PCC Group
Annual Report 2023

Local. Global. Integrated.

Contents

Interactive PDF

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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:

A number of global developments led to the world economy weakening significantly in fiscal 2023. Russia's ongoing inhumane attack on Ukraine, the conflicts in the Middle East, and China's increasing economic and geopolitical aggression have had a particularly strong impact on Europe's economy and thus PCC's most important market – with inflation, interest rate and energy cost movements adding to the continent's woes.

After record results in 2021 and 2022, PCC – like so many other market protagonists – was unable to avoid the impact of such developments. With sales coming in at 993.6 million euros, operating profit before and after depreciation and amortization at 112.3 and 33.4 million euros respectively, and with a negative pre-tax earnings result of –20.8 million euros, all our key financials were appreciably lower year on year, keeping PCC "on trend" with the industries and markets in which we operate.

Such a challenging environment inevitably demands considerable additional effort from our highly qualified and motivated employees. So, on behalf of the management of PCC SE, I would like to express my heartfelt thanks to our entire workforce. We can be proud of the high levels of energy and creativity that we are investing in constantly developing our company while preparing for the future with efficiency gains, innovations and strategic foresight.

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

With the exception of the Trading & Services segment, the results of all PCC segments were down on the record year 2022. The Chlorine business saw its EBITDA halved to 100.0 million euros. The fact that a significant contribution to earnings was made here despite the high energy costs is attributable to the systematic restructuring and expansion of our chlor-alkali electrolysis capability into a thoroughly efficient and environmentally compatible plant technology.

Energy, raw materials and labor are expensive in Europe by global standards, and high regulatory requirements are currently leading to further competitive disadvantages. PCC is counteracting this through continuous cost and efficiency optimization programs, as well as through the ongoing further development of our portfolio of basic and specialty chemicals, which already comprises over 1,300 products. Our aim is to create greater customer benefit and thus stronger customer loyalty combined with a gradual move away from competitive commodity markets.

In view of intensifying, sometimes unfair competition from the Far East, there is increasing public concern that Europe's domestic industries need protection against such influences. PCC is particularly affected in the silicon business, where cheap imports from China based on incomparable occupational safety, environmental and social standards continue to determine the price level in Europe. However, we are also observing enormous export pressure for polyols and ethoxylates, with the massive overcapacities being built up in China, in some cases as a result of government support, coupled with weak domestic demand, unleashing a sometimes ruinous price war. The parallels with the automotive and photovoltaic industries are obvious.

PCC is calling for an industrial policy that is more closely aligned with our values, for example through much stricter regulation to prevent human rights violations in supply chains. In this respect, Europe is clearly lagging behind the USA, where, for example, targeted import bans have been imposed on solar modules and other products from the north-western Chinese province of Xinjiang due to the forced labor observed there.

In special cases, even the imposition of punitive tariffs appears unavoidable. Our Phosphorus & Derivatives business unit has succeeded in an elaborate process lasting several

» PCC's forward-looking approach is reflected in our 23-percent year-on-year increase in capex to 142.5 million euros, driving the expansion of our core businesses primarily in Europe, Asia and North America. «

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

The new oxyalkylates plant of our joint venture with the PETRONAS Chemicals Group in Kerteh, Malaysia

Aligned to value creation in Europe: The highly efficient silicon metal plant operated by PCC BakkiSilicon hf. in Húsavík, Iceland

years, conducted together with other European producers, in ensuring that import duties of 45 to 68 percent are now levied at EU level on certain products (TCPP and TEC) from various Chinese manufacturers.

In some areas, such measures are necessary in order to avoid the deindustrialization of Europe and the associated increase in our society's dependence on certain export regions. For example, it is incomprehensible to us that up to 98 percent of the photovoltaic production that is so important for implementing the energy transition takes place in China. Electricity is part of the strategic infrastructure and will increasingly be generated from solar energy in the future. The investments in this sector will be immense, but the value creation it entails will largely elude Europe. With its highly efficient silicon plant in Iceland, PCC can offer a cornerstone for building this industry, but it is virtually unprotected against competition from China. There is an urgent need for a level playing field and a more strategic orientation of European economic policy.

The Icelandic company PCC BakkiSilicon hf. has been producing at full capacity again since January 2024, while due to the demand situation only one of the two electric arc furnaces was in operation for more than ten months in 2023. The aim in the second half of 2024 is to cover production costs, to be achieved through continuous optimization of silicon yield and our cost position.

PCC's forward-looking approach is also reflected in another 23-percent year-on-year increase in capex to a total of 142.5 million euros for fiscal 2023. The value of our investment portfolio of affiliates amounted to 1.2 billion euros as at December 31, 2023 – around 7 percent higher than in the previous year.

Our investments are focused on the expansion of our core businesses involving polyols, surfactants and chlor-alkali electrolysis in Europe, Asia and North America. In Poland, our most important affiliates PCC Rokita SA and PCC Exol SA are investing in the doubling of their ethylene oxide- and propylene oxide-based production capacities. This will significantly improve purchasing conditions and our market positions in our domestic markets. The capacity of our chlor-alkali plant in Brzeg Dolny (Poland) is also currently being increased with an investment in two additional electrolyzers, which will enable more variable production and thus intensify our participation in the lucrative electricity balancing market.

The oxyalkylates plant of our joint venture with PETRONAS Chemicals Group in Kerteh (Malaysia) was completed almost without any schedule or cost overruns. The only minor delays related to the provision of two primary input products at the site. On the market side, however, it can also be seen here that Southeast Asia in particular is affected by dumping exports from China, which is why sales are currently being focused on higher-margin markets.

It has long been apparent that the North American economy is becoming more resilient to the global influences described above due to favorable energy and raw material costs, as well as an economic policy that is more clearly focused on the needs of domestic industry. For this reason, we are paying particular attention to expanding our activities in this region. In addition to PCC Chemicals Corporation, which is responsible for the development of oxyalkylate production, we established a further US project company on February 29, 2024: PCC GulfChem Corporation. Its aim is to expand PCC's successful integrated chlorine chemicals business into North America. A potential production site in the US Gulf Coast region with excellent infrastructure has been secured for this purpose. We are already expanding our sales activities with new local experts, and our products from Europe and Asia are currently being pre-marketed there in preparation for our planned local capacity expansion. This brings us closer to our goal of being able to offer our global business partners the high product quality and service standards of the PCC companies in the world's most important markets.

We are particularly proud of the evolution of our research and development activities and the enormous commitment with which the more than 300 employees in our various quality assurance and R&D laboratories, together with their colleagues from the business units, are driving forward a wide range of product innovations. PCC Rokita SA and PCC Exol SA alone launched over 60 new products onto the market in 2023, with a further 150 under development. The successful commissioning of the new R&D center at our Brzeg Dolny site with state-of-the-art equipment on an area of over 6,000 m^2 is a significant milestone for this business domain and a flagship for the entire PCC Group.

In the important battery business, too, our affiliate PCC Thorion GmbH is working in cooperation with various research institutes, including Fraunhofer ISE in Freiburg (Germany), to develop a highly efficient nanosilicon-carbon anode material and the electrolyte additives tailored to it. The newly founded PCC ChloroSilanes Sp. z o.o. will also be playing a role here with its parallel research into the production of silicon nanopowders in a plasma process based on chlorosilanes. In December 2023, this company acquired the technology and plant components for chlorosilane production. The production plant is to be built at our main site in Poland and will combine our expertise in chlorine and silicon production.

It is our duty to shape the growth of PCC's various businesses in a responsible and sustainable manner. Our investment projects therefore always make use of advanced, resource-efficient technology. We are also developing climate protection projects, for example for the production of green methanol from locally produced, climate-neutral hydrogen and the CO_2 content of the waste gas stream from our silicon plant in Iceland, as well as various products based on biogenic raw materials. However, the feasibility of such projects depends on the willingness of potential customers to accept certain additional costs for climate-neutral production, and this willingness is still limited in the currently constrained economic climate.

Our affiliate PCC Intermodal S.A. with its environmentally friendly intermodal container transportation business is also very much at the forefront of the trend toward sustainability. With currently five transshipment terminals in Poland and Germany, and its own container freight cars and locomotives, it is facilitating the shift of transportation from road to rail, thereby making a significant contribution to reducing CO_2 emissions in the transport sector. And the company is also pushing forward with its investment in three new container terminals.

We at PCC see it as our responsibility to harness the opportunities arising in our business environment in an agile and creative manner – always combined with conservative risk management, a resource-conserving approach and reliable, honest cooperation with our partners.

I would like to thank our investors and business partners for the trust they have placed in us – a valuable asset, not only in business life, which fills us with pride and confidence as we countenance the challenges ahead!

Sincerely yours,

Peter Wenzel
Chief Executive Officer PCC SE

The Executive Board of PCC SE

As of December 31, 2023, 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 (59) 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 and supervisory board mandates within the PCC Group, for example as Managing Director of PCC Chemicals GmbH (Germany) and as a member of the Board of Directors of PCC Chemicals Corporation, PCC Gulfchem Corporation (both USA), PCC BakkiSilicon hf. (Iceland, Chair) and PCG PCC Oxyalkylates Sdn. Bhd. (Malaysia).

