated to other operating expenses.

Figures in €k	2022	2021
Current taxes on income, Germany	3,614	1,924
Current taxes on income, abroad	36,691	14,740
Current income tax expense	**40,305**	16,664
Expenses (+) / income (–) from deferred taxes	8,403	–324
Taxes on income	**48,708**	16,340
Other taxes incl. sales taxes, VAT, customs, excise and other duties	6,420	6,102
Tax expense	**55,128**	22,442

The effective tax rate of the PCC Group in the year under review was 25.3 % (previous year: 17.8 %). The relationship between the actual tax expense or income and that expected on the basis of the consolidated net income is shown in the following table. As in the previous year, the expected tax expense or income is based on a simplified income tax rate of 30 %.

Figures in € k	2022	2021
Earnings before taxes	**192,620**	91,728
Anticipated income tax charge at parent company tax rate	57,786	27,518
Foreign tax rate differentials	18,973	9,899
Results from investments accounted for using the equity method	372	–560
Permanently non-taxable income	–29,233	–19,164
Permanently non-deductible expenses	28,725	11,564
Deduction of losses on which deferred taxes have been recognized	–1,782	–338
Deduction of losses on which no deferred taxes have been recognized	–1,268	–2,465
Taxes relating to other periods	–2,223	–1,454
Result in special economic zones	–22,139	–44,176
Permanent differences	5,489	–2,812
Other effects	–5,993	38,327
Effective income tax	**48,708**	16,340

Individual Group companies have tax losses that can be carried forward. The following table shows the timeframes in which tax loss carryforwards can be utilized and for which deferred taxes have been recognized. The amount changed by €–23.4 million compared with the previous year, mainly as a result of increased profits. Tax loss carryforwards on which no deferred taxes have been recognized amounted to € 191.5 million (previous year: € 131.2 million) and mainly arose at the Group holding company.

Figures in € k	Dec. 31, 2022	Dec. 31, 2021
Usable within:		
1 year	–	24
2 years	663	110
3 years	–	1,476
4 years	423	–
5 years and thereafter	91,781	113,985
Can be carried forward indefinitely	5,316	6,021
Usable tax loss carryforwards	**98,184**	121,616

Segment report

(17) Business segment report

In previous years, the PCC Group was managed in the five chemicals segments Polyols, Surfactants, Chlorine, Specialty Chemicals and Consumer Products, together with the three further segments Energy, Logistics and Holding / Projects. In order to take account of both the development of the PCC Group in recent years and the rapidly changing market environment, the Executive Board of PCC SE decided to re-align the segment structure. Major changes ensued as follows: The Specialty Chemicals segment was dissolved and the business units previously managed therein reassigned to the new segments **Polyols & Derivatives**, **Surfactants & Derivatives** and **Chlorine & Derivatives**. The Commodity Trading business unit was transferred to the newly created Trading & Services segment. The Energy segment was dissolved and the business units managed in the Conventional Energies business unit were transferred to the new **Trading & Services** segment. The small hydropower plants and project companies in the Renewable Energies business unit were integrated into the **Holding & Projects** segment. A **Silicon & Derivatives** segment was newly created as a home for the silicon metal business, which was reclassified from the Holding / Projects segment, and the related upstream activities of the quartzite quarry, which was reassigned from the Specialty Chemicals segment. The Consumer Products segment was transferred to the Surfactants & Derivatives segment as a downstream activity. All prior-year figures contained in this report have been restated to reflect the new segment structure in accordance with IFRS 8.

Segments and business units of the PCC Group

Segments	Polyols & Derivatives	Surfactants & Derivatives	Chlorine & Derivatives	Silicon & Derivatives	Trading & Services	Logistics	Holding & Projects
Business units	– Polyols – Polyurethane Systems – Alkylphenols	– Anionic Surfactants – Non-ionic Surfactants – Amphoteric Surfactants (Betaines) – Household and Industrial Cleaners, Detergents and Personal Care Products	– Chlorine – Chlorine Downstream Products – MCAA – Phosphorus and Naphthalene Derivatives	– Quartzite – Silicon Metal	– Commodity Trading – Services	– Intermodal Transport – Road Haulage – Rail Transport	– Portfolio Management – Project Development

The PCC Group currently operates with more than 3,300 employees at 39 locations in 17 countries. Since the reorganization of the segment structure of the PCC Group in fiscal 2022, the investment portfolio has been divided into seven segments (previously eight segments). The six segments Polyols & Derivatives, Surfactants & Derivatives, Chlorine & Derivatives, Silicon & Derivatives, Trading & Services and Logistics bear full operational responsibility. A total of 18 business units are assigned to these segments, which are managed by the international companies and entities of PCC. The seventh segment, Holding & Projects, includes not only the holding company PCC SE but also other companies and entities that either function as intermediate holding companies or are still in the project development stage. These include PCG PCC Oxyalkylates Sdn. Bhd. (oxyalkylates project in Malaysia) and the newly established PCC Chemicals Corporation, Wilmington (Delaware, USA).

The pooling of the businesses into the six operating segments strengthens synergy effects and sharpens the profile of the individual units and entities, very much in keeping with the PCC Group's strategy of active investment portfolio management and ongoing optimization. The management of assets and investments, and the examination of further acquisitions with the aim of achieving competence-related diversification into new market segments are at the heart of Group policy. In the long term, this is intended to secure sustainable growth and continuously increase the enterprise value of PCC.

The **Polyols & Derivatives** segment comprises the Polyols, Polyurethane Systems and Alkylphenols business units. Polyols are the basic ingredients of polyurethane (PU) foams. They have a wide range of applications in a variety of sectors, from the PCC foam technology iPoltec® for high-comfort mattresses to PU foam systems for the effective and climate-friendly thermal insulation of buildings.

The **Surfactants & Derivatives** segment comprises the business units Anionic Surfactants, Non-ionic Surfactants, Amphoteric Surfactants (Betaines) and Household and Industrial Cleaners, Detergents and Personal Care Products. 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.

The **Chlorine & Derivatives** segment comprises the business units Chlorine, Chlorine Downstream Products, MCAA and Phosphorus and Naphthalene Derivatives. Chlorine is not only one of the most widely used basic substances in the chemical industry, it is also an indispensable part of many people's everyday lives: in a swimming pool, for example, it acts as a disinfectant to protect against pathogens. 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.

The **Silicon & Derivatives** segment is divided into the business units Quartzite and Silicon Metal. Silicon metal is used, among other things, in the aluminum industry as an alloying element for automotive production purposes and in the chemical industry, e.g. for the production of silicones and silanes. An appreciable long-term increase in demand is predicted for silicon metal due to the advent of new applications related to climate protection. PCC SE uses electricity from 100 % renewable sources for its production. The starting material quartzite for silicon metal production is extracted by PCC SE in the Group's own quartzite quarry in Zagórze, Poland.

The **Trading & Services** segment comprises the two business units Commodity Trading and Services. Its petrochemical and carbon commodities trading portfolio includes chemical raw materials, in particular coke oven by-products such as crude tar and crude benzene. The portfolio of the Services unit encompasses IT services and the Conventional Energies business area. The combined heat and power plant of PCC SE at the Brzeg Dolny (Poland) chemicals site supplies the production facilities there with electricity and process steam, while also providing large parts of the town with district heating energy.

The **Logistics** segment comprises the Intermodal Transport, Road Haulage and Rail Transport business units. PCC SE is one of the leading providers of container transport services in Poland. Its logistics network extends from Eastern Europe to the Benelux countries and, via the New Silk Road, to China and other Asian hubs. PCC SE has five Group-owned container terminals and rail licenses in Poland and Germany. The tanker fleet of PCC SE specializes in the Europe-wide road haulage of liquid chemicals.

The **Holding & Projects** segment is divided into the two business units, Portfolio Management and Project Development. Assigned to this segment are units that are in the planning and development phase – such as the construction of a production plant for oxyalkylates in Malaysia, a project being implemented in harness with PETRONAS Chemicals Group Berhad. Such investment projects are not assigned to the respective operating units until after the start of production. This relieves them of the burden of project management while also making effective use of the project experience of the Group's corporate management. This segment is also responsible for management of our environmentally friendly small hydropower plants and project companies in the Renewable Energies business area.

The valuation principles for segment reporting are based on the valuation principles used in the consolidated financial statements. Intra-group transactions are generally treated as if they were conducted between third parties. In accordance with IFRS 8, operating segments are defined on the basis of internal reporting on the Group's business areas whose operating results are regularly reviewed by the chief operating decision-maker for the purpose of allocating resources to the segments and in order to assess 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.

At € 1,324.7 million, consolidated sales in fiscal 2022 exceeded the billion-euro mark, up € 345.0 million or 35.2 % on the previous year's sales of € 979.6 million. This was mainly due to a sharp rise in average selling prices for many products, with higher volumes providing a further boost. All six operating segments of the PCC Group contributed to this positive sales performance. With revenues of € 388.5 million, the Chlorine & Derivatives segment was the main top-line contributor. Compared to the previous year's sales of € 209.1 million, this represents an increase of € 179.4 million or 85.8 %.

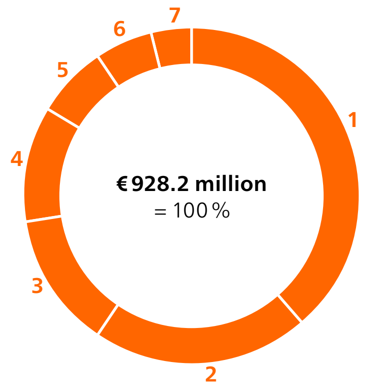
Sales 2022 by segment in %

1	Chlorine & Derivatives	29.3 %
2	Polyols & Derivatives	19.6 %
3	Surfactants & Derivatives	17.5 %
4	Trading & Services	14.5 %
5	Logistics	10.4 %
6	Silicon & Derivatives	8.5 %
7	Holding & Projects	0.2 %

Its share of Group sales consequently increased to 29.3 % (previous year: 21.3 %). With revenues of € 231.8 million, the Surfactants & Derivatives segment also posted a significant increase of € 73.7 million or 46.6 % compared to the previous year's figure of € 158.1 million. Its share of total sales of the PCC Group increased by 1.4 percentage points to 17.5 % (previous year: 16.1 %). Sales of the Polyols & Derivatives segment amounted to € 259.8 million, readily matching the high level of the previous year (€ 255.7 million). Its share of Group sales decreased to 19.6 % (previous year: 26.1 %). Sales in the Silicon & Derivatives segment came in at € 112.4 million, more than double the previous year's figure (€ 48.1 million).

Property, plant and equipment 2022 by segment in %

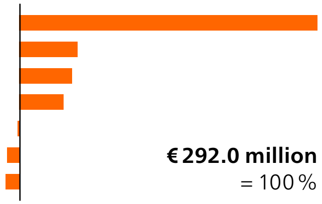
1	Silicon & Derivatives	38.9 %
2	Chlorine & Derivatives	20.9 %
3	Trading & Services	13.0 %
4	Logistics	11.2 %
5	Surfactants & Derivatives	6.9 %
6	Polyols & Derivatives	5.5 %
7	Holding & Projects	3.7 %



This significant increase was mainly due to the first full-year operation of the silicon metal plant in Iceland. The segment's share of Group sales was 8.5 % (previous year: 4.9 %). In the Trading & Services segment, sales increased by € 2.4 million or 1.2 % to € 191.5 million (previous year: € 189.2 million). The

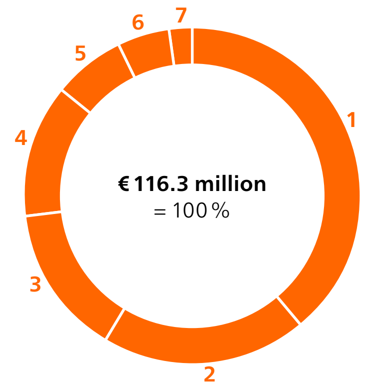
EBITDA 2022 by segment in %

1	Chlorine & Derivatives	70.2 %
2	Surfactants & Derivatives	13.7 %
3	Polyols & Derivatives	12.4 %
4	Logistics	10.4 %
5	Silicon & Derivatives	−0.4 %
6	Holding & Projects	−2.9 %
7	Trading & Services	−3.3 %



Capital expenditures 2022 by segment in %

1	Logistics	39.1 %
2	Holding & Projects	19.5 %
3	Chlorine & Derivatives	14.5 %
4	Surfactants & Derivatives	12.8 %
5	Trading & Services	6.8 %
6	Polyols & Derivatives	5.0 %
7	Silicon & Derivatives	2.2 %



share of Group sales decreased by 4.8 percentage points to 14.5 %. The Logistics segment reported a year-on-year increase in sales of € 20.7 million or 17.7 % to € 137.9 million in 2022 (previous year: € 117.2 million). Its share of consolidated net sales amounted to 10.4 % (previous year: 12.0 %).