Ulrike Warnecke

Member of the Executive Board of PCC SE

Ulrike Warnecke (61) 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 a member of the Supervisory Board of PCC Consumer Products S.A. and is a member of the Board of Directors of PCC BakkiSilicon hf., Húsavík (Iceland).

Dr. rer. oec. (BY) Alfred Pelzer

Member of the Executive Board of PCC SE

Dr. Alfred Pelzer (64) 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, Logistics, Sales and Distribution. He holds a number of supervisory board mandates within the PCC Group, including at the chemical manufacturing 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), PCC Intermodal S.A. (Chair) and PCC Autochem Sp. z o.o. (Chair). Dr. Pelzer is also Managing Director of the two German affiliates PCC Insulations GmbH and PCC Thorion GmbH.

A word of welcome from the Chairman of the Supervisory Board

Ladies and Gentlemen,

In this, our annual report for 2023, the PCC Group looks back on a very challenging fiscal year – a year characterized by persistent economic weakness both in Germany and in the countries of the European Union, PCC's main sales markets. Added to the mix, we had the aggressive export policies of non-European countries, especially China, coupled with inflation and interest rates at an unrelenting high level. In this difficult market environment, the three chemical-producing segments of the PCC Group together with the Logistics segment were able to successfully hold their own. However, the significant losses in the Silicon & Derivatives segment led to a pre-tax deficit in the low double-digit million euro range for the Group overall. Toward the end of the year, however, there were signs of an improvement in the market situation affecting the Silicon & Derivatives segment. Supported by the wide-ranging measures introduced in 2023 to increase productivity and reduce costs, this should result in a sustained improvement in the earnings situation in this segment going forward. The now receding inflationary pressures and the expected downturn in interest rates should also have a positive impact on future business performance to the benefit of the Group as a whole. The management of PCC SE, the executive bodies and managing directors of all our subsidiaries and, not least, all our employees across the organization have remained steadfastly committed to our business success, despite the difficulties that fiscal 2023

Waldemar Preussner
Chairman of the Supervisory Board of PCC SE

has thrown up. As Chairman of, and on behalf of my colleagues on, the Supervisory Board, I would like to express my great appreciation and thanks to all of you for the sterling efforts you have shown. And I would also like to express my gratitude to all our business partners and, of course, to our investors who have been so constant in the confidence they have shown in PCC over these many years.

Many of the challenges of the past fiscal year have persisted beyond the end of the period under review. These include the Russia-Ukraine war and the recent conflict in the Middle East, which could lead to renewed transportation and supply chain problems. In addition, the European economy in particular got off to a weaker start in 2024 than many experts had predicted. Nevertheless, the Supervisory Board of PCC SE believes that the company is well positioned for the future, not least due to its far-sighted investment program of recent years and increasing geographical expansion. As you will see from the annual report before you, the PCC Group has now commissioned its new production plant in Malaysia. This represents an important milestone for the further sustainable growth of PCC's core business. The geographical expansion of this core business in the fast-growing US market is also to be energetically pursued in 2024. The Supervisory Board supports these plans and will continue to closely accompany PCC as it progresses all such undertakings.

Duisburg, April 2024

Kind regards,

Waldemar Preussner
Chairman of the Supervisory Board of PCC SE

View of PCC's major production site in Brzeg Dolny in Poland's Lower Silesia region, where PCC Rokita SA and PCC Exol SA also have their headquarters

The Supervisory Board of PCC SE

As of December 31, 2023, 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 (64) 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 (65) 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 of PCC SE and continues to serve as Chairman of its Supervisory Board. He also holds a number of supervisory board mandates within the PCC Group, in particular at PCC Exol SA (Chair) and at PCC Rokita SA.

Reinhard Quint

Member of the Supervisory Board of PCC SE

Reinhard Quint (81) 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 over 25 years now, 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, 2023, we have issued a total of 89 bonds and one profit participation certificate. By the end of the last fiscal year, we had repaid 69 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 some 19,000 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 in circulation T_I_01

PCC. Direktinvest

ISIN	Issuance date	Maturity date	Coupon	Issuance volume in € k	Nominal value in € k at Dec. 31, 2023
DE000A30VS56	09/01/2022	10/01/2027	5.00 %	40,000	35,178
DE000A3510Z9	10/02/2023	10/01/2028	6.00 %	35,000	35,000
DE000A254TZ0	04/01/2020	12/01/2024	4.00 %	35,000	34,503
DE000A2TSEM3	07/01/2019	10/01/2024	4.00 %	30,000	29,946
DE000A3H2VU4	11/02/2020	10/01/2025	4.00 %	30,000	29,653
DE000A3E5S42	05/17/2021	07/01/2026	4.00 %	30,000	29,293
DE000A2YN1K5	10/22/2019	02/01/2025	4.00 %	30,000	29,133
DE000A351K90	04/03/2023	07/01/2028	5.00 %	35,000	28,796
DE000A3MQEN8	11/15/2021	12/01/2026	4.00 %	30,000	26,926
DE000A2NBJL3	01/01/2019	07/01/2024	4.00 %	25,000	24,985
DE000A2YPFY1	12/02/2019	07/01/2025	4.00 %	30,000	23,818
DE000A30VR40	02/01/2023	04/01/2028	5.00 %	30,000	21,800
DE000A2NBFT4	10/01/2018	04/01/2024	4.00 %	25,000	21,104
DE000A3MQZM5	05/02/2022	04/01/2026	4.00 %	30,000	20,991
DE000A30V2U2	12/01/2022	12/01/2027	5.00 %	20,000	19,858
DE000A3MP4P9	10/01/2021	10/01/2026	4.00 %	10,000	10,000
DE000A3E5MD5	07/01/2021	01/01/2024	3.00 %	10,000	9,545
DE000A3MQEM0	11/15/2021	04/01/2025	3.00 %	10,000	7,790
DE000A2YPFX3	12/02/2019	01/01/2024	3.00 %	20,000	4,511
DE000A3MQA80	03/01/2022	02/01/2024	2.00 %	5,000	1,410
PCC SE bonds in circulation					**444,240**

The relatively small bond issuance volumes in amounts up to 40 million euros 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.

Committed to credible, transparent financial communications

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 and certified 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 2023 T_I_02

PCC. Direktinvest

ISIN	Issuance date	Maturity date	Coupon	Issuance volume in € k	Redemption volume in € k
DE000A2LQZH9	07/01/2018	10/01/2023	4.00 %	30,000	28,783
DE000A2G8670	01/01/2018	04/01/2023	4.00 %	25,000	21,802
DE000A2TSTW0	03/01/2019	02/01/2023	3.00 %	25,000	18,447
DE000A3H2VT6	11/02/2020	07/01/2023	3.00 %	15,000	14,705
PCC SE bond maturities in 2023					**83,737**

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, 2023, there were 20 bonds outstanding representing a total nominal volume of around €444.2 million. Subsequent to the balance sheet date, PCC SE redeemed on January 1, 2024 the 3.0 % bullet bonds ISIN DE000A3E5MD5 with a placed volume of €9.5 million and ISIN DE000A2YPFX3 with a placed volume of €4.5 million, on February 1, 2024 the 2.0 % bullet bond ISIN DE000A3MQA80 with a placed volume of €1.4 million and on April 1, 2024, the 4.0 % bullet bond ISIN DE000A2NBFT4 with a redemption volume of €21.1 million. 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 at € 555.1 million

Two PCC Group companies, PCC Rokita SA and PCC Exol SA, are listed on the Warsaw Stock Exchange (GPW). The value of the share packages of these investments held indirectly by PCC SE through a subsidiary amounted to € 471.0 million as of December 31, 2023, and was thus around 6.2 % above the valuation in euros as of the previous year's reporting date, mainly due to the significant appreciation in the value of the Polish złoty. The total market capitalization of these exchange-listed PCC investments amounted to € 555.1 million as of the reporting date, likewise equating to an increase of around 6.2 % compared to the previous year.

The fears of recession that were still prevalent at the start of 2023 did not generally materialize over the course of the stock market year. Growth in the USA and certain emerging markets was offset by the economic downturn in China and individual industrialized nations in the European Union, resulting in only moderate growth overall. Due to the further decline in inflation over the course of the year, central banks held out the prospect of interest rate cuts toward the end of 2023.

However, despite the positive developments in the interest rate spectrum of the European and Polish central banks, there is still uncertainty about the level and timing of individual interest rate cuts. This is due in particular to geopolitical crises and their impact on the global economy, such as the war in Ukraine and the new conflict in the Middle East.

It should also be emphasized that developments on the stock market in 2023 were very mixed, with both specialty and basic chemical stocks performing poorly. Given this backdrop, the share price performance in euros of PCC Exol SA and PCC Rokita SA was also muted in 2023.

One reason for the overall subdued share price performance of the listed manufacturing companies worldwide was the inventories built up in the previous year, which were worked down in the course of 2023 as a result of generally stagnating demand. This was compounded by production capacities being scaled back in almost all industrial sectors in Europe.

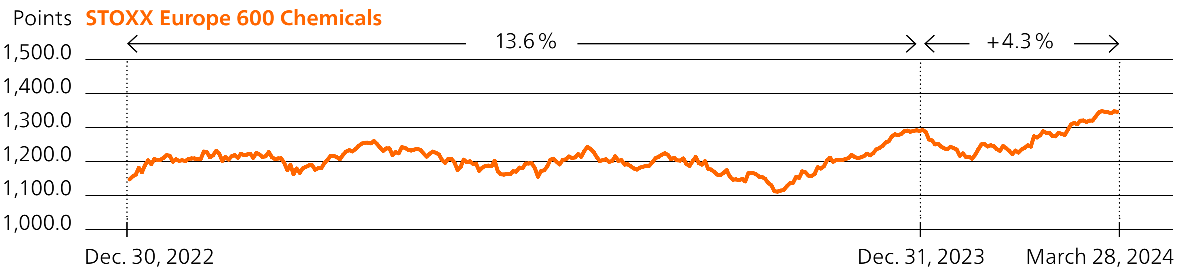
The supply bottlenecks that still existed as a result of the coronavirus pandemic have now been largely eliminated and are limited to just a few individual product areas. The high volatility of the energy market, which continued to be dominated by the war in Ukraine in 2023, has also been largely reduced and energy prices have fallen, partly due to lower industrial demand.

PCC holds a clear majority of around 85 % in each of the two listed subsidiaries. The main advantages of stock exchange listings are transparent company valuations, a strengthened equity base for the entities involved, and the possibility of also 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 European sector index STOXX Europe 600 Chemicals showed strong volatility during the 2023 stock market year as a consequence of the industry's greater exposure to the energy crisis. The STOXX Europe 600 Chemicals index closed 13.6 % higher as of trading year-end than at the start of the year.

The performance of the shares of PCC subsidiaries in Polish złoty (PLN) was positive to some extent, while their performance in euro terms was favored above all by the significant appreciation of the złoty against the euro.

Performance of STOXX Europe 600 Chemicals



PCC Rokita SA stock up 0.3 % in 2023

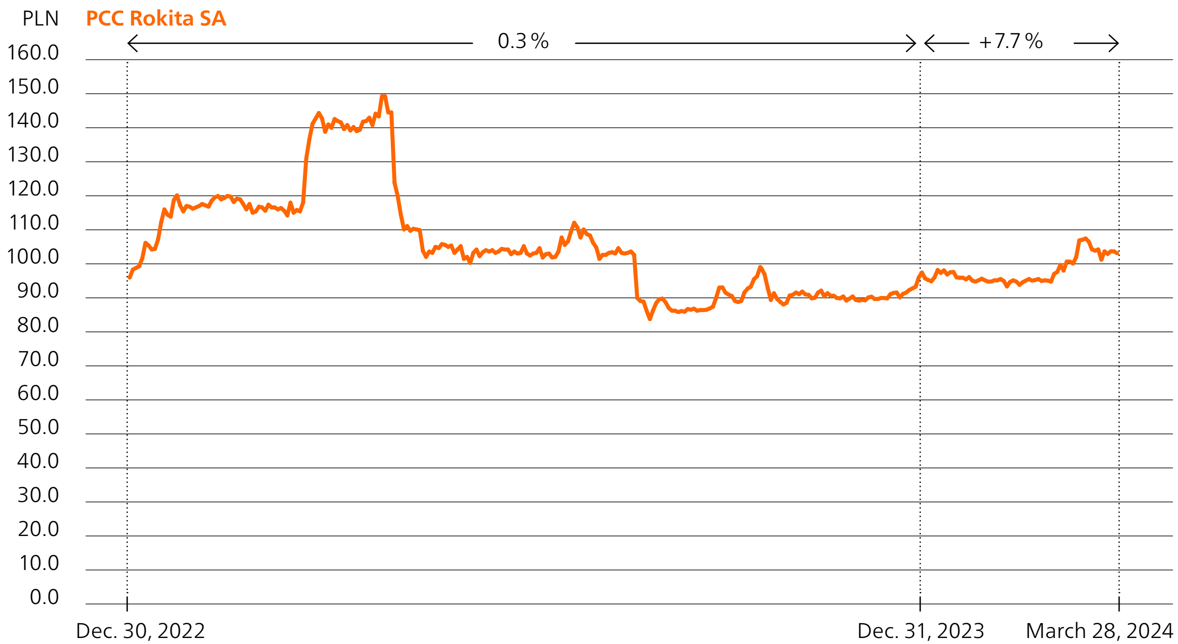
The closing price of PCC Rokita SA stock (PLPCCRK00076) as of December 31, 2023 was PLN 95.90, corresponding to a year-on-year gain of 0.3 %. Its market capitalization at year-end was thus the equivalent of € 438.7 million.

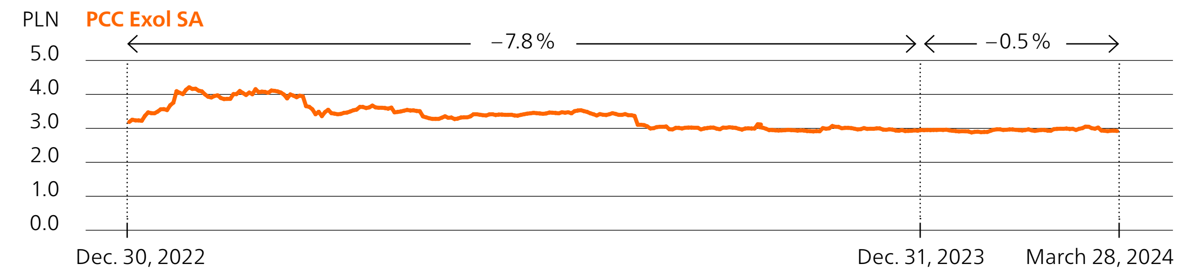
With the business climate brightening, the share price of PCC Rokita SA began to show encouraging strength after the turn of the year. As of March 28, 2024, PCC Rokita SA stock was trading at PLN 103.4, representing a price gain of 7.7 % or PLN 7.5 since the beginning of the year. The strong price gain underpins the high level of confidence of capital market participants in our value proposition. PCC SE indirectly holds 84.26 % of the shares of PCC Rokita SA through PCC Chemicals GmbH.

PCC Exol SA share price down 7.8 % in 2023

The price performance of PCC Exol SA stock (PLPCCEX00010) reflects the volatile geopolitical developments affecting its customer countries. Said volatility was driven on the one hand by fluctuating demand on the end markets and on the other by end customers pursuing a policy of destocking. The closing share price as at December 31, 2023 was PLN 2.90, corresponding to a year-on-year decline of 7.8 %. As a result, the market capitalization of PCC Exol SA fell to the equivalent of € 116.4 million. As of March 28, 2024, the shares of PCC Exol SA were trading at PLN 2.89, representing a decline of 0.5 % since the beginning of the year. PCC SE indirectly holds 87.09 % of the shares of PCC Exol SA through PCC Chemicals GmbH.

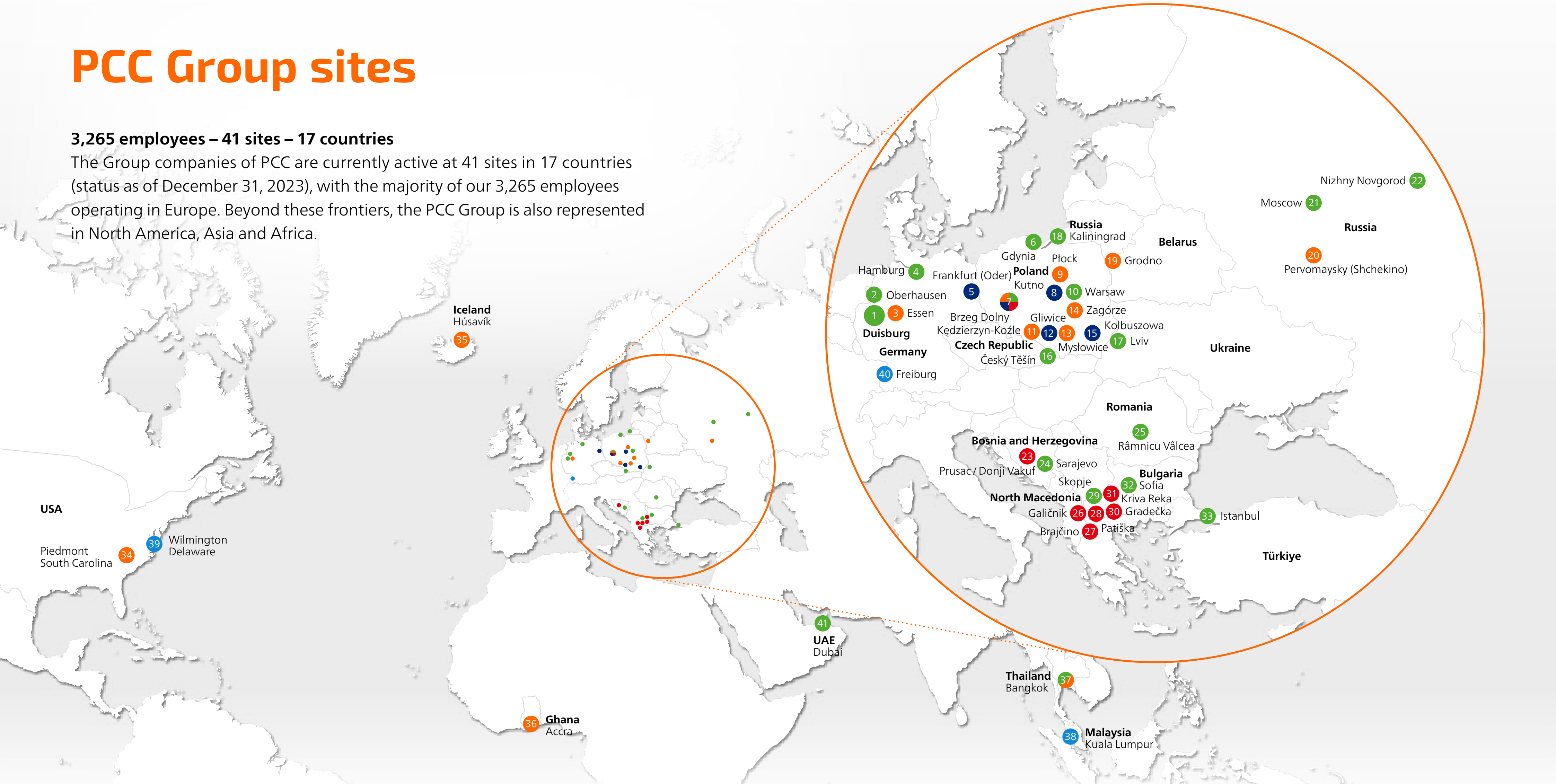
Price performance of PCC shares on the Warsaw Stock Exchange (GPW)