Figures in € k	2022	2021
EBITDA	**292,033**	197,510
Depreciation and amortization	74,693	72,185
Financial result	−24,720	−33,597
EBT	**192,620**	91,728

Business segment report

Business segment analysis Figures in €k	Polyols & Derivatives		Surfactants & Derivatives		Chlorine & Derivatives		Silicon & Derivatives		Trading & Services		Logistics		Holding & Projects		Consolidation effects		PCC Group	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Segment sales (total output)	**341,451**	327,214	**276,349**	194,036	**559,535**	317,776	**123,029**	48,082	**321,456**	279,364	**158,102**	133,976	**2,794**	4,289	**–**	–	**1,782,715**	1,304,736
Sales revenues with other PCC segments	**81,673**	71,496	**44,575**	35,969	**171,025**	108,677	**10,673**	24	**129,923**	90,183	**20,189**	16,757	**–**	2,014	**–**	–	**458,059**	325,120
Net external sales, consolidated	**259,778**	255,717	**231,774**	158,067	**388,510**	209,099	**112,355**	48,057	**191,532**	189,181	**137,913**	117,219	**2,794**	2,275	**–**	–	**1,324,656**	979,615
Contribution to Group revenue	**19.6%**	26.1%	**17.5%**	16.1%	**29.3%**	21.3%	**8.5%**	4.9%	**14.5%**	19.3%	**10.4%**	12.0%	**0.2%**	0.2%	**–**	–	**100.0%**	100.0%
EBITDA	**36,102**	79,536	**39,965**	19,034	**204,895**	68,001	**−1,216**	9,644	**−9,615**	5,846	**30,338**	23,269	**−6,999**	−8,123	**−1,436**	303	**292,033**	197,510
EBITDA margin	**13.9%**	31.1%	**17.2%**	12.0%	**52.7%**	32.5%	**−1.1%**	20.1%	**−5.0%**	3.1%	**22.0%**	19.9%	**<−100%**	<−100%	**–**	–	**22.0%**	20.2%
EBIT	**31,104**	73,983	**35,694**	15,148	**185,653**	47,358	**−18,734**	−6,229	**−22,146**	−4,866	**16,043**	9,001	**−8,296**	−9,860	**−1,978**	790	**217,340**	125,325
EBIT margin	**12.0%**	28.9%	**15.4%**	9.6%	**47.8%**	22.6%	**−16.7%**	−13.0%	**−11.6%**	−2.6%	**11.6%**	7.7%	**<−100%**	<−100%	**–**	–	**16.4%**	12.8%
Intangible assets	**5,004**	3,743	**1,960**	1,829	**14,525**	15,753	**186**	203	**17,420**	13,538	**546**	452	**3,945**	2,026	**6,976**	6,974	**50,562**	44,518
Property, plant and equipment	**50,790**	52,460	**63,645**	61,255	**193,577**	201,309	**361,469**	354,710	**120,442**	109,171	**104,129**	82,348	**36,855**	28,599	**−2,703**	−2,951	**928,205**	886,900
Financial liabilities	**31,009**	63,103	**73,708**	75,654	**103,567**	104,525	**247,385**	411,632	**54,462**	54,657	**67,165**	57,964	**445,084**	448,163	**−160,330**	−234,026	**862,050**	981,672
Capital expenditures on intangible assets and property, plant and equipment	**5,835**	4,183	**14,900**	10,219	**16,866**	13,850	**2,586**	6,544	**7,897**	16,492	**45,495**	32,735	**24,549**	31,545	**−1,839**	−4,710	**116,290**	110,860
Depreciation and amortization	**4,999**	5,554	**4,270**	3,886	**19,241**	20,643	**17,518**	15,873	**12,531**	10,711	**14,295**	14,268	**1,297**	1,737	**542**	−487	**74,693**	72,185
Capital employed (average)	**83,306**	88,343	**92,932**	79,951	**326,840**	254,754	**382,145**	352,613	**203,510**	163,193	**108,480**	87,833	**1,100,886**	931,440	**−1,093,303**	−890,829	**1,204,797**	1,067,296
ROCE	**37.3%**	83.7%	**38.4%**	18.9%	**56.8%**	18.6%	**−4.9%**	−1.8%	**−10.9%**	−3.0%	**14.8%**	10.2%	**−0.8%**	−1.1%	**–**	–	**18.0%**	11.7%
Result from investments accounted for using the equity method	**498**	1,033	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**−870**	−73	**–**	−18	**−372**	941
Employees at December 31	**351**	335	**513**	511	**464**	505	**223**	214	**1,099**	1,043	**652**	617	**89**	86	**–**	–	**3,391**	3,311
Average number of employees for the year	**356**	333	**506**	510	**466**	496	**222**	202	**1,081**	1,041	**641**	601	**87**	85	**–**	–	**3,358**	3,266

(18) Regional report

Regional analysis Figures in €k	Germany		Poland		Other EU Member States		Other Europe		USA		Asia		Other Regions		Consolidation effects		PCC Group	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Customer location																		
Net external sales, consolidated	**279,540**	199,144	**454,232**	344,945	**372,248**	256,502	**76,601**	50,130	**33,874**	21,158	**45,051**	51,788	**63,110**	55,948	**–**	–	**1,324,656**	979,615
Contribution to Group revenue	**21.1 %**	20.3 %	**34.3 %**	35.2 %	**28.1 %**	26.2 %	**5.8 %**	5.1 %	**2.6 %**	2.2 %	**3.4 %**	5.3 %	**4.8 %**	5.7 %	**–**	–	**100.0 %**	100.0 %
Company location																		
Net external sales, consolidated	**137,764**	142,872	**1,012,641**	740,627	**10,243**	8,830	**113,092**	46,431	**30,010**	21,862	**20,907**	18,994	**–**	–	**–**	–	**1,324,656**	979,615
Contribution to Group revenue	**10.4 %**	14.6 %	**76.4 %**	75.6 %	**0.8 %**	0.9 %	**8.5 %**	4.7 %	**2.3 %**	2.2 %	**1.6 %**	1.9 %	**–**	–	**–**	–	**100.0 %**	100.0 %
EBITDA	**–3,013**	–5,651	**290,766**	189,496	**–66**	183	**1,260**	10,263	**3,399**	1,899	**637**	797	**–**	–	**–949**	522	**292,033**	197,510
EBITDA margin	**–2.2 %**	–4.0 %	**28.7 %**	25.6 %	**–0.6 %**	2.1 %	**1.1 %**	22.1 %	**11.3 %**	8.7 %	**3.0 %**	4.2 %	**–**	–	**–**	–	**22.0 %**	20.2 %
EBIT	**–5,342**	–8,037	**237,890**	136,947	**–110**	144	**–17,922**	–6,721	**3,148**	1,682	**625**	790	**–**	–	**–949**	522	**217,340**	125,325
EBIT margin	**–3.9 %**	–5.6 %	**23.5 %**	18.5 %	**–1.1 %**	1.6 %	**–15.8 %**	–14.5 %	**10.5 %**	7.7 %	**3.0 %**	4.2 %	**–**	–	**–**	–	**16.4 %**	12.8 %
Intangible assets	**3,130**	877	**44,723**	35,133	**12**	22	**1,674**	1,795	**1,024**	968	**–**	–	**–**	–	**–**	5,723	**50,562**	44,518
Property, plant and equipment	**13,262**	11,802	**532,654**	496,334	**1,983**	1,947	**376,750**	373,691	**3,556**	3,126	**–**	1	**–**	–	**–**	–	**928,205**	886,900
Financial liabilities	**444,524**	452,791	**311,657**	313,910	**1,921**	1,873	**282,037**	447,020	**574**	680	**18**	2	**–**	–	**–178,680**	–234,604	**862,050**	981,672
Capital expenditures on intangible assets and property, plant and equipment	**6,636**	32,629	**129,363**	69,751	**57**	70	**3,593**	9,351	**482**	203	**32**	1	**–**	–	**–23,873**	–1,145	**116,290**	110,860
Depreciation and amortization	**2,330**	2,387	**52,875**	52,550	**44**	40	**19,182**	16,984	**251**	217	**12**	8	**–**	–	**–**	–	**74,693**	72,185
Result from investments accounted for using the equity method	**–**	–	**–**	–	**–**	–	**–**	–73	**–**	–	**–372**	1,033	**–**	–	**–**	–18	**–372**	941
Employees at December 31	**165**	174	**2,895**	2,791	**20**	20	**272**	290	**36**	33	**3**	3	**–**	–	**–**	–	**3,391**	3,311
Average number of employees for the year	**170**	170	**2,850**	2,756	**20**	20	**283**	285	**33**	33	**3**	3	**–**	–	**–**	–	**3,358**	3,266

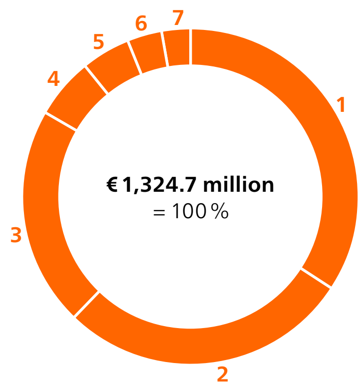
For the purposes of regular internal and external reporting, the business of the PCC Group is divided geographically into seven regions (Germany, Poland, Other EU Member States, Other Europe, USA, Asia and Other Regions). In fiscal 2022, the Group realized 21.1 % of its sales with customers in Germany (previous year: 20.3 %), while 34.3 % was generated with customers in Poland (previous year: 35.2 %).

The PCC Group transacted a total of 83.5 % of its sales with customers in the member states of the European Union (previous year: 81.7 %). The main focus here was on Poland and Germany.

Poland accounted for € 1,012.6 million (previous year: € 740.6 million) or 76.4 % of Group sales to third parties in 2022, calculated by company location (previous year: 75.6 %). Based on the location of the customer, this figure was 34.3 % (previous year: 35.2 %) at € 454.2 million (previous year: € 344.9 million). In Germany, sales by customer location increased from € 199.1 million to € 279.5 million. By location of company, sales decreased from € 142.9 million to € 137.8 million.

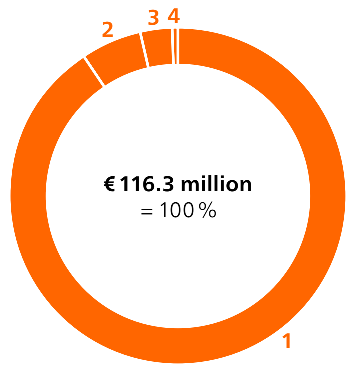
Sales in 2022 by region in %

1	Poland	**34.3 %**
2	Other EU Member States	**28.1 %**
3	Germany	**21.1 %**
4	Other Europe	**5.8 %**
5	Other Regions	**4.8 %**
6	Asia	**3.4 %**
7	USA	**2.6 %**



Capital expenditures 2022 by region in %

1	Poland	**90.7%**
2	Germany	**5.7 %**
3	Other Europe	**3.1 %**
4	USA	**0.4 %**
5	Other EU Member States	**0.0 %**
6	Asia	**0.0 %**
7	Other Regions	**0.0 %**



Capital expenditures increased year on year to € 116.3 million (previous year: € 110.9 million), with PCC continuing to drive its investment activity in fiscal 2022. After capital expenditures had been reduced to a minimum in 2020 as a Covid-19 safeguard measure, major investment projects were resumed in the previous year, with momentum ramping up in 2022.