PCC Group sites

3,265 employees – 41 sites – 17 countries
The Group companies of PCC are currently active at 41 sites in 17 countries (status as of December 31, 2023), with the majority of our 3,265 employees operating 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)
- 19 Grodno (BY)
- 20 Pervomaysky (Shchekino) (RU)
- 34 Piedmont, South Carolina (US)
- 35 Húsavík (IS)
- 36 Accra (GHA)
- 37 Bangkok (TH)

Power plants

- 7 Brzeg Dolny (PL)
- 23 Prusac / Donji Vakuf (BA)
- 26 Galičnik (MK)
- 27 Brajčino (MK)
- 28 Patiška (MK)
- 30 Gradečka (MK)
- 31 Kriva Reka (MK)

Container terminals

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

Projects

- 38 Kuala Lumpur (MY)
- 39 Wilmington, Delaware (US)
- 40 Freiburg (DE)

Structure of the PCC Group

Aside from the holding company PCC SE, the PCC Group comprises a total of 66 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, 2023). 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) appended to the consolidated financial statements at the back of this report.

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

Polyols & Derivatives

PCC Rokita SA
Polyols business unit
Brzeg Dolny, PL (84.26 %)

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 %)

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 %)

Gaia Sp. z o.o.
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 S.A.
Gdynia, PL (99.09 %)

PCC Intermodal GmbH
Duisburg, DE (100 %)

PCC Autochem Sp. z o.o.
Brzeg Dolny, PL (100 %)

Holding & Projects

PCC Chemicals GmbH
Duisburg, DE (100 %)

PCC Integrated Chemistries GmbH
Duisburg, DE (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 %)

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

The PCC Group currently has more than 3,200 employees operating at 41 sites in 17 countries. The investment portfolio of the Group is 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 17 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 company PCC Chemicals GmbH, as well as various project companies.

Compared to the previous year, the following changes were made to the investment portfolio of the PCC Group in 2023: The intermediate holding company PCC Renewables GmbH, which served as an umbrella for our activities in the field of renewable energies in the Balkan region, was merged with PCC SE as the acquiring legal entity as of January 1, 2023.

In the Polyols & Derivatives segment, the polyester polyols manufacturer PCC PU Sp. z o.o. was merged with PCC Rokita SA as of January 1, 2023, and integrated into its Polyols business unit. The Trading & Services segment was expanded to include Gaia Sp. z o.o., an existing subsidiary of PCC Rokita SA.

Segments and business units of the PCC Group G_L_01

	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	– Portfolio Management – Project Development

All the assets of PCC Rokita SA required for the supply of energy and heat to the town of Brzeg Dolny were transferred to this company. Elpis Sp. z o.o., Brzeg Dolny, left the scope of consolidation due to liquidation, as did the Russian companies AO PCC Rail (formerly ZAO PCC Rail) and OOO PCC Consumer Products i.L., both domiciled in Moscow, due to the discontinuation of their business operations.

Including PCC SE, 45 companies are thus fully consolidated in the 2023 consolidated financial statements of PCC. Three joint ventures are accounted for using the equity method.

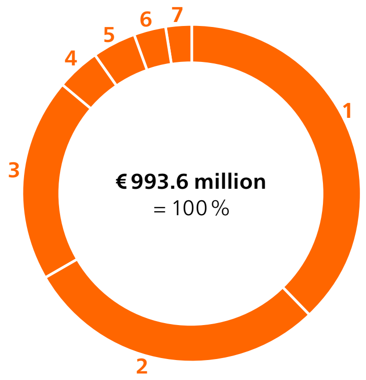
The operational strategy of the PCC Group is geared to sustainable corporate investment and business development, with the primary priority of generating and consistently growing enterprise value. As a growth-led investor predominantly aligned to the long term, the holding company PCC SE supports its 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 within this process. 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.

As part 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 2023, we generated 19.5 % (previous year: 21.1 %) of our sales with customers in Germany, with 38.0 % attributable to customers in Poland (previous year: 34.3 %) and 28.8 % to customers in other EU member states (previous year: 28.1 %).

Sales 2023 by region G_L_02

in %

1	Poland	38.0 %
2	Other EU Member States	28.8 %
3	Germany	19.5 %
4	Other Europe	4.1 %
5	Other Regions	4.1 %
6	Asia	3.1 %
7	USA	2.4 %



Core business activities

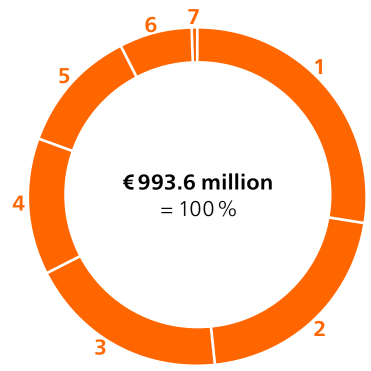
At € 993.6 million, Group sales in fiscal 2023 fell just short of the billion euro mark and were € 331.0 million or 25.0 % below the previous year's record sales of € 1,324.7 million, figures that were clearly below our expectations for the year under review. The main reasons for these developments lay in the average selling prices for many of the commodities that we produce, which were significantly below the levels anticipated, as well as lower sales volumes as a result of weak demand rooted in the prevailing economic situation. The significant increase in inventories and stock levels at European producers in the previous year led to a marked decline in sales volumes in fiscal 2023.

All six operating segments of the PCC Group were affected by this decline in sales. The main revenue driver was the Chlorine & Derivatives segment. This segment also made by far the largest positive contribution to Group earnings in 2023, followed by the Surfactants & Derivatives and Logistics segments. The Polyols & Derivatives and Trading & Services segments recorded slight losses. The Silicon & Derivatives segment closed the fiscal year with a loss in the high double-digit million euro range. As a consequence, the Group's consolidated net income result also slipped into the red in the low double-digit millions. Details of the various business developments in the individual segments can be found in the following analysis.

Sales 2023 by segment G_L_03

in %

1	Chlorine & Derivatives	27.7 %
2	Surfactants & Derivatives	20.8 %
3	Polyols & Derivatives	19.2 %
4	Logistics	12.9 %
5	Trading & Services	11.8 %
6	Silicon & Derivatives	7.2 %
7	Holding & Projects	0.3 %



Business performance by segment

Polyols & Derivatives

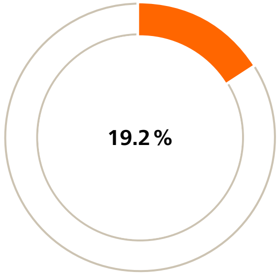
Polyols are basic feedstocks used in the production of polyurethane (PU) foams and PU systems that have a wide range of applications in a large number of industries. Flexible PU foams are used, among other things, in the manufacture of comfortable mattresses. Rigid PU foams are employed in the refrigeration 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 entity in this segment is the Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), the focus of which is on the production, sale and distribution of polyether and polyester polyols. 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 affiliates involved in the production and sale of insulating and other building materials are 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. 2023 saw further progress in growing the businesses of these affiliates, the development of which had been delayed in recent years due to the pandemic. This also applies to the activities of PolyU GmbH, Oberhausen (Germany), which focuses on the development of customer-specific specialty products based on polyols. The Polyols & Derivatives segment is completed by IRPC Polyol Company Ltd., Bangkok (Thailand), a joint venture with the Thai company IRPC Public Company Ltd., in which the PCC Group holds a 50 % interest. The company is accounted for in the Group using the equity method. The number of employees in the Polyols & Derivatives segment at year-end amounted to 341 (previous year: 351).

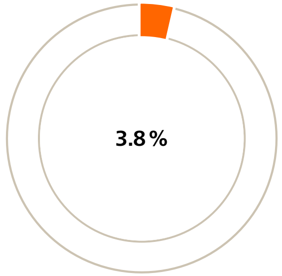
The Polyols & Derivatives segment generated sales of € 191.1 million in fiscal 2023, € 68.7 million or 26.4 % less than in the previous year (€ 259.8 million). At 19.2 %, the share of Group sales was at the previous year's level (19.6 %); however, the total fell short of our revenue expectations for 2023 by a wide margin overall, with our earnings performance also significantly weaker than expected. In addition to lower demand, the main reason for this was increasingly aggressive competition from China and other Asian countries. This not only impacted sales by European manufacturers in Europe, but also reduced export opportunities for European goods, further intensifying competition within Europe. From September 2023, there were signs of a modest increase in demand for polyols, but this demand was predominantly for cheaper standard grades with lower margins. In this challenging market environment, the Polyols business unit of PCC Rokita SA nevertheless held up well and once again achieved a positive annual earnings result, albeit without matching the very good results of the previous year.

Key facts and figures for the Polyols & Derivatives segment 2023 G_L_04

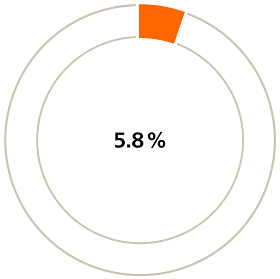
Share of Group sales
in %



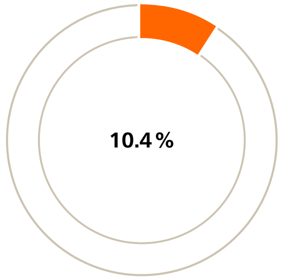
Share of Group capital expenditures
in %



Share of Group property, plant and equipment
in %



Share of Group employees
in %



IRPC Polyol Company Ltd., of which the polyols and polyurethane systems are marketed primarily in the Southeast Asian region, likewise faced increasing competition from China. The sales and earnings performance of this affiliate, although remaining profitable, was therefore also significantly below the levels of the previous year and below our expectations.

The polyurethane systems house PCC Prodex Sp. z o.o. benefited in the fourth quarter of 2023 from the severe shortage of the key feedstock methylene diphenyl isocyanate (MDI) on the European market – a consequence of production problems at several European manufacturers. PCC Prodex Sp. z o.o. sources most of its MDI from Asia and was therefore not affected by this bottleneck. As a result, this affiliate was able to achieve significantly higher selling prices on the market for the polyurethane systems it produces (mainly roof spray foams) and therefore actually match the very good earnings level of the previous year. Although PCC Prodex GmbH, which operates in the specialty foam and polishing pads business area, was able to improve its performance compared to the previous year, it remained in deficit in 2023. This also applies to the thermal insulation panels business of the intermediate holding company PCC Insulations GmbH and its subsidiaries, the expansion of which had been severely slowed by the coronavirus pandemic. The alkylphenol manufacturer PCC Synteza S.A., Kędzierzyn-Koźle (Poland), recorded a sharp decline in demand in this core business in 2023 and therefore also closed the fiscal year under review with a loss. Both sales and earnings at this affiliate were significantly down on the previous year and also well below our expectations. The expansion of its product portfolio in the previous year to include polyols-based specialty chemicals will therefore be of increasing importance for the future development of PCC Synteza S.A. The company manufactures these specialty chemicals in close cooperation with PolyU GmbH. Demand for these products was also at a low level due to the weak state of the construction industry. In addition, inventories of high-priced input materials had to be used up first, which is why PolyU GmbH also ended 2023 with a loss. In the long term, however, the production and sale of these specialty products should result in significant growth for both affiliates.

Going forward, we plan to continue diversifying and expanding the Polyols & Derivatives segment's product portfolio in order to strengthen this segment's basis for success in the long term. Areas of focus include the development of products for customer-specific applications, together with geographical expansion, particularly in the still dynamic Asian markets, and – in the long term – in the USA. This applies not only to the Polyols & Derivatives segment, but across all core business areas in the Group. In fiscal 2023, the focus was on the construction of a production facility for oxyalkylates (a group of chemicals that includes special non-ionic surfactants and polyether polyols) in Malaysia together with the Malaysian joint venture partner PETRONAS Chemicals Group Berhad (PCG). And 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 2023. The commissioning phase started in the third quarter. The start of regular production operations was delayed beyond the turn of the year due, among other things, to a maintenance-related shutdown of PCG's production plant for the feedstock ethylene oxide. In the coming years, PCG PCC Oxyalkylates Sdn. Bhd. is expected to contribute to further growth in both the Polyols & Derivatives and Surfactants & Derivatives segments.

Polyols & Derivatives segment

T_L_01

Figures in € m	**2023**	2022	Absolute change	Relative change
Net external sales (consolidated)	**191.1**	259.8	–68.7	–26.4 %
Sales to other PCC segments	**70.9**	81.7	–10.7	–13.2 %
Total segment sales (total operating output)	**262.0**	341.5	–79.5	–23.3 %
EBITDA	**9.1**	36.1	–27.0	–74.9 %
Property, plant and equipment	**58.1**	50.8	7.3	14.4 %
Capital expenditures on intangible assets and property, plant and equipment	**5.5**	5.8	–0.4	–6.1 %
Employees at Dec. 31	**341**	351	–10	–2.8 %

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 agrochemical industries, as well as in the production of lubricants, paints, coatings and plastics.

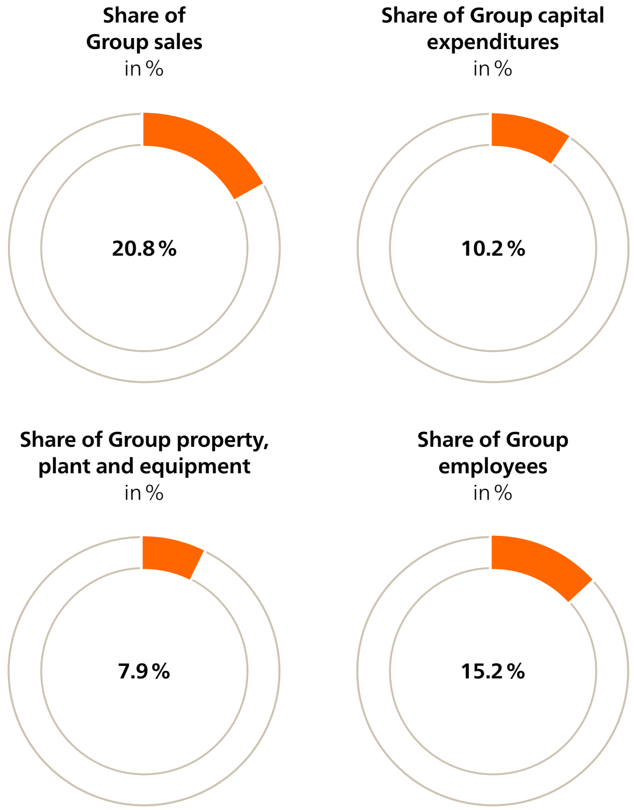
The Surfactants & Derivatives segment comprises the Anionic Surfactants, Non-ionic Surfactants and Betaines (Amphoteric Surfactants) business units, as well as downstream business activities in the consumer goods sector. This segment includes PCC Exol SA, Brzeg Dolny, and its US subsidiary PCC Chemax, 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 household 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 € 206.6 million in 2023. Compared to the previous year (€ 231.8 million), this represents a decrease of 10.9 %. The share of total sales of the PCC Group increased by 3.3 percentage points to 20.8 %. The number of employees at the end of the fiscal year amounted to 495 (previous year: 513).

Although sales volumes at the largest affiliate in this segment, PCC Exol SA, remained flat in 2023, they came in below our expectations. This applied in particular to the specialty industrial products business area. Average selling prices in 2023 were lower than expected both in this business and in the case of feedstocks for the personal care and cleaning products industry. In addition to the weak economy, one of the main reasons

Surfactants & Derivatives segment T_L_02

Figures in € m	2023	2022	Absolute change	Relative change
Net external sales (consolidated)	206.6	231.8	– 25.2	– 10.9 %
Sales to other PCC segments	36.8	44.6	– 7.8	– 17.4 %
Total segment sales (total operating output)	243.4	276.3	– 33.0	– 11.9 %
EBITDA	25.0	40.0	– 14.9	– 37.4 %
Property, plant and equipment	78.5	63.6	14.8	23.3 %
Capital expenditures on intangible assets and property, plant and equipment	14.5	14.9	– 0.4	– 2.9 %
Employees at Dec. 31	495	513	– 18	– 3.5 %

Key facts and figures for the Surfactants & Derivatives segment 2023 G_L_05



for this was increased competitive pressures, particularly from China and India. In the course of the second half of the year, a major European surfactant manufacturer also penetrated the European market with its newly commissioned capacities. Its aggressive pricing policy further intensified the competitive situation. Despite this challenging market environment, however, PCC Exol SA was able to close fiscal 2023 with a successful set of financials. This also applies to its subsidiary PCC Chemax, Inc. and to the Surfactants & Derivatives segment as a whole. Encouragingly, the consumer products business area also made a positive contribution in 2023. The dominant company in the Consumer Products business area is PCC Consumer Products Kosmet Sp. z o.o., which benefited from rising demand for private label products in the past fiscal year. The high proportion of household chemicals in the product portfolio of PCC Consumer Products Kosmet Sp. z o.o. also had a beneficial effect on earnings, as this market segment is fundamentally much more resilient than the cosmetics market.