At € 129.4 million (previous year: € 69.8 million), the largest share of capital expenditures in 2022 was attributable to the Poland region, mainly due to the continuation of investments to expand capacity and optimization measures at the Brzeg Dolny chemical park. In addition, further investments were made in the vehicle fleet for intermodal transport.

Notes to individual items of the consolidated balance sheet

(19) Intangible assets

Figures in €k	Industrial property rights and similar rights	Goodwill	Internally generated and developed assets	Advance payments on intangible assets	Total
Historical cost					
Balance at Jan. 1, 2022	38,792	8,831	11,462	4,255	**63,339**
Additions	15,769	–	207	3,690	**19,666**
Disposals	11,107	–	69	–18	**11,158**
Reclassifications	297	–	745	–1,033	**8**
Currency translation differences	–552	110	–195	–72	**–709**
Balance at Dec. 31, 2022	43,199	8,941	12,150	6,858	**71,147**
Amortization					
Balance at Jan. 1, 2022	14,125	820	2,395	1,481	**18,822**
Additions	1,245	–	653	–	**1,898**
Disposals	8	–	69	–18	**59**
Impairment write-downs	–	–	9	177	**186**
Impairment write-ups	–11	–	–3	–84	**–98**
Currency translation differences	–152	51	–41	–22	**–165**
Balance at Dec. 31, 2022	15,199	871	2,944	1,570	**20,584**
Net carrying amount at Dec. 31, 2022	28,000	8,070	9,206	5,287	**50,562**

Figures in €k	Industrial property rights and similar rights	Goodwill	Internally generated and developed assets	Advance payments on intangible assets	Total
Historical cost					
Balance at Jan. 1, 2021	30,774	8,694	11,128	3,830	**54,426**
Additions	15,993	–	140	1,078	**17,210**
Disposals	8,300	–	–	–	**8,300**
Reclassifications	497	–	281	–627	**151**
Currency translation differences	–172	137	–86	–26	**–148**
Balance at Dec. 31, 2021	38,792	8,831	11,462	4,255	**63,339**
Amortization					
Balance at Jan. 1, 2021	13,128	757	1,803	1,275	**16,963**
Additions	9,333	–	613	–	**9,946**
Disposals	8,300	–	–	–	**8,300**
Impairment write-downs	25	–	–	213	**238**
Impairment write-ups	–	–	–3	–	**–3**
Currency translation differences	–59	63	–19	–7	**–22**
Balance at Dec. 31, 2021	14,125	820	2,395	1,481	**18,822**
Net carrying amount at Dec. 31, 2021	24,666	8,011	9,067	2,774	**44,518**

Intangible assets include industrial property rights, licenses and similar rights, goodwill, internally generated and developed assets, and advance payments on intangible assets. The net carrying amount increased from €44.5 million to €50.6 million in 2022. The change is mainly due to the acquisition of CO_2 allowance certificates. Write-downs of €0.2 million (previous year: €0.2 million) were recognized in the reporting year and mainly relate to development costs. At the reporting date, there were restricted rights of disposal on intangible assets amounting to €1.7 million (previous year: €1.8 million).

Exploration and production activities are carried out at one subsidiary. The net carrying amount of this item included in intangible assets amounted to € 0.2 million as of the reporting date (previous year: € 0.2 million). There were no exploration activities in the past fiscal year. This item is not material for the PCC Group, and is therefore not presented separately in the reconciliation.

Goodwill

Any excess of the cost of acquisition over the fair value of identifiable net assets acquired during the initial consolidation of subsidiaries is recognized as goodwill in the consolidated balance sheet. This goodwill is not subject to amortization, but is tested for impairment at least once a year in accordance with IFRS 3.

The table shows all goodwill recognized within the Group as of December 31, 2022. It also includes the goodwill assumed from the individual financial statements of the US company PCC Chemax, Inc., Piedmont (South Carolina). As in the previous year, there were neither additions nor impairments in the year under review. The change in the goodwill of PCC Chemax, Inc. results from a currency translation effect, as the goodwill is carried in the currency of the cash-generating unit of the company, i.e. in US dollars. The annual impairment tests were carried out in the fourth quarter of the fiscal year and were based on the budgets approved by management for each of the three subsequent years. Using a perpetuity growth model, a terminal value was determined on the basis of the last budget year.

The recoverable amount was determined 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 19.0 % for the Polish cash-generating units and 23.6 % for the US cash-generating unit. The tax rates were unchanged from the previous year. As in the previous year, the cost of capital was calculated on a region-specific basis. This was 7.40 % for Poland (previous year: 7.15 %) and 6.28 % for the USA (previous year: 6.48 %). Even taking into account a change in the weighted average cost of capital (WACC) of 10 %, there would be no impairment write-down requirement.

Figures in € k	**Dec. 31, 2022**	Dec. 31, 2021
PCC Silicium S.A.	**2,615**	2,615
PCC Intermodal SA	**2,593**	2,593
PCC Rokita subgroup	**1,330**	1,330
PCC Chemax, Inc.	**1,017**	958
PCC Exol SA	**515**	515
Goodwill	**8,070**	**8,011**

(20) Property, plant and equipment

Figures in €k	Land and buildings	Plant and machinery	Other facilities, factory and office equipment	Advance payments and assets under construction	Total
Historical cost					
Balance at Jan. 1, 2022	365,700	569,575	248,142	58,813	1,242,230
Changes in consolidation scope	–	–	–	–	–
Additions	34	3,068	754	85,778	89,634
Disposals	944	15,516	1,417	854	18,731
Reclassifications	9,536	24,621	17,594	–48,233	3,518
Currency translation differences	11,698	3,497	–4,050	–551	10,593
Balance at Dec. 31, 2022	**386,024**	**585,244**	**261,023**	**94,952**	**1,327,244**
Depreciation					
Balance at Jan. 1, 2022	49,035	194,840	105,878	5,577	355,330
Changes in consolidation scope	–	–	–	–	–
Additions	10,082	35,029	12,530	–	57,640
Disposals	935	11,041	1,209	756	13,942
Impairment write-downs	616	499	–18	203	1,300
Impairment write-ups	–12	–397	–84	–	–492
Reclassifications	4	229	1,741	–	1,975
Currency translation differences	272	–1,384	–1,565	–96	–2,772
Balance at Dec. 31, 2022	**59,061**	**217,775**	**117,274**	**4,928**	**399,039**
Net carrying amount at Dec. 31, 2022	326,963	367,469	143,749	90,024	**928,205**

Figures in €k	Land and buildings	Plant and machinery	Other facilities, factory and office equipment	Advance payments and assets under construction	Total
Historical cost					
Balance at Jan. 1, 2021	336,931	525,283	230,706	67,402	1,160,323
Changes in consolidation scope	–	1	3	–	4
Additions	2,548	4,739	828	61,882	69,997
Disposals	85	10,375	3,283	437	14,179
Reclassifications	9,839	40,291	21,441	–69,715	1,855
Currency translation differences	16,466	9,636	–1,553	–318	24,231
Balance at Dec. 31, 2021	**365,700**	**569,575**	**248,142**	**58,813**	**1,242,230**
Depreciation					
Balance at Jan. 1, 2021	38,468	165,170	96,091	3,722	303,451
Changes in consolidation scope	–	–	2	–	2
Additions	9,236	31,787	12,075	–	53,098
Disposals	86	3,926	3,152	2	7,167
Impairment write-downs	706	1,254	335	1,926	4,220
Impairment write-ups	–32	–72	–28	–25	–158
Reclassifications	34	312	1,138	–	1,484
Currency translation differences	709	316	–583	–43	400
Balance at Dec. 31, 2021	**49,035**	**194,840**	**105,878**	**5,577**	**355,330**
Net carrying amount at Dec. 31, 2021	316,666	374,735	142,264	53,235	**886,900**

The net carrying amount of property, plant and equipment increased from €886.9 million to €928.2 million in the reporting year. This is mainly attributable to capital expenditure measures continued or completed within the PCC Group during the fiscal year under review, with ongoing replacement investments also a factor. Additions to property, plant and equipment amounted to €89.6 million in fiscal 2022 (previous year: €70.0 million). The investments were mainly allocated to the Logistics and Chlorine & Derivatives segments and to project developments in the Holding & Projects segment.

Additions to depreciation of property, plant and equipment amounted to €57.6 million in the past fiscal year (previous year: €53.1 million). Impairment losses on property, plant and equipment amounted to €1.3 million (previous year: €4.2 million) and relate mainly to property, plant and equipment in the Chlorine & Derivatives and Polyols & Derivatives segments. The reversals of impairment losses were not material in the reporting period, nor in the previous year.

Restrictions on the right to dispose of individual items of property, plant and equipment amounted to € 519.6 million as of year-end 2022 (previous year: € 516.6 million). These additionally serve as collateral for liabilities. As of December 31, 2022, there were total investment obligations of € 60.9 million (previous year: € 59.2 million) relating to investments already contractually agreed but not yet completed. In addition, insurance compensation of € 4.0 million (previous year: € 1.1 million) was received in the past fiscal year for property, plant and equipment.

(21) Right-of-use assets

Figures in € k	2022	2021
Historical cost		
Balance at Jan. 1	88,686	80,301
Changes in consolidation scope	–	6
Additions	25,005	20,822
Disposals	8,719	10,040
Reclassifications	−3,526	−2,006
Currency translation differences	−1,071	−397
Balance at Dec. 31	**100,375**	**88,686**
Depreciation		
Balance at Jan. 1	33,570	24,922
Changes in consolidation scope	–	2
Additions	13,669	12,693
Disposals	2,694	2,369
Reclassifications	−1,975	−1,484
Currency translation differences	−459	−194
Balance at Dec. 31	**42,111**	**33,570**
Net carrying amount at Dec. 31	**58,264**	**55,116**

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, renewal and termination options are sometimes agreed. When determining the term of the lease, all circumstances and facts are considered which, based on the current state of knowledge, have an influence on the exercise of a renewal option or the non-exercise of a termination option. In determining lease liabilities and corresponding right-of-use assets, all sufficiently assured cash outflows are taken into account. The carrying amounts of right-of-use assets as of year-end amounted to € 58.3 million (previous year: € 55.1 million). The breakdown by underlying asset type reads as follows:

Figures in € k	Dec. 31, 2022	Dec. 31, 2021
Land and buildings	26,885	24,494
Plant and machinery	19,639	16,088
Other facilities, factory and office equipment, incl. vehicle fleet	11,740	14,534
Right-of-use assets, net carrying amount	**58,264**	55,116

The underlying contractual terms for leases on land and buildings range from one to 28 years. Plant and machinery are leased for between one and three years, and other facilities, factory and office equipment, including our vehicle fleet, for between one and six years. Classified by underlying asset type, the depreciation expenses totaling € 13.7 million (previous year: € 12.7 million) on right-of-use assets in fiscal 2022 break down as follows:

Figures in € k	2022	2021
Land and buildings	1,117	1,022
Plant and machinery	7,942	7,184
Other facilities, factory and office equipment, incl. vehicle fleet	4,610	4,469
Right-of-use assets, depreciation	**13,669**	12,675

(22) Non-current financial assets

Non-current financial assets include shares in affiliated companies that are not consolidated for reasons of materiality, investments in other entities, and securities held as financial assets. In addition, positive fair values of derivative financial instruments have been reported uniformly under this item since the past fiscal year. Non-current financial assets amounted to € 19.6 million at the reporting date (previous year: € 10.1 million) and are mainly attributable to non-consolidated entities.

(23) Other non-current financial assets

Other non-current financial assets include loans to affiliated companies that are not consolidated for reasons of materiality, loans to joint ventures, and other loans. As of the reporting date, other non-current financial assets totaled € 16.8 million (previous year: € 16.4 million). This includes in particular loans to the joint venture OOO DME Aerosol in the amount of € 13.6 million (previous year: € 12.5 million).