As in the Polyols & Derivatives segment, the PCC Group also plans to further diversify its product portfolio in the Surfactants & Derivatives segment and to continuously expand the proportion of higher-value specialty products. Sales activities across all segments will be increasingly geared to specific applications and are also to be strengthened by the appointment of regional managers. These will be responsible for the territories Western Europe, Central and Eastern Europe, and Southern Europe. Efforts will also be aligned to increasing internationalization, particularly in the Asian market, but also in the MENA region and – in the long term – in the USA. By concluding a joint purchase agreement with its most important ethylene oxide supplier, PCC Exol SA, together with PCC Rokita SA, had already ensured its supply of this essential input material by the end of 2021. However, this contract also requires an expansion of production capacities on the PCC side. Work in this direction began in 2023 and will be further progressed in 2024. In addition, early preparations are underway for the utilization of these new capacities through the progressive expansion of both our customer and product portfolios.

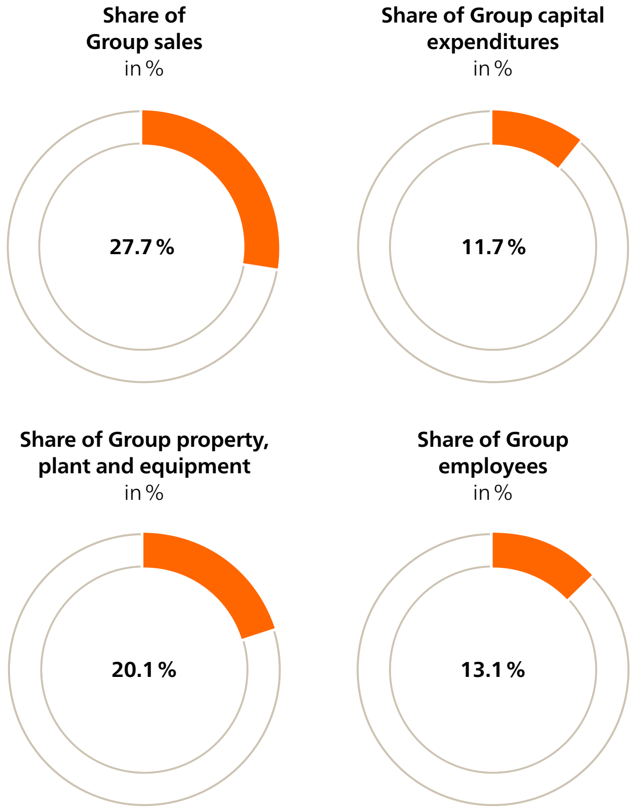
Chlorine & Derivatives

Chlorine is one of the most important and most-produced raw materials used in the chemical industry. Within the PCC Group, the chemical is used, among other things, in the production of propylene oxide for polyols manufacture, and as a feedstock for the production 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 & Derivatives 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 also of PCC Rokita SA, plus MCAA SE and PCC MCAA Sp. z o.o., all located at the Brzeg Dolny site. Sales revenue in this segment amounted to €275.6 million in 2023, down 29.1 % on the previous year (€388.5 million). Its share of Group sales fell by 1.6 percentage points to 27.7 % (previous year: 29.3 %). The segment employed 427 people as of the reporting date (previous year: 464).

The Chlorine & Derivatives segment was once again by far the main revenue and earnings generator of the PCC Group in 2023. However, its figures fell well short of the record numbers of the previous year. Here, too, the main reasons were the weak economy coupled with increasing competitive pressure

Key facts and figures for the Chlorine & Derivatives segment 2023 G_L_06



Chlorine & Derivatives segment T_L_03

Figures in € m	2023	2022	Absolute change	Relative change
Net external sales (consolidated)	275.6	388.5	–112.9	–29.1 %
Sales to other PCC segments	130.4	171.0	–40.6	–23.7 %
Total segment sales (total operating output)	406.0	559.5	–153.5	–27.4 %
EBITDA	99.9	204.9	–105.0	–51.3 %
Property, plant and equipment	200.0	193.6	6.4	3.3 %
Capital expenditures on intangible assets and property, plant and equipment	16.6	16.9	–0.3	–1.5 %
Employees at Dec. 31	427	464	–37	–8.0 %

from China and rising overheads. In addition, chlorine production at the Brzeg Dolny site had to be curtailed due to lower demand within the Group for propylene oxide (as a feedstock for the manufacture of polyols based on chlorine and propylene) and also lower demand for chlorine for MCAA. This also reduced the volume of chlorine by-products manufactured. Average selling prices for these products fell significantly compared to the sometimes historic highs of 2022. However, they remained at a high level, thus exerting a correspondingly positive impact on the earnings performance of the Chlorine business unit of PCC Rokita SA. Earnings were boosted by compensation payments from the Polish government for high energy and CO_2 costs. Overall, therefore, this business unit and also the Chlorine segment as a whole closed 2023 in clearly positive territory.

The Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA was affected by strong competition from China in 2023, particularly in the phosphorus-based flame retardants business area. Some of the Chinese products were being offered at prices below the manufacturing costs in Europe. The average selling prices and thus also the margins for European products therefore fell considerably. Although the performance of this business unit remained well below the historically good results of the previous year, it was still able to end fiscal 2023 with a positive earnings balance.

The sales and earnings of PCC MCAA Sp. z o.o. in 2023 also fell short of the very good prior-year figures. Among other things, this was due to significantly lower sales of MCAA to several customers in the crop protection industry – a consequence of high customer inventories that had been built up in previous years due to supply chain problems. Demand for MCAA from other industrial sectors was also down on the previous year. Due to an unforeseen catalyst replacement, the earnings of PCC MCAA Sp. z o.o. were also burdened by high unforeseen impairment charges. Falling input raw material prices, including for acetic acid, had an offsetting effect, however. Overall, therefore, the business performance of this affiliate was also positive in 2023.

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 facility, 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 € 72.0 million in the year under review, down 35.9 % on the previous year (€ 112.4 million). The share of Group sales amounted to 7.2 % (previous year: 8.5 %). The number of employees at year-end decreased to 207 (previous year: 223).

The main revenue generator of the segment is PCC BakkiSilicon hf. which operates a silicon metal plant in Húsavík, Iceland, with a nominal annual capacity of 32,000 metric tons. However, due to the difficult market situation prevailing, this Group company only had one of its two furnaces operating throughout 2023 and ended the past fiscal year with a substantial loss in the high double-digit million euro range. The main reason for this was the decline in demand for silicon metal, particularly from the domestic aluminum industry – a consequence of the high energy prices in Europe coupled with weak demand for aluminum from the automotive and construction industries. Demand from other customer sectors, including the chemical industry, also continued to decline due to the economic situation. At the same time, large quantities

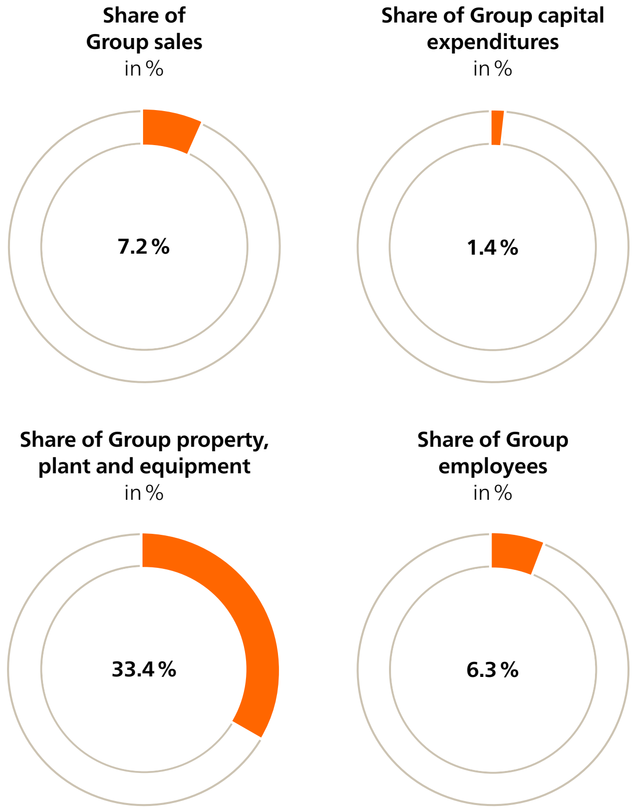
Silicon & Derivatives segment T_L_04

Figures in € m	2023	2022	Absolute change	Relative change
Net external sales (consolidated)	72.0	112.4	−40.4	−35.9 %
Sales to other PCC segments	1.6	10.7	−9.1	−85.2 %
Total segment sales (total operating output)	73.6	123.0	−49.5	−40.2 %
EBITDA	−42.7	−1.2	−41.5	<−100 %
Property, plant and equipment	332.9	361.5	−28.6	−7.9 %
Capital expenditures on intangible assets and property, plant and equipment	2.0	2.6	−0.6	−21.9 %
Employees at Dec. 31	207	223	−16	−7.2 %

of silicon metal, particularly from China, continued to penetrate the European market, which – unlike the US market, for example – is inadequately protected against cheap imports. The prices of these imported volumes were, in some cases, even lower than the production costs in Europe. In the course of 2023, energy prices and, among other things, the purchase price for the coal used as a reducing agent in the production process for silicon metal declined further. PCC BakkiSilicon hf. also succeeded in significantly optimizing the production process, thereby increasing both its raw material input factors and its silicon metal yield. At the end of 2023, there were signs of a turnaround in the market for silicon metal: A European competitor had to shut down its silicon metal production due to a fire at its plant and the outage is expected to last several months. In addition, silicon metal prices in China rose and transportation costs to Europe increased as a consequence of the new conflict in the Middle East and the associated problems in the Suez Canal and the Red Sea. Delivery times were extended as a result and demand for European goods rose again. PCC BakkiSilicon hf. therefore recommissioned its second furnace in January 2024 and is now sold out beyond the first quarter, even with this two-furnace operation. A two-furnace operation leads to a further reduction in production costs per ton of silicon metal due to economies of scale, as overhead costs increase only insignificantly compared to single-furnace operation. If the current positive trend proves to be sustainable, the company plans to produce with two furnaces all year round. It also intends to continue its strong focus on optimizing the production process. In addition, production is to be increasingly slewed toward higher-value grades that are exposed to less intense competition. The economic situation of PCC BakkiSilicon hf. is thus expected to be extensively strengthened going forward.

PCC Silicium S.A., on the other hand, closed the past fiscal year in positive territory with its figures up on the previous year, despite lower deliveries of quartzite to Iceland. Regular supplies of quartzite to a Slovakian ferroalloy manufacturer and also deliveries of ballast for the construction of roads and railroad lines are the main reasons for this positive development.

Key facts and figures for the Silicon & Derivatives segment 2023 G_L_07



Trading & Services

The PCC Group can draw on expertise in the trading of petro- and carbon-derived commodities spanning three decades. The trading portfolio of PCC Trade & Services GmbH includes basic chemical feedstocks as well as coking plant by-products, particularly crude benzene. It also trades to a lesser extent in solid fuels such as coke breeze, small coke and anthracite in small nut sizes. This company likewise provides logistics services and supports PCC BakkiSilicon hf. in both the marketing of silicon metal and the procurement of raw materials. Other services managed under the Trading & Services segment include the Conventional Energies business, which primarily supplies Group-owned 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.

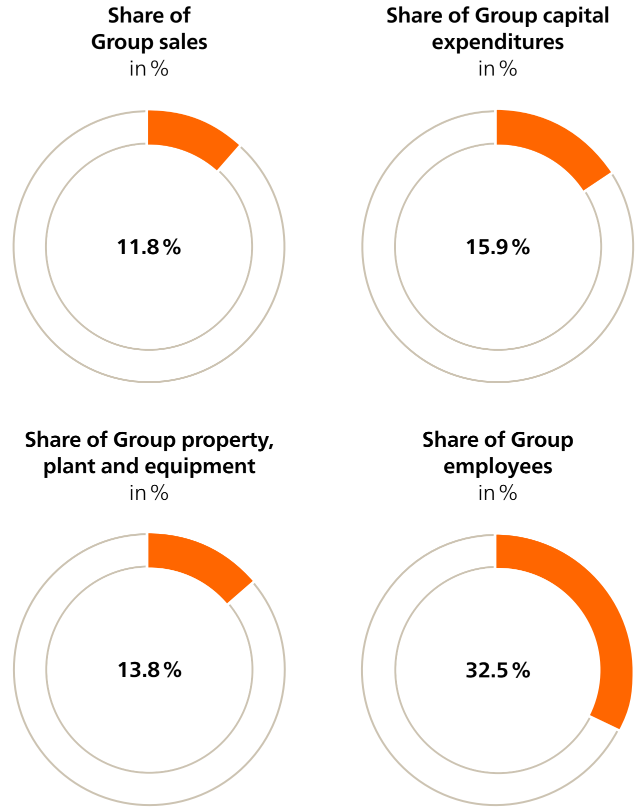
The Trading & Services segment is divided into the two business units of Commodity Trading and Services and comprises the trading companies PCC Trade & Services GmbH, Duisburg (Germany), distripark.com Sp. z o.o., Brzeg Dolny (Poland), PCC Morava-Chem s.r.o., Český Těšín (Czech Republic), and the Turkish sales company PCC Exol Kimya Sanayi ve Ticaret Limited Şirketi, Istanbul. The port company AO Novobalt Terminal, Kaliningrad (Russia), is likewise consolidated within this segment.

The Conventional Energies division also managed in this segment comprises the corresponding business unit of PCC Rokita SA, i.e. its Energy business unit, and PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland). The Services business unit also contains a number of companies providing 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 € 117.6 million

Trading & Services segment T_L_05

Figures in € m	2023	2022	Absolute change	Relative change
Net external sales (consolidated)	117.6	191.5	−73.9	−38.6 %
Sales to other PCC segments	147.9	129.9	18.0	13.8 %
Total segment sales (total operating output)	265.5	321.5	−55.9	−17.4 %
EBITDA	10.4	−9.6	20.0	> 100 %
Property, plant and equipment	137.7	120.4	17.2	14.3 %
Capital expenditures on intangible assets and property, plant and equipment	22.6	7.9	14.7	> 100 %
Employees at Dec. 31	1,061	1,099	−38	−3.5 %

Key facts and figures for the Trading & Services segment 2023 G_L_08



in the year under review, down 38.6 % on the previous year (€ 191.5 million). The share of total consolidated sales decreased by 2.6 percentage points to 11.8 %. The number of employees as of the reporting date amounted to 1,061 (previous year: 1,099).

The largest affiliate in this segment is the commodity trading company PCC Trade & Services GmbH. Sales volumes and revenues of this portfolio company declined significantly in 2023 compared to the previous year, mainly due to the sanctions-related discontinuation of trading in commodities of Russian origin. Operationally, 2023 was clearly positive for PCC Trade & Services GmbH and better than expected. However, due to the derecognition of loan and interest receivables in the mid-single-digit million euro range, the company ended the year under review with an overall loss. The write-offs mainly related to receivables from the Russian subsidiary AO Novobalt Terminal. This port company, through which a large proportion of the raw materials sourced in Russia (mainly coke and anthracite) were transshipped in the past, has only been handling its own domestic business within Russia since mid-2022. This allows the running costs to be covered locally. However, it does not appear possible that the interest and loan receivables of PCC Trade & Services GmbH will be repaid in the foreseeable future. The trading businesses of PCC Morava-Chem s.r.o. and the online platform distripark.com operated at a low level in 2023 with minor deficits ensuing due to the economic situation. By contrast, PCC Exol Kimya, which in addition to surfactants from its parent company PCC Exol SA also sells monochloroacetic acid on the Turkish market, closed fiscal 2023 in positive territory.

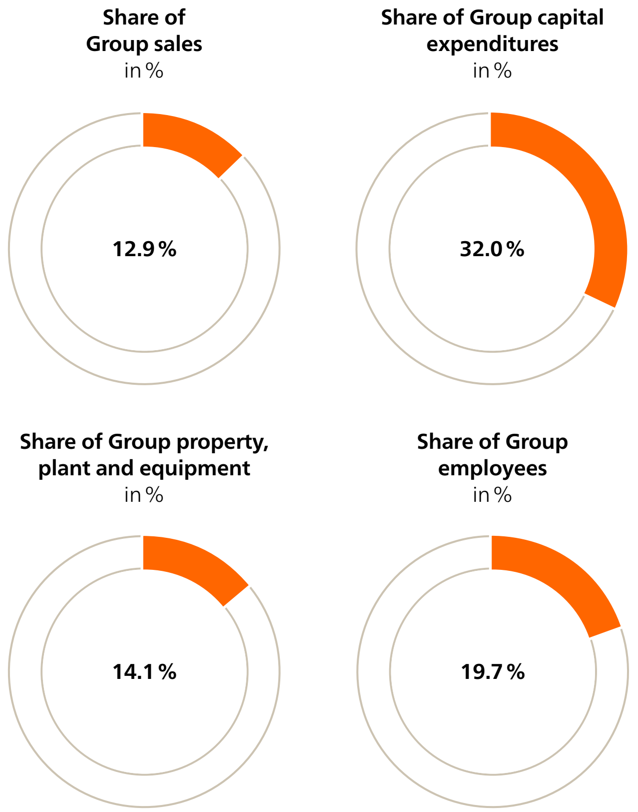
As expected, the Trading & Services segment as a whole closed fiscal 2023 with a loss. In addition to losses in the trading business, the main reasons for this include the high costs of CO_2 certificates and high electricity charges in Poland, as well as high personnel expenses in some of the business units of PCC Rokita SA managed in this segment. At the level of PCC Rokita SA, however, these costs were more than offset.