(24) Inventories

Compared to the previous year, inventories increased from € 114.0 million to € 149.4 million at the reporting date. This is partly attributable to the sharp rise in raw material prices in the fiscal year and the associated increase in procurement costs, and partly to the fact that inventories were increased as a precautionary measure due to ongoing transport and supply chain problems. In both fiscal 2022 and the previous year, only insignificant write-ups were made to previously impaired inventories due to increased marketability. Impairment losses recognized amounted to € 0.7 million (previous year: € 0.9 million). Inventories of € 687.2 million (previous year: € 595.5 million) were expensed in the statement of income for full fiscal 2022.

Figures in € k	**Dec. 31, 2022**	Dec. 31, 2021
Raw materials and supplies	56,251	42,645
Work in progress	24,510	20,601
Finished goods	47,024	28,423
Merchandise	17,191	18,687
Goods in transit	3,961	2,964
Advance payments	503	726
Inventories	**149,439**	114,046

(25) Trade accounts receivable

Trade accounts receivable as of December 31, 2022 all had a remaining term of up to one year in their full amount. Their value increased by € 31.8 million or 29.0 % year on year to € 141.3 million as of the reporting date.

Figures in € k	**Dec. 31, 2022**	Dec. 31, 2021
Trade accounts receivable	143,423	112,188
Expected credit losses (ECL) – Stage 2	–99	–158
Credit losses already incurred – Stage 3	–2,005	–2,483
Total trade accounts receivable	**141,319**	109,547

The expected future credit losses determined on the basis of the impairment model decreased by € 0.1 million in fiscal 2022. Additions to allowances due to losses already incurred increased year on year from € 0.2 million to € 0.5 million. Overall, the Group recognized value adjustments for trade accounts receivable amounting to € 2.1 million, € 0.5 million less than in the previous year.

Figures in € k	2022	2021
Value adjustments at Jan. 1	**–2,642**	–3,434
Changes in consolidation scope	–	666
Change in expected future credit losses (Stage 2)	44	72
Change in credit losses already incurred (Stage 3)	–52	17
Allowances utilized	541	29
Currency translation differences	5	9
Value adjustments at Dec. 31	**–2,104**	–2,642

The maturity structure of all unimpaired trade accounts receivable is shown opposite. Around 89.4 % of the Group's receivables were neither impaired nor past due as of December 31, 2022 (previous year: 91.3 %). In addition, the default risks and the level of expected credit losses (ECL) are shown over the remaining term to maturity for each age group.

Individual companies within the PCC Group use factoring as a means of financing receivables. The volume of all receivables sold as of the reporting date amounted to € 3.3 million (previous year: € 5.3 million).

	Gross value of trade accounts receivable		Expected credit loss (ECL)	
Figures in € k	2022	2021	2022	2021
Not overdue	**126,337**	100,063	**55**	65
Overdue	**17,086**	12,125	**44**	93
up to 30 days	13,045	8,625	10	7
between 30 and 60 days	922	567	8	3
between 60 and 90 days	912	361	1	2
between 90 and 120 days	43	13	4	2
over 120 days	2,164	2,560	21	80
Total	**143,423**	112,188	**99**	158

(26) Other receivables and other assets

Accounts receivable from affiliated companies as of December 31, 2022 all have a remaining term of up to 1 year in their full amount. They comprise accounts receivable from affiliated, non-consolidated companies. Further information is also provided in the section on related parties, 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 accounts receivable from affiliated companies.

Figures in €k	Dec. 31, 2022		Dec. 31, 2021	
	Non-current	Current	Non-current	Current
Receivables from affiliated companies	–	1,372	–	1,178
Receivables from associated companies and joint ventures	–	184	–	18
Security deposits paid	–	532	–	606
Receivables from sales taxes, VAT, customs, excise and other duties	–	15,126	–	11,363
Receivables from employees	–	5	–	8
Receivables from insurance claims	–	3	–	1
Positive fair values of derivative financial instruments	–	17	–	14
Prepaid expenses and deferred charges	757	4,249	352	3,385
Receivables from loans to affiliated companies	–	3,393	–	3,495
Contract assets	–	745	–	584
Sundry other assets	–	5,435	–	8,427
Other receivables and other assets	**757**	**31,061**	352	29,079

(27) Equity

The subscribed capital of PCC SE is unchanged from the previous year, amounts to €5.0 million and is fully paid up. It is divided into 5,000,000 no-par value shares with a nominal value of €1 per share. Revenue reserves and other reserves as of December 31, 2022 include the following items:

Figures in €k	Dec. 31, 2022	Dec. 31, 2021
Revenue reserves, profit and loss carryforwards, valuation reserves and differences offset against revenue reserves	126,904	55,905
IFRS transition reserve	20,959	20,959
Share of net income for the year attributable to the Group	128,944	61,683
Revenue reserves / other reserves	**276,807**	138,547

The development of the Group's equity is shown in the consolidated statement of changes in equity, which forms part of these 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 Group's share of total comprehensive income for the previous year carried forward to revenue reserves amounted to €65.6 million. In fiscal 2022, a distribution of €4.75 million (previous year: €2.75 million) was made to the shareholder of PCC SE from the profit carried forward of PCC SE. This corresponds to a dividend per share of €0.95 (previous year: €0.55). Differences arising from foreign currency translation are reported under other equity items. In the past fiscal year, these reduced consolidated equity by €2.4 million to a total of €−39.2 million (previous year: €−36.6 million). The development of gains and losses recognized directly in equity is shown in the adjacent table:

Figures in €k	Currency translation	Remeasurement of defined benefit plans	Fair value measurement of financial assets	Fair value measurement of cash flow hedges	Other changes	**Total**
Balance at Jan. 1, 2022	−36,216	−387	−86	193	−101	−36,597
Changes	−2,374	−100	–	−199	–	−2,673
Deferred taxes	–	19	–	6	–	25
Balance at Dec. 31, 2022	**−38,590**	**−467**	**−86**	**–**	**−101**	**−39,245**

Figures in €k	Currency translation	Remeasurement of defined benefit plans	Fair value measurement of financial assets	Fair value measurement of cash flow hedges	Other changes	Total
Balance at Jan. 1, 2021	−40,381	−354	−86	414	−100	−40,508
Changes	4,165	−40	–	−221	−1	3,903
Deferred taxes	–	8	–	–	–	8
Balance at Dec. 31, 2021	**−36,216**	**−387**	**−86**	**193**	**−101**	**−36,597**

(28) Minority interests

German and international minority shareholders hold non-controlling interests in various entities of the PCC Group. The share of these non-controlling interests reported in Group equity as of December 31, 2022 was € 97.3 million, representing an increase of € 59.8 million compared to year-end 2021. Subsidiaries with significant non-controlling interests operate in various segments of the PCC Group. Information on the company name, registered office and capital shares of subsidiaries with significant non-controlling interests is provided in the list of shareholdings pursuant to Section 313 (2) HGB (German Commercial Code) in Note (44). There are no significant restrictions that go beyond the usual company law and contractual provisions.

As part of the restructuring of the financing of PCC BakkiSilicon hf. completed in April 2022, the bond granted to this subsidiary by the co-shareholder was converted into equity. As a result, the minority interest increased from 13.5 % to 34.6 %.

	PCC Rokita subgroup		PCC BakkiSilicon hf.		PCC Exol SA	
Figures in € k	**2022**	2021	**2022**	2021	**2022**	2021
Balance sheet data at Dec. 31						
Minority interests in equity	**52,084**	39,394	**34,541**	−9,264	**7,154**	4,423
Minority interests in equity in %	**15.74**	15.83	**34.55**	13.50	**12.97**	12.96
Dividends paid to minority interests	**8,875**	2,532	**–**	–	**580**	834
Non-current assets	**362,606**	342,086	**362,098**	352,288	**74,538**	65,694
Current assets	**256,586**	172,621	**55,341**	39,842	**58,990**	48,068
Non-current liabilities	**128,667**	152,650	**240,481**	405,167	**37,157**	27,967
Current liabilities	**158,960**	112,791	**35,382**	29,003	**43,460**	52,940
Statement of income data						
Profit attributable to minority interests	**22,446**	14,534	**−11,417**	−2,743	**3,209**	1,518
Sales revenue	**667,704**	481,195	**115,532**	41,242	**224,130**	156,579
Net income	**142,605**	91,774	**−33,045**	−20,319	**24,735**	11,716
Total comprehensive income	**142,502**	91,730	**−33,045**	−20,319	**24,715**	11,482

(29) Hybrid capital

In April 2022, a comprehensive restructuring agreement was concluded for the financing of PCC BakkiSilicon hf. which operates a silicon metal plant in Iceland. This agreement encompassed, in addition to the conversion of shareholder loans and a bond into equity, a hybrid financing instrument with a volume of € 79.2 million, which was concluded with the financing bank KfW-IPEX. This instrument is classified as equity, i.e. as hybrid capital, in accordance with IAS 32. There is neither a contractual obligation to repay the principal nor to pay interest. Rather, repayment is subject to conditions which are dependent on the decision of the management of the company to make distributions to shareholders. As soon as resolutions are passed on distributions to shareholders, the hybrid capital will also be serviced on a pro rata basis.

(30) Provisions for pensions and similar obligations

Most of the employees of the Polish subsidiaries of the PCC Group are granted non-recurring benefits under statutory pension plans in addition to their statutory retirement pensions. The defined benefit plans are, as a rule, based on length of service and salary. Benefits under defined benefit plans are generally granted upon reaching retirement age or upon disability or death.

Defined contribution plans exist mainly in the form of statutory pension schemes in Germany and at the international subsidiaries. For employees of the German subsidiaries and the holding company, there may also be individual contributions to other defined contribution plans in addition to the statutory pension plan. Typical risk factors for defined benefit plans are longevity, nominal interest rate changes, and inflation and salary increases. The present value of the defined benefit obligation under a pension plan is determined based on the best estimate of the probability of death of the employees participating in the plan, both during the employment relationship and after its termination. An increase in the life expectancy of the beneficiary employees or a decrease in the bond interest rate leads in each case to an increase in the plan liability. Furthermore, the present value of the defined benefit obligation under a pension plan is determined on the basis of the future salaries of the beneficiary employees. Salary increases of the beneficiary employees lead to an increase in the plan liability.

The defined benefit obligations are internally financed. Provisions for pensions and similar obligations amounted to € 1.1 million as of the reporting date of the past fiscal year and were thus € 0.2 million higher than in the previous year. Of this amount, € 1.0 million represented non-current provisions with a term of more than one year.

Figures in € k	2022	2021
Opening balance of pension obligations at Jan. 1	**973**	894
Current service cost	102	84
Benefits paid	–48	–50
Interest expense	11	7
Actuarial gains / losses from changes in demographic assumptions	8	–5
Actuarial gains / losses from changes in financial assumptions	–37	–33
Actuarial gains / losses from experience adjustments	151	87
Currency translation differences	–17	–7
Other effects	–14	–4
Closing balance of pension obligations at Dec. 31	**1,129**	973

A total of 2,926 employees of PCC Group companies (previous year: 2,822) are covered by defined benefit plans, of which 74.7 % are male and 25.3 % female. The average age as of year-end 2022 was 40.3 years (previous year: 38.1 years). A uniform discount rate of 3.65 % (previous year: 1.1 %) was used to determine the pension obligations. The development of salaries was assumed to be 6.7 % (previous year: 5.4 %).

The Polish 2021 mortality table of the Central Statistical Office, which serves as the basis for the calculation, assumes a life expectancy of 75.7 years (previous year: 76.7 years). An adjustment of the main actuarial parameters would have the following effects on the amount of the pension obligations:

	Increase by 0.25 percentage points		Decrease by 0.25 percentage points	
Figures in € k	**2022**	2021	**2022**	2021
Change in discount rate	**–88**	–20	**29**	34
Change in salary trend	**28**	33	**–30**	–19
Change in turnover rate	**–20**	–10	**10**	24

The above sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is considered unlikely that deviations from the assumptions made will occur in isolation.