Logistics

The Logistics segment comprises the Intermodal Transport and Road Haulage business units. PCC Intermodal S.A. is one of the leading providers of container transport services in Poland. The logistics network based on several wholly owned container terminals extends from Eastern Europe to the Benelux countries, across northern Italy and through to Greece and Türkiye. PCC Group's tanker fleet specializes in the Europe-wide road haulage of liquid chemicals.

The Logistics segment includes the Polish company PCC Intermodal S.A., Gdynia, and its German subsidiary PCC Intermodal GmbH, Duisburg, as well as PCC Autochem Sp. z o.o., Brzeg Dolny. Sales of the Logistics segment amounted to € 127.7 million in 2023, down 7.4 % on the previous year (€ 137.9 million). The share of Group sales amounted to 12.9 % (previous year: 10.4 %). The number of employees at year-end fell slightly to 644 (previous year: 652).

Key facts and figures of the Logistics segment 2023 G_L_09



Logistics segment

T_L_06

Figures in € m	2023	2022	Absolute change	Relative change
Net external sales (consolidated)	**127.7**	137.9	–10.2	–7.4 %
Sales to other PCC segments	**16.5**	20.2	–3.7	–18.4 %
Total segment sales (total operating output)	**144.2**	158.1	–13.9	–8.8 %
EBITDA	**19.1**	30.3	–11.2	–37.1 %
Property, plant and equipment	**140.5**	104.1	36.4	35.0 %
Capital expenditures on intangible assets and property, plant and equipment	**45.6**	45.5	0.1	0.1 %
Employees at Dec. 31	**644**	652	–8	–1.2 %

The Logistics segment is dominated by PCC Intermodal S.A., the portfolio of which includes regular combined transport services both within Poland and on international routes with departure points in Rotterdam, Hamburg and Duisburg, among others. Since 2023, it has also been increasingly offering transport services from the Polish ports to the Ukrainian border and vice versa. At the end of the third quarter, following a successful test phase, PCC Intermodal S.A. also expanded its range of routes to include regular container block train services between Gliwice in Poland and Padua in northern Italy. From there, there are various domestic connections within Italy, as well as routes to Greece and Türkiye via Bari. These new services are expected to contribute to the further growth of PCC Intermodal S.A. However, conditions in the international container market remained difficult in the year under review. This was attributable not only to weak demand due to the economic situation, but also to further challenges faced by PCC Intermodal S.A. and its German subsidiary, including numerous engineering works on the rail routes not just in Poland but also in Germany and the Netherlands, plus increasing competition on the road, which was actually exacerbated by these engineering sites, and a lack of supply stability to and from the Far East. In addition, the sometimes chaotic conditions on the Polish-Ukrainian border repeatedly caused delays both in the transportation of Ukrainian goods to the Polish ports and in deliveries in the opposite direction, resulting in a considerable backlog of containers. Despite these challenges, however, PCC Intermodal S.A. closed the fiscal year under review with a successful set of financials. Among other things, transport for a new major customer in eastern Germany and the increasing operating rate of the block train container services on offer since the end of the third quarter had a positive impact on earnings. Overall, however, revenue and earnings in 2023 remained below the previous year's very good figures. Intermodal transport was once again a focus of investment for the PCC Group in 2023. With the acquisition of further locomotives and platforms and the continuous expansion of existing terminals, 2023 saw the laying of important foundations for added growth going forward. The construction of further terminals should further boost this upward trajectory. This includes driving forward a corresponding project south of the Polish seaports of Gdynia and Gdańsk, with further progress having been made in 2023. A terminal project on the Ukrainian-Polish border is also being investigated. Additional growth potential should also emanate from the expansion of the activities of PCC Intermodal GmbH. At the beginning of 2023, this company received the safety certificate required for the operation of a rail undertaking (RU), as is required under Germany's General Railway Act (AEG) for the operation of railway services on higher-level networks. With this, PCC Intermodal GmbH can now carry out transportation operations with its own locomotives, thereby enhancing the overall competitiveness of the PCC Intermodal companies. The first two locomotives were put into operation at the beginning of 2024.

The tanker haulage company PCC Autochem Sp. z o.o. again recorded a positive business performance in line with our expectations in the year under review. The Russian company AO PCC Rail, which had already ceased operations at the end of 2022, was deconsolidated as of January 1, 2023.

Holding & Projects

The Holding & Projects segment manages nascent projects with potential for the future, such as the construction and commissioning 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 Portfolio Management and Project Development. Alongside the Group holding company PCC SE and the intermediate holding company PCC Chemicals GmbH, this segment also includes the project company PCC Thorion GmbH, Duisburg (Germany), and PCC Chemicals Corporation, Wilmington (DE, USA), which was established in 2023. Various other project companies and our environmentally friendly small hydropower plants are also managed in this segment.

In the year under review, the Holding & Projects segment generated earnings before interest/financial result, taxes, depreciation and amortization (EBITDA) of €–8.5 million (previous year: €–8.4 million). The number of employees in the segment as of the reporting date remained almost constant at 90 (previous year: 89).

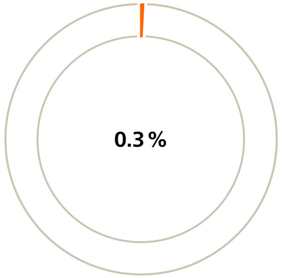
The Holding & Projects segment also includes two project companies that are accounted for in the consolidated financial statements of PCC SE using the equity method: the joint venture OOO DME Aerosol, Pervomaysky (Russia), and the joint venture PCG PCC Oxyalkylates Sdn. Bhd., Kuala Lumpur (Malaysia). The development of this latter project company, which we operate together with our joint venture partner PCG, one of Southeast Asia's leading chemical pro-

Holding & Projects segment (incl. consolidation) T_L_07

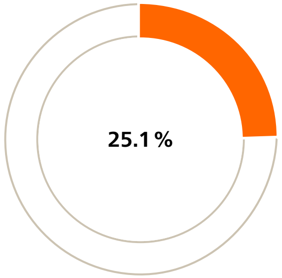
Figures in € m	2023	2022	Absolute change	Relative change
Net external sales (consolidated)	3.1	2.8	0.3	9.4 %
Sales to other PCC segments	–	0.0	–	–
Total segment sales (total operating output)	3.1	2.8	0.3	9.4 %
EBITDA	–8.5	–8.4	–0.1	–1.2 %
Property, plant and equipment	48.7	34.2	14.5	42.5 %
Capital expenditures on intangible assets and property, plant and equipment	35.8	22.7	13.0	57.4 %
Employees at Dec. 31	90	89	1	1.1 %

Key facts and figures for the Holding & Projects segment 2023 G_L_10

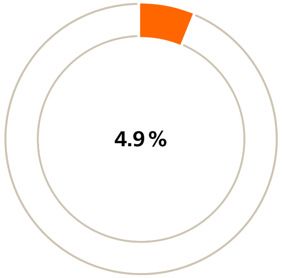
Share of Group sales
in %



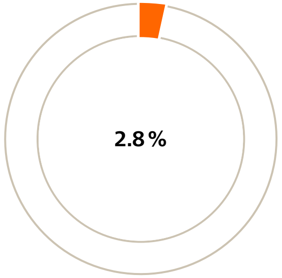
Share of Group capital expenditures
in %



Share of Group property, plant and equipment
in %



Share of Group employees
in %



ducers, initially progressed according to plan in 2023. 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 was completed on schedule and within budget. The plant commissioning phase started at the end of the third quarter of 2023. The start of commercial production operations was delayed beyond the turn of the year, partly due to a maintenance-related shutdown of the ethylene oxide production facility by our joint venture partner. It is expected that, with its product mix, PCG PCC Oxyalkylates Sdn. Bhd. will contribute to further growth in the Polyols & Derivatives and Surfactants & Derivatives segments going forward. The expansion of core business areas of the PCC Group in the fast-growing region of Southeast Asia is thus to be driven forward across all segments. Similar efforts are also being made with regard to the rapidly expanding US market. An important milestone was reached in the oxyalkylates project there in 2023 with the signing of a long-term, terminable lease agreement for a site in the immediate vicinity of the port of Bay City, Texas. This agreement gives the project company PCC Chemicals Corporation, Wilmington (DE, USA), the opportunity to extensively investigate this site before making a final investment decision.

Since the sanctions imposed by the European Union, among others, following the outbreak of the Russian war of aggression against Ukraine