The pension obligations have the following profile of remaining terms to maturity:

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2022**
Pension obligations	88	187	855	1,129

The cash outflows for pension obligations are as follows:

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2022**
Cash outflows from pension obligations	90	261	4,135	4,486

The expense for fiscal 2022 includes € 8.2 million in employer contributions to the statutory pension scheme (previous year: € 7.1 million). In addition to contributions to the statutory pension scheme, expenses for defined contribution plans are included in the result for the current period in the amount of € 1.8 million (previous year: € 1.1 million).

Figures in € k	**2022**	2021
Expenses from defined benefit plans	102	–
Expenses from defined contribution plans	1,772	1,124
Expenses for retirement benefits recognized through profit or loss	**1,874**	1,124

(31) Other provisions

Compared to the previous year, other provisions grew by € 19.9 million to € 57.1 million. The main reason for the increase is the € 7.9 million rise in provisions for the purchase of CO_2 certificates (previous year: € 13.6 million). The provisions for personnel expenses mainly relate to bonus and vacation entitlements; these also increased by € 6.5 million from € 12.0 million in the previous year to € 18.4 million as of the reporting date. Provisions for the purchase of energy efficiency certificates increased by € 1.7 million to € 3.0 million. These provisions result from the requirements of the Polish system regarding energy mix. A shortfall in the supply of energy from renewable sources to the production process must be offset either by the purchase of so-called green certificates or by compensation payments.

The following table shows the development of other provisions in fiscal 2022. Other changes mainly include currency translation effects.

Figures in € k	Dec. 31, 2022		Dec. 31, 2021	
	Non-current	Current	Non-current	Current
Provisions for personnel expenses	11	18,408	5	11,944
Provisions for year-end accounting and audit expenses	–	592	–	536
Provisions for obligations to customers	–	18	–	22
Provisions for litigation expenses	–	193	–	221
Provisions for recultivation expenses	3,322	868	3,774	747
Provisions for the purchase of emission allowances (CO_2 certificates)	–	21,518	–	13,622
Provisions for the purchase of energy efficiency certificates	–	3,011	–	1,342
Provisions for restructuring expenses	–	–	–	530
Sundry other provisions	1,987	7,219	2,436	2,060
Other provisions	**5,320**	**51,827**	6,215	31,024

Figures in € k	Jan. 1, 2022	Added	Utilized	Reversed	Accrued interest	Other changes	Dec. 31, 2022
Provisions for personnel expenses	11,950	17,843	10,129	1,267	–	21	18,418
Provisions for year-end accounting and audit expenses	536	589	525	9	–	2	592
Provisions for obligations to customers	22	18	21	–	–	–	18
Provisions for litigation expenses	221	193	235	–	–	14	193
Provisions for restructuring expenses	530	–	563	–	–	33	–
Provisions for recultivation expenses	4,521	–	259	–	8	–81	4,190
Provisions for the purchase of emission allowances (CO_2 certificates)	13,622	18,456	10,067	480	–	–14	21,518
Provisions for the purchase of energy efficiency certificates <1 year	1,342	3,011	1,068	250	–	–24	3,011
Sundry other provisions	4,495	6,045	653	649	–	–32	9,206
Other provisions	**37,239**	46,154	23,518	2,655	8	–82	**57,146**

(32) Financial liabilities

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

Financial liabilities decreased by € 119.6 million from € 981.7 million as of December 31, 2021 to € 862.0 million as of December 31, 2022. The largest absolute decrease of € 77.6 million to € 487.9 million was recorded in bond liabilities. Bank liabilities also decreased significantly by € 49.5 million to € 325.0 million. Liabilities from lease agreements increased by € 7.5 million to € 49.1 million.

Liabilities to banks bear interest at rates of between 0.4 % p.a. and 10.5 % p.a. The unutilized, secured credit lines within the PCC Group amounted to € 40.7 million at the reporting date (previous year: € 35.4 million). The financial liabilities existing within the PCC Group as of the reporting date have the maturity profile shown opposite.

Figures in € k	**Dec. 31, 2022**		Dec. 31, 2021	
	Non-current	Current	Non-current	Current
Bond liabilities	**387,147**	**100,789**	469,886	95,659
Bank liabilities	**284,543**	**40,458**	329,087	45,431
Lease liabilities	**36,064**	**13,047**	28,630	12,979
Negative fair value of derivatives	**–**	**1**	–	–
Financial liabilities	**707,754**	**154,295**	827,603	154,069

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2022**
Bond liabilities	100,789	387,147	–	**487,937**
Bank liabilities	40,458	98,011	186,532	**325,001**
Lease liabilities	13,047	20,016	16,047	**49,110**
Negative fair value of derivatives	1	–	–	**1**
Financial liabilities	154,295	505,175	202,579	**862,050**

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2021
Bond liabilities	95,659	386,776	83,110	**565,545**
Bank liabilities	45,431	83,123	245,964	**374,519**
Lease liabilities	12,979	16,391	12,239	**41,609**
Financial liabilities	154,069	486,290	341,312	**981,672**

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 adjacent 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 considered. 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, 2022**
Bond liabilities	105,816	444,645	–	**550,461**
Bank liabilities	49,073	117,802	190,902	**357,776**
Lease liabilities	14,022	22,128	37,459	**73,608**
Negative fair value of derivatives	1	–	–	**1**
Cash outflows from financial liabilities	**168,912**	**584,574**	**228,361**	**981,847**

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2021
Bond liabilities	100,091	434,822	80,524	**615,437**
Bank liabilities	50,969	94,632	249,298	**394,899**
Lease liabilities	13,999	18,787	30,135	**62,921**
Cash outflows from financial liabilities	**165,059**	**548,241**	**359,956**	**1,073,257**

In 2022, the liabilities to banks and those from leases reported under financial liabilities were secured in their entirety by mortgages, land charges or similar liens, by the assignment of claims, by the assignment of property, plant and equipment as chattel mortgages or by other collateral assignments. At € 441.8 million, the total amount of collateral granted was € 35.4 million lower than in the previous year.

Figures in € k	**Dec. 31, 2022**	Dec. 31, 2021
Mortgages, land charges and similar liens	**60,710**	55,119
Assignment of claims on assets	**314,888**	359,645
Chattel mortgages	**2,407**	1,798
Other assignments	**63,768**	60,568
Collateral securities granted	**441,773**	477,131

Bond liabilities result from the bond issuances of PCC SE and the international subsidiaries PCC Rokita SA and PCC Exol SA. The non-public bond issued by PCC BakkiSilicon hf. was a financing instrument for the Icelandic silicon metal plant and was converted into equity in the first half of 2022 as part of a refinancing package.

Bonds of the PCC Group are issued in the currencies euro and Polish złoty. The public bonds issued in euros (EUR) carry coupons of between 2.0 % and 5.0 % p.a., while those issued in złoty (PLN) carry coupons of 5.0 % or 5.5 % p.a. The following chart provides a tabular analysis of the bonds involved. The bonds issued in złoty with a total volume of PLN 227.0 million (previous year: PLN 252.0 million) had a value in euros of € 47.8 million at the reporting date (previous year: € 53.9 million).

Figures in €k	Issue date	Maturity date	Issue currency	Coupon	Issue volume	Dec. 31, 2022	Dec. 31, 2021
Issued by PCC SE							
DE000A30VS56	09/01/2022	10/01/2027	EUR	5.000 %	40,000	**35,168**	–
DE000A254TZ0	04/01/2020	12/01/2024	EUR	4.000 %	35,000	**34,503**	34,503
DE000A2TSEM3	07/01/2019	10/01/2024	EUR	4.000 %	30,000	**29,946**	29,946
DE000A3H2VU4	11/02/2020	10/01/2025	EUR	4.000 %	30,000	**29,653**	29,653
DE000A3E5S42	05/17/2021	07/01/2026	EUR	4.000 %	30,000	**29,293**	29,293
DE000A2YN1K5	10/22/2019	02/01/2025	EUR	4.000 %	30,000	**29,133**	29,133
DE000A2LQZH9	07/01/2018	10/01/2023	EUR	4.000 %	30,000	**28,783**	28,783
DE000A3MQEN8	11/15/2021	12/01/2026	EUR	4.000 %	30,000	**26,926**	12,241
DE000A2NBJL3	01/01/2019	07/01/2024	EUR	4.000 %	25,000	**24,985**	24,985
DE000A2YPFY1	12/02/2019	07/01/2025	EUR	4.000 %	30,000	**23,818**	23,818
DE000A2G8670	01/01/2018	04/01/2023	EUR	4.000 %	25,000	**21,802**	21,802
DE000A2NBFT4	10/01/2018	04/01/2024	EUR	4.000 %	25,000	**21,104**	21,104
DE000A3MQZM5	05/02/2022	04/01/2026	EUR	4.000 %	30,000	**20,991**	–
DE000A2TSTW0	03/01/2019	02/01/2023	EUR	3.000 %	25,000	**18,447**	18,447
DE000A30V2U2	12/01/2022	12/01/2027	EUR	5.000 %	20,000	**17,658**	–
DE000A3H2VT6	11/02/2020	07/01/2023	EUR	3.000 %	15,000	**14,705**	14,705
DE000A3MP4P9	10/01/2021	10/01/2026	EUR	4.000 %	10,000	**10,000**	10,000
DE000A3E5MD5	07/01/2021	01/01/2024	EUR	3.000 %	10,000	**9,545**	9,545
DE000A3MQEM0	11/15/2021	04/01/2025	EUR	3.000 %	10,000	**7,790**	2,336
DE000A2YPFX3	12/02/2019	01/01/2024	EUR	3.000 %	20,000	**4,511**	4,511
DE000A3MQA80	03/01/2022	02/01/2024	EUR	2.000 %	5,000	**1,410**	–
DE000A2GSSY5	10/01/2017	07/01/2022	EUR	4.000 %	25,000	**–**	24,968
DE000A162AQ4	10/01/2015	10/01/2022	EUR	6.000 %	25,000	**–**	24,860
DE000A14KJ43	05/01/2015	04/01/2022	EUR	6.500 %	35,000	**–**	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
Issued by PCC BakkiSilicon hf.							
Private placement without ISIN	06/05/2015	–	USD	0.000 %	62,000	**–**	76,572
Issued by PCC Exol SA							
PLPCCEX00077	06/25/2020	06/25/2025	PLN	5.500 %	25,000	**5,295**	5,377
PLPCCEX00069	02/28/2020	11/27/2024	PLN	5.500 %	20,000	**4,244**	4,308
PLPCCEX00051	11/15/2017	05/15/2022	PLN	5.500 %	25,000	**–**	5,431
Issued by PCC Rokita SA							
PLPCCRK00209	12/20/2017	12/20/2023	PLN	5.000 %	30,000	**6,391**	6,489
PLPCCRK00134	08/11/2016	08/11/2023	PLN	5.000 %	25,000	**5,333**	5,416
PLPCCRK00183	10/11/2017	10/11/2023	PLN	5.000 %	25,000	**5,329**	5,411
PLPCCRK00225	03/23/2018	03/23/2024	PLN	5.000 %	25,000	**5,322**	5,404
PLPCCRK00258	04/29/2019	04/29/2026	PLN	5.000 %	22,000	**4,662**	4,737
PLPCCRK00241	04/24/2018	04/24/2025	PLN	5.000 %	20,000	**4,249**	4,316
PLPCCRK00274	04/22/2020	04/22/2027	PLN	5.000 %	20,000	**3,765**	3,823
PLPCCRK00266	10/22/2019	10/22/2026	PLN	5.000 %	15,000	**3,176**	3,227
Bond liabilities						**487,937**	565,545

(33) Other liabilities

Other liabilities increased by € 13.2 million from € 97.8 million as of December 31, 2021, to € 110.9 million as of December 31, 2022, with an increase in particular in liabilities for sales taxes, VAT, customs, excise and other duties, as well as in deferred income relating to subsidies and grants for investment projects. In the reporting year 2022, the result includes reversals of deferred income from subsidies totaling € 2.8 million (previous year: € 2.4 million). The rise in deferred income was accompanied by an increase in liabilities arising from investments as of the reporting date. These are liabilities from supplies or services provided by third parties resulting from the investment projects as of the reporting date. Liabilities from interest payment obligations mainly relate to interest on bonds which were due at the beginning of the following quarter, with the figure decreasing due to lower interest rates overall.

Figures in € k	Dec. 31, 2022		Dec. 31, 2021	
	Non-current	Current	Non-current	Current
Deferred income	54,005	2,728	48,424	2,512
Liabilities for payroll taxes and similar charges	–	7,901	–	5,157
Liabilities for social security contributions	–	6,394	–	4,825
Liabilities from interest payment obligations	–	1,920	–	2,780
Liabilities for sales taxes, VAT, customs, excise and other duties	–	11,040	–	2,843
Liabilities to employees	–	3,302	–	2,844
Liabilities to affiliated companies	–	2,349	–	1,941
Liabilities arising from investments	429	7,850	496	6,063
Contract liabilities	–	2,899	–	1,647
Sundry other liabilities	634	9,475	389	17,834
Other liabilities	**55,067**	**55,858**	49,309	48,445

(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 international entities, 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 netting of tax liabilities and tax receivables. For fiscal 2022, this resulted in deferred tax assets of € 10.6 million (previous year: € 16.4 million) and deferred tax liabilities of € 11.1 million (previous year: € 9.4 million).

The table below shows the unnetted deferred taxes. Other deferred taxes include future tax benefits from a special economic zone. Deferred tax assets on tax loss carryforwards decreased in the past fiscal year by a total of € 3.6 million to € 15.1 million at the reporting date. This item includes a reversal of deferred tax assets on tax loss carryforwards at a subsidiary amounting to € 8.6 million due to reduced earnings prospects.

Tax rates for calculating deferred taxes in %	**2022**	2021
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
Türkiye	**22.0**	22.0
USA	23.6	23.6

	Deferred tax assets		Deferred tax liabilities	
Figures in € k	**2022**	2021	**2022**	2021
Intangible assets	**305**	259	**1,626**	911
Property, plant and equipment	**−7,783**	−4,130	**18,786**	17,266
Right-of-use assets	**883**	199	**10,203**	8,609
Financial assets	**4,376**	4,361	**–**	–
Inventories	**1,090**	1,010	**92**	135
Receivables	**464**	704	**148**	289
Other assets	**0**	6	**93**	75
Deferred items	**0**	–	**60**	38
Pension provisions	**206**	177	**–**	–
Other provisions	**6,957**	5,092	**1**	24
Liabilities	**9,967**	8,188	**77**	264
Other liabilities	**288**	651	**751**	53
Loss carryforwards	**15,095**	18,654	**–**	–
Sundry deferred taxes	**3,275**	1,813	**1,438**	1
Amounts netted	**−24,488**	−20,585	**−22,200**	−18,304
Deferred taxes	**10,635**	**16,399**	**11,076**	**9,362**

(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, in order both to secure enterprise value over the long term and to maintain the Group’s earning power and thus extensively cushion the negative impact of fluctuations in cash flow and earnings. The Group holding company and the individual subsidiaries cooperate in the management of interest rate and currency risks, and also default risks. Each individual operating entity is responsible for managing its own commodity or raw material 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 cash flows from planned transactions. Currency risks in respect of financial instruments result from the translation of financial receivables, loans, securities, cash sums and financial liabilities in the functional currency of the companies concerned as of the reporting date. 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 € 0.2 million (previous year: € 0.6 million). A change in the exchange rate of the US dollar of likewise 10 % would result in these financials experiencing a change of € 0.1 million (previous year: € 0.1 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 € 3.9 million (previous year: € 3.1 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 raw materials. Price volatilities are smoothed out, 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 operating in the chemicals sector 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 Trading and Services 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 considered (e.g. ratings, capital guarantees 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 in an amount of € 110.6 million (previous year: € 75.3 million). Financial assets that are neither impaired nor overdue are categorized as collectable 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. Obstacles that may arise within the SME bonds market segment could possibly – 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. Preparations are also being made for the partial replacement of the liquidity loans granted to the affiliated companies by bank loans.

Subsidiaries use forward contracts to hedge transactions in foreign currencies. Forward contracts in existence as of December 31, 2022 carried a nominal value of €–1.2 million (previous year: €–0.6 million). The immaterial fair values are recognized as assets or liabilities. Within the PCC Group, interest rate swaps and interest rate options are used in order to hedge interest rates and their long-term development. At year-end, the nominal value of existing derivatives amounted to €95.7 million (previous year: €124.4 million), with a fair value of €9.9 million recognized as an asset as of the reporting date (previous year: liability of €–2.4 million).

Financial instruments by class and category

In the case of trade accounts receivable, receivables from affiliated companies or investments, 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, 2022	Categories[1] FAaC	FLaC	FVtOCI	FVtPL	Fair value
Financial assets						
Non-current financial assets	**19,579**	–	–	9,637	9,943	19,579
Other non-current financial assets	**16,775**	16,775	–	–	–	16,775
Trade accounts receivable	**141,319**	141,319	–	–	–	141,319
Accounts receivable from affiliated companies	**1,372**	1,372	–	–	–	1,372
Accounts receivable from associated companies and joint ventures	**184**	184	–	–	–	184
Other financial assets	**4,688**	4,671	–	–	17	4,688
Cash and cash equivalents	**163,780**	163,780	–	–	–	163,780
Financial liabilities						
Bond liabilities	**487,937**	–	487,937	–	–	485,023
Bank liabilities	**325,001**	–	325,001	–	–	315,020
Lease liabilities	**49,110**	–	49,110	–	–	49,110
Other financial liabilities	**5,251**	–	5,250	–	1	5,251
Trade accounts payable	**98,875**	–	98,875	–	–	98,875

Figures in €k	Carrying amounts Dec. 31, 2021	Categories[1] FAaC	FLaC	FVtOCI	FVtPL	Fair value
Financial assets						
Non-current financial assets	**10,056**	–	–	9,680	377	10,056
Other non-current financial assets	**16,424**	16,424	–	–	–	16,424
Trade accounts receivable	**109,547**	109,547	–	–	–	109,547
Accounts receivable from affiliated companies	**1,178**	1,178	–	–	–	1,178
Accounts receivable from associated companies and joint ventures	**18**	18	–	–	–	18
Other financial assets	**8,510**	8,496	–	–	14	8,510
Cash and cash equivalents	**93,763**	93,763	–	–	–	93,763
Financial liabilities						
Bond liabilities	**565,545**	–	565,545	–	–	566,146
Bank liabilities	**374,519**	–	374,519	–	–	371,470
Lease liabilities	**41,609**	–	41,609	–	–	38,350
Other financial liabilities	**8,358**	–	8,358	–	–	8,358
Trade accounts payable	**100,586**	–	100,586	–	–	100,586

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

Individual liabilities from bonds issued by subsidiaries include sales commissions and are accounted for using the effective interest method. The fair value stated in this section corresponds to market quotations.

Figures in € k	2022	2021
Financial assets measured at amortized cost (FAaC)	13,602	–469
Financial liabilities measured at amortized cost (FLaC)	–40,854	–33,148
Fair value through profit or loss (FVtPL)	–297	946
Fair value through other comprehensive income (FVtOCI)	–	–236

Net gains and net losses from financial instruments include valuation results, the amortization of premiums and discounts, the recognition and reversal of impairment losses, results from foreign currency translation, as well as interest, dividends and all other effects on earnings from financial instruments. Financial instruments at fair value through profit or loss only include results from those instruments that are not designated as hedging instruments in a hedging relationship in accordance with IFRS 9. Net gains and losses on financial assets measured at amortized cost include net interest income of € 1.7 million (previous year: € 1.8 million) and net foreign exchange income of € 5.7 million (previous year: € 0.2 million). Net gains and losses on financial liabilities measured at amortized cost include a net interest expense of € –33.7 million (previous year: € –33.7 million) and a net currency translation expense of € –5.9 million (previous year: gain of € 0.7 million).

Financial assets and liabilities measured at fair value are shown opposite. These relate to shares measured at the stock market price (Level 1) and to derivatives. The fair value of derivative financial instruments depends on the development of the underlying market factors. The respective fair values are determined and monitored at regular intervals. The fair value determined for all derivative financial instruments is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date.

Derivative financial instruments

The subsidiaries of the PCC Group use derivative financial instruments to hedge interest rate and foreign currency risks. The valuation methods and assumptions underlying the valuation of the derivative financial instruments employed can be summarized as follows: Foreign exchange transactions and swaps are valued individually at their forward rate or price on the reporting date. The forward rates or prices are based, as far as possible, on market quotations, taking into account forward premiums and discounts where appropriate.

Cash flow hedge

A cash flow hedge was in place in the previous year to hedge future revenues in foreign currencies. The valuation adjustments at the respective reporting date during the term of the hedge were recognized directly in equity. The termination of the cash flow hedge resulted in income of €0.2 million in fiscal 2022.

Figures in €k	Based on quoted market prices (Level 1)	Derived from market data (Level 2)	Determined using valuation models (Level 3)	**Dec. 31, 2022**
Financial assets measured at fair value through profit or loss	–	9,960	–	**9,960**
Financial liabilities measured at fair value through profit or loss	–	1	–	**1**
Financial assets measured at fair value through other comprehensive income	–	–	9,637	**9,637**

Figures in €k	Based on quoted market prices (Level 1)	Derived from market data (Level 2)	Determined using valuation models (Level 3)	Dec. 31, 2021
Financial assets measured at fair value through profit or loss	–	391	–	391
Financial assets measured at fair value through other comprehensive income	–	–	9,680	9,680

Figures in €k	**Dec. 31, 2022**		Dec. 31, 2021	
	Nominal value	Fair value	Nominal value	Fair value
Forward exchange contracts	**–1,220**	**19**	–618	14
Foreign currency interest rate swaps	**–**	**–**	108,889	–2,369
Interest rate swaps	**10,427**	**602**	13,403	370
Other derivatives (interest-rate- or currency-based)	**85,295**	**9,340**	2,154	6
Derivative financial instruments	**94,502**	**9,961**	123,828	–1,978

(36) Leases

Leases in which the PCC Group is the lessee are accounted for using the rights-of-use model in accordance with IFRS 16. A tabular presentation of the rights of use for the year under review can be found in Note (21) Right-of-use Assets. Right-of-use assets amounting to € 58.3 million were countervailed by lease liabilities of € 49.1 million as of the reporting date. The latter are reported under financial liabilities. Please refer to Note (32) Financial Liabilities. The maturity structure of payment obligations under leases is shown in the adjacent table.

Compliant with the exemptions allowed, no right-of-use assets have been recognized in the balance sheet where the underlying leased asset is of minor value or where the contractual term is less than twelve months. Instead, the lease is expensed. The table opposite shows the amounts recognized in the statement of income in connection with leases.

There was no income from subleases. The total cash outflow from leases in the past fiscal year amounted to € 21.3 million (previous year: € 19.5 million). In addition to the leases, the PCC Group also has minor obligations arising from rental agreements. A corresponding maturity profile is presented in Note (37) below.

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2022**
Minimum lease payments	14,022	22,128	37,459	**73,608**
Interest portion	975	2,111	21,412	**24,498**
Present values	13,047	20,016	16,047	**49,110**

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2021
Minimum lease payments	13,999	18,787	30,135	**62,921**
Interest portion	1,020	2,396	17,896	**21,312**
Present values	12,979	16,391	12,239	**41,609**

Figures in € k	**2022**	2021
Expenses for short-term leases with a term of less than twelve months	**3,268**	2,741
Expenses for leases of low-value assets not included in the above-mentioned short-term leases	**6**	7
Expenses for variable lease payments not included in lease liabilities	**61**	582
Interest expense on lease liabilities	**1,913**	1,713

(37) Contingent liabilities and other financial commitments

The contingent liabilities mainly result from guarantees given to the financing banks of associated companies of the PCC Group. They also relate to guarantees issued for non-consolidated entities in favor of third parties in respect of leases and obligations to the public sector. The change in other contingent liabilities results from the inclusion of investment grants, some of which may still be subject to claims for repayment in the event that contractually agreed conditions are not met. The PCC Group currently expects that no claims will be made in respect of any such contingent liabilities.

Figures in €k	**Dec. 31, 2022**	Dec. 31, 2021
Contingent liabilities from guarantees	45,548	12
Other contingent liabilities	12,917	12,558
Contingent liabilities	**58,465**	**12,570**

As of December 31, 2022, the PCC Group had other financial obligations arising from investment commitments, rental obligations and other obligations amounting to €61.9 million (previous year: €60.6 million). The obligations arising from rental agreements with a remaining term of up to one year include commitments of €0.4 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, 2022**
Obligations under rental agreements	546	178	53	776
Obligations from investment commitments for intangible assets	46			46
Obligations from capital expenditure commitments on property, plant and equipment	60,868	–	–	60,868
Other commitments (including pending transactions)	190	–	–	190
Financial commitments	**61,650**	**178**	**53**	**61,881**

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2021
Obligations under rental agreements	559	216	25	800
Obligations from capital expenditure commitments on property, plant and equipment	58,887	324	–	59,211
Other commitments (including pending transactions)	540	–	–	540
Financial commitments	**59,986**	**540**	**25**	**60,551**

(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 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. Financial funds disclosed equate to the total of cash and cash equivalents (cash on hand, credit balances at banks, and checks) shown in the balance sheet.

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, adjusted for 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 the control status, such transactions are disclosed as financing activities.

The conclusion of a lease agreement per IFRS 16 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, 2022, of €3.8 million (previous year: €2.2 million) in funds not freely available. These are almost entirely attributable to finance already designated for investment projects.

The following reconciliation shows changes in financial liabilities that are reported as cash inflows or outflows under cash flow from financing activities. The cash-effective changes amounted to € 13.0 million as of the reporting date (previous year: € 23.3 million).

Figures in € k	Jan. 1, 2022	Cash-effective changes	Non-cash-effective changes: Changes in consolidation scope	Reclassifications	Currency translation effects	Interest accrued	Converted into equity	Other changes	Dec. 31, 2022
Bond liabilities	565,545	–1,681	–	–8,519	3,771	–	–72,791	1,612	487,937
Bank liabilities	374,519	4,766	–	8,519	15,000	17	–77,817	–2	325,001
Lease liabilities	41,609	9,916	–	–	–450	125	–	–2,089	49,110
Negative fair value of derivatives	–	–	–	–	–	–	–	1	1
Financial liabilities	**981,672**	**13,001**	**–**	**–**	**18,321**	**142**	**–150,609**	**–477**	**862,050**

Figures in € k	Jan. 1, 2021	Cash-effective changes	Non-cash-effective changes: Changes in consolidation scope	Reclassifications	Currency translation effects	Interest accrued	Converted into equity	Other changes	Dec. 31, 2021
Bond liabilities	542,403	17,579	–	–	5,345	–	–	218	565,545
Bank liabilities	349,990	2,824	–	–	13,193	8,136	–	376	374,519
Lease liabilities	38,505	2,941	2	–	–733	99	–	795	41,609
Negative fair value of derivatives	764	–	–	–	–6	–	–	–758	–
Financial liabilities	**931,661**	**23,344**	**2**	**–**	**17,799**	**8,235**	**–**	**630**	**981,672**

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 the cost of capital. The control metric adopted in this context is the net debt / EBITDA leverage ratio. This metric shows the relationship between net borrowings, including current and non-current pension provisions, current and non-current financial liabilities, cash and cash equivalents and current securities, and earnings before interest/financial result, taxes, depreciation and amortization (EBITDA), and is therefore a dynamic indebtedness indicator.

With net debt at €699.4 million (previous year: €888.9 million) and reported EBITDA at €292.0 million (previous year: €197.5 million), the net debt / EBITDA ratio for the past fiscal year improved significantly by 2.1 points to 2.4 (previous year: 4.5). Our goal of keeping this ratio below 5.0 was thus achieved.

Figures in € k	Dec. 31, 2022	Dec. 31, 2021
– Cash and cash equivalents	163,780	93,763
+ Pension provisions	1,129	973
+ Bond liabilities	487,937	565,545
+ Bank liabilities	325,001	374,519
+ Lease liabilities	49,110	41,609
+ Negative fair value of derivatives	1	–
Net debt	**699,399**	888,882

Under financing agreements, individual subsidiaries are subject to external minimum capital requirements, which are reflected in the form of customary financial covenants, i.e. obligations to comply with specified financial requirements. These include standard market requirements for minimum equity ratios and maximum debt-to-equity ratios. Compliance with these requirements is also taken into account in the annual budget planning 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 2022. 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 party disclosures

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

Related parties are the sole shareholder and ultimate controlling party of PCC SE, Mr. Waldemar Preussner, as well as key management personnel (members of the Executive Board and Supervisory Board of PCC SE) and their family members. For compensation to Executive Board members, please refer to the disclosures under Note (41) Corporate Bodies. For compensation of the Supervisory Board, again please refer to the disclosures under Note (41) Corporate Bodies. Sundry other receivables include a receivable from the sole shareholder of PCC SE in the amount of €0.0 million (previous year: €0.2 million). This receivable is short-term in nature and, as in the previous year, bears interest at 6.0% p.a.

As of December 31, 2022, the PCC Group had receivables from affiliated companies not included in the consolidated financial statements for reasons of materiality totaling €4.2 million (previous year: €3.0 million). These are loans, trade accounts receivable and short-term loans receivable. The intercompany financing arrangements bear interest rates of between 4.36% p.a. and 10.0% p.a.

In principle, sales to or purchases from related parties are made at standard market / arm's length prices. The outstanding items at the end of the fiscal year are not secured, do not bear interest and will be settled in cash. There are no guarantees for receivables from related parties or liabilities to related parties.

As of the reporting date, there were loan receivables from the joint venture OOO DME Aerosol amounting to €13.6 million (previous year: €12.5 million). As in the previous year, they bear interest at 10.0% p.a. The loans were granted for the development and construction of a dimethyl ether plant on the premises of the joint venture partner. In addition, both shareholders granted funds for start-up financing and to cover the initial debt service.

Figures in €k	2022	2021
Income from related parties		
Non-consolidated entities	2,826	2,932
Joint ventures	713	413
Other entities	–	604
Expenses paid to related parties		
Non-consolidated entities	10,821	9,033
Joint ventures	43	3,853

Figures in €k	Dec. 31, 2022	Dec. 31, 2021
Receivables from related parties		
Non-consolidated entities	4,195	3,036
Joint ventures	16,407	15,620
Other entities	–	3,825
Liabilities to related parties		
Non-consolidated entities	2,349	1,941
Joint ventures	2	4,770

(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 ratios 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 key performance indicators 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 units.

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 compared to the previous period.

The PCC Group determines the following alternative performance measures:

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

EBIT (Earnings before Interest / financial result 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	2022	2021
Earnings before taxes (EBT)	192,620	91,728
+ / – Financial result	–24,720	–33,597
= EBIT	**217,340**	125,325

EBITDA (Earnings before Interest / financial result, Taxes, Depreciation and Amortization) provides an indication of the operating result before financial items and unaffected by differing depreciation and amortization methods and the associated valuation margins. It is determined within the PCC Group as follows:

Figures in €k	2022	2021
EBIT	217,340	125,325
+ / – Depreciation and amortization	74,693	72,185
= EBITDA	**292,033**	197,510

The EBIT margin and EBITDA margin are relative performance indicators used by the PCC Group for the internal management of its segments and for international comparison. To determine these ratios, EBITDA and EBIT are set in relation to sales revenues.

For information on the use and calculation of net borrowings and the net debt/EBITDA ratio, please refer to Note (38) and the explanatory comments there on capital structure management.

Figures in €k	Dec. 31, 2022	Dec. 31, 2021
+ Equity	419,201	144,569
+ Current financial liabilities	154,295	154,069
+ Non-current financial liabilities	707,754	827,603
+ Provisions for pensions and similar obligations	1,129	973
= Capital employed	**1,282,380**	1,127,214
= Average capital employed	1,204,797	1,067,296

Return on capital employed (ROCE) is the ratio of EBIT to average capital employed. EBIT is the profit or loss (operating result) before financial result and taxes. Capital employed is calculated from the equity and debt capital employed by the PCC Group at their carrying amounts. Gross margin is the ratio of gross profit to sales.

Figures in €k	2022	2021
Sales revenue	1,324,656	979,615
+ Change in inventories of finished goods and work in progress	31,429	29,696
+ Other internal costs capitalized	12,820	8,796
– Purchased goods and services	865,657	662,174
= Gross profit	**503,248**	355,934

(41) Corporate bodies

The corporate bodies of PCC SE are as follows:

Executive Board:
- Dr. Peter Wenzel, CEO and Chairman of the Executive Board, Corporate and Project Development, Sustainability
- Ulrike Warnecke, Finance, Human Resources, Public Relations
- Dr. rer. oec. (BY) Alfred Pelzer, Chemicals Production, Logistics, Sales

In fiscal 2022, the Executive Board received compensation totaling €3,226 k (previous year: €2,344 k), comprising non-performance-related compensation of €720 k and performance-related compensation of €2,506 k, all of which is attributable to short-term employee benefits.

Supervisory Board:
- Dipl. Volkswirt Waldemar Preussner, Chairman of the Supervisory Board
- Dr. Hans-Josef Ritzert, Vice Chairman of the Supervisory Board
- Reinhard Quint

In fiscal 2022, the Supervisory Board received fixed, non-performance-related compensation totaling €312 k (previous year: €199 k), all of which is attributable to short-term employee benefits.

Annual General Meeting:
The annual general meeting of PCC SE was held on June 15, 2022, in the course of which the consolidated financial statements and Group management report for 2021 were approved, the actions of the Executive Board and Supervisory Board of PCC SE were ratified, and Grant Thornton AG, Düsseldorf, was again appointed as auditor for fiscal 2022.

(42) Events after the reporting date

The bond carrying the code ISIN DE000A2TSTW0 issued by PCC SE with a placed volume of €18.4 million was redeemed in full on February 1, 2023. It was issued on March 1, 2019, with a coupon of 3.0 % p.a.

The bond carrying the code ISIN DE000A2G8670 issued by PCC SE with a placed volume of €21.8 million was redeemed in full on April 1, 2023. It was issued on January 1, 2018, with a coupon of 4.0 % p.a.

On February 1, 2023, PCC SE issued a new bond carrying the code ISIN DE000A30VR40 and a maturity date of April 1, 2028. On April 3, 2023, a new bond was issued with the code ISIN DE000A351K90 and a maturity date of July 1, 2028. Both bonds carry a coupon of 5.0 % p.a.

(43) Miscellaneous

The PCC Group and the individual German companies were audited by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, and their respective financial statements were each given an unqualified audit certificate. The fee for the audit services for these companies and the Group amounted to €313.5 k (previous year: €244.0 k). In addition, tax consultancy services amounting to €9.3 k were rendered in the reporting year (previous year: –). No other services were provided either in fiscal 2022 or in the previous year.

For fiscal 2022, PCC Trade & Services GmbH, Duisburg, Germany, has invoked the exemption provisions of Section 264 (3) HGB (German Commercial Code).

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

Name and registered office of company	Segment	Currency	Exchange rate Dec. 31, 2022 1 euro =	PCC SE participating interest in % Direct	Indirect	2022	2021
Parent company							
PCC SE, Duisburg	Holding & Projects	EUR	1.0000	–	–	**–**	–
Fully consolidated subsidiaries							
AO "NOVOBALT" Terminal, Kaliningrad	Trading & Services	RUB	79.2258	–	100.00	**100.00**	100.00
Aqua Łososiowice Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00
CATCH66 GmbH, Duisburg	Trading & Services	EUR	1.0000	–	–	**–**	100.00
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00
distripark.com Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	50.00	50.00	**100.00**	100.00
Ekologistyka Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00
Elpis Sp. z o.o. i.L., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	100.00	**100.00**	100.00
GRID BH d.o.o., Sarajevo	Holding & Projects	BAM	1.9558	–	85.62	**85.62**	85.62
LabMatic Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00
MCAA SE, Brzeg Dolny	Chlorine & Derivatives	PLN	4.6808	100.00	–	**100.00**	100.00
OOO PCC Consumer Products, Moscow	Surfactants & Derivatives	RUB	79.2258	–	100.00	**100.00**	100.00
OOO PCC Consumer Products Navigator, Grodno	Surfactants & Derivatives	BYN	2.7013	–	100.00	**100.00**	100.00
PCC Apakor Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	99.59	**99.59**	99.59
PCC Autochem Sp. z o.o., Brzeg Dolny	Logistics	PLN	4.6808	–	100.00	**100.00**	100.00
PCC BakkiSilicon hf., Húsavík	Silicon & Derivatives	USD	1.0666	65.40	–	**65.40**	86.50
PCC BD Sp. z o.o., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	100.00	**100.00**	100.00
PCC Bulgaria EOOD, Sofia	Polyols & Derivatives	BGN	1.9558	100.00	–	**100.00**	100.00
PCC Chemax, Inc., Piedmont, SC	Surfactants & Derivatives	USD	1.0666	–	100.00	**100.00**	100.00
PCC Chemicals Corporation, Wilmington, DE	Holding & Projects	USD	1.0666	100.00	–	**100.00**	–
PCC Chemicals GmbH, Duisburg	Holding & Projects	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	Surfactants & Derivatives	PLN	4.6808	–	100.00	**100.00**	100.00
PCC Consumer Products S.A., Brzeg Dolny	Surfactants & Derivatives	PLN	4.6808	100.00	–	**100.00**	100.00
PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle	Trading & Services	PLN	4.6808	84.46	–	**84.46**	84.46
PCC EXOL Kimya Sanayi ve Ticaret Limited Şirketi, Istanbul	Trading & Services	TRY	19.9649	–	100.00	**100.00**	100.00
PCC Exol SA, Brzeg Dolny	Surfactants & Derivatives	PLN	4.6808	–	87.03	**87.03**	87.04
PCC HYDRO DOOEL Skopje, Skopje	Holding & Projects	MKD	61.4932	–	100.00	**100.00**	100.00
PCC Insulations GmbH, Duisburg	Polyols & Derivatives	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

Continued on next page

CONTINUED

Schedule of shareholdings in accordance with Section 313 (2) HGB (German Commercial Code)

Name and registered office of company	Segment	Currency	Exchange rate Dec. 31, 2022 1 euro =	PCC SE participating interest in % Direct	Indirect	2022	2021
PCC Intermodal SA, Gdynia	Logistics	PLN	4.6808	99.09	–	**99.09**	98.80
PCC IT S.A., Brzeg Dolny	Trading & Services	PLN	4.6808	100.00	–	**100.00**	100.00
PCC Izvorsko EOOD, Sofia	Holding & Projects	BGN	1.9558	–	100.00	**100.00**	100.00
PCC MCAA Sp. z o.o., Brzeg Dolny	Chlorine & Derivatives	PLN	4.6808	58.46	40.42	**98.88**	98.88
PCC Morava-Chem s.r.o., Český Těšín	Trading & Services	CZK	24.1160	98.00	2.00	**100.00**	100.00
PCC NEW HYDRO DOOEL Skopje, Skopje	Holding & Projects	MKD	61.4932	–	100.00	**100.00**	100.00
PCC Prodex GmbH, Essen	Polyols & Derivatives	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Prodex Sp. z o.o., Brzeg Dolny	Polyols & Derivatives	PLN	4.6808	–	100.00	**100.00**	100.00
PCC PU Sp. z o.o., Brzeg Dolny	Polyols & Derivatives	PLN	4.6808	–	100.00	**100.00**	100.00
PCC Renewables GmbH, Duisburg	Holding & Projects	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Rokita SA, Brzeg Dolny	Polyols & Derivatives, Chlorine & Derivatives, Trading & Services	PLN	4.6808	–	84.26	**84.26**	84.17
PCC Seaview Residences ehf., Húsavík	Silicon & Derivatives	ISK	151.5000	100.00	–	**100.00**	100.00
PCC Silicium S.A., Zagórze	Silicon & Derivatives	PLN	4.6808	99.99	–	**99.99**	99.99
PCC Synteza S.A., Kędzierzyn-Koźle	Polyols & Derivatives	PLN	4.6808	100.00	–	**100.00**	100.00
PCC Therm Sp. z o.o., Brzeg Dolny	Polyols & Derivatives	PLN	4.6808	–	100.00	**100.00**	100.00
PCC Thorion GmbH, Duisburg (formerly: PCC Specialties GmbH, Oberhausen)	Holding & Projects	EUR	1.0000	100.00	–	**100.00**	100.00
PCC Trade & Services GmbH, Duisburg	Trading & Services	EUR	1.0000	100.00	–	**100.00**	100.00
PolyU GmbH, Oberhausen	Polyols & Derivatives	EUR	1.0000	100.00	–	**100.00**	100.00
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	Holding & Projects	RON	4.9495	58.72	–	**58.72**	58.72
ZAO PCC Rail, Moscow	Logistics	RUB	79.2258	100.00	–	**100.00**	100.00

Continued on next page

CONTINUED

Schedule of shareholdings in accordance with Section 313 (2) HGB (German Commercial Code)

Name and registered office of company	Segment	Currency	Exchange rate Dec. 31, 2022 1 euro =	PCC SE participating interest in % Direct	Indirect	2022	2021	Equity in local currency ('000)	Net result in local currency ('000)
Joint ventures accounted for using the equity method									
IRPC Polyol Company Ltd., Bangkok	Polyols & Derivatives	THB	36.8350	–	50.00	**50.00**	50.00	165,384.4	36,689.9
OOO DME Aerosol, Pervomaysky	Holding & Projects	RUB	79.2258	50.00	–	**50.00**	50.00	–684,449.1	116,726.0
PCG PCC Oxyalkylates Sdn. Bhd., Kuala Lumpur	Holding & Projects	MYR	4.6984	50.00	–	**50.00**	50.00	129,592.3	–8,054.4
Subsidiaries not consolidated due to immateriality									
Chemia-Profex Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00	71.7	5.0
Chemia-Serwis Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00	166.0	59.7
Chemi-Plan S.A. i.L., Brzeg Dolny	Trading & Services	PLN	4.6808	–	–	**–**	100.00	–	–23.8
CWB Partner Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00	890.3	586.8
Fate Sp. z o.o. i.L., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	–	**–**	100.00	–	–22.0
Gaia Sp. z o.o., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	100.00	**100.00**	100.00	33.5	–16.6
Hebe Sp. z o.o. i.L., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	–	**–**	100.00	–	–24.9
LabAnalityka Sp. z o.o., Brzeg Dolny	Trading & Services	PLN	4.6808	–	100.00	**100.00**	100.00	954.3	687.7
LocoChem Sp. z o.o., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	100.00	**100.00**	100.00	32.5	57.8
Logoport Sp. z o.o., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	100.00	**100.00**	100.00	208.9	163.8
New Better Industry Sp. z o.o. i.L., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	–	**–**	100.00	–	–27.2
PCC ABC Sp. z o.o. i.L., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	–	**–**	100.00	–	–24.5
PCC Consumer Products Czechowice S.A. i.L., Czechowice-Dziedzice	Surfactants & Derivatives	PLN	4.6808	–	99.74	**99.74**	99.74	–16,858.4	–253.6
PCC Exol Philippines Inc. i.L., Batangas	Surfactants & Derivatives	PHP	59.3200	–	–	**–**	99.99	–	–
PCC Organic Oils Ghana Ltd., Accra	Surfactants & Derivatives	GHS	9.1457	100.00	–	**100.00**	100.00	913.8	–3,499.5
Technochem Sp. z o.o., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	85.80	**85.80**	85.80	–31.4	–6.5
Terra 77 Sp. z o.o., Brzeg Dolny	Holding & Projects	PLN	4.6808	–	100.00	**100.00**	–	–	–
TzOW Petro Carbo Chem, Lviv	Trading & Services	UAH	38.9510	92.32	–	**92.32**	92.32	8,581.3	72.2
ZAO Exol, Nizhny Novgorod	Surfactants & Derivatives	RUB	79.2258	100.00	–	**100.00**	100.00	642.5	4,527.8
Associated companies not accounted for using the equity method due to immateriality									
S.C. Oltchim S.A. i.L., Râmnicu Vâlcea	Holding & Projects	RON	4.9495	32.34	–	**32.34**	32.34	unknown	unknown
Other investments in corporations									
Brama Pomorza Sp. z o.o., Gdańsk	Holding & Projects	PLN	4.6808	7.41	–	**7.41**	7.41	7,830.7	8,865.5
TRANSGAZ S.A., Rybnik	Holding & Projects	PLN	4.6808	9.64	–	**9.64**	9.64	unknown	unknown

Duisburg, April 27, 2023
PCC SE

The Executive Board

Dr. Peter Wenzel

Ulrike Warnecke

Dr. rer. oec. (BY) Alfred Pelzer

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 2022, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2022 to 31 December 2022, 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 2022 to 31 December 2022. 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 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022, 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.

Other Information

The executive directors and the chairman of the supervisory 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 supervisory board is responsible for the foreword by the chairman of the supervisory board contained in the annual report. Save as aforesaid, the executive 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 Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive 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 for ensuring 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 executive 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 (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive 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 executive directors are responsible for the preparation of a 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 executive 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 supervisory 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 scepticism 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 the risk of not detecting a material misstatement 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 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 executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive 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 executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive 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, 3 May 2023

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

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

Five-year overview of selected key figures

		2018	2019	2020	2021	2022
Sales	€ million	779.2	767.5	716.8	979.6	**1,324.7**
Gross profit	€ million	232.8	252.6	216.5	355.9	**503.2**
EBITDA [1]	€ million	105.3	99.0	83.8	197.5	**292.0**
EBIT [2]	€ million	68.9	43.3	11.3	125.3	**217.3**
EBT [3]	€ million	41.5	19.3	−38.4	91.7	**192.6**
Net income	€ million	37.5	7.0	−39.9	75.4	**143.9**
Gross cash flow [4]	€ million	111.8	73.5	85.9	190.7	**243.6**
ROCE [5]	%	7.6	4.2	1.1	11.2	**18.0**
Net debt [6]	€ million	756.7	896.2	858.8	888.9	**699.4**
Net debt / EBITDA	€ million	7.2	9.1	10.2	4.5	**2.4**
Group equity	€ million	150.4	147.6	74.8	144.6	**419.2**
Equity ratio [7]	%	12.8	11.0	6.1	10.4	**26.3**
Return on equity [8]	%	25.9	4.7	−35.9	51.6	**51.1**
Capital expenditures	€ million	168.6	163.5	66.6	110.9	**116.3**
Employees (Dec. 31)		3,476	3,583	3,176	3,311	**3,391**
– Germany		155	170	165	174	**165**
– International		3,321	3,413	3,011	3,137	**3,226**

1 EBITDA (Earnings before Interest / financial result, Taxes, Depreciation and Amortization)
2 EBIT (Earnings before Interest / financial result and Taxes) = Operating profit = EBITDA – Depreciation and amortization
3 EBT (Earnings before Taxes) = EBIT – Interests / financial result
4 Gross cash flow = Net income 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 – Cash and cash equivalents – Other current securities
7 Equity ratio = On-balance-sheet equity / Total assets
8 Return on equity = Net income / Average shareholders' equity

Credits / Legal

Published by
PCC SE
Moerser Strasse 149
47198 Duisburg
Germany

Contact
Public Relations
Phone +49 (0)2066 2019-35
Fax +49 (0)2066 2019-72
pr@pcc.eu
www.pcc.eu

Concept
Susanne Biskamp, PCC SE

Design / Realization
Kaiserberg – Agentur für Markenkommunikation GmbH, Duisburg, Germany

Translation
Paul Knighton, Cambridge, United Kingdom

Photos
Image rights held by PCC SE

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 2023

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 future 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 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 after the date of this annual report.

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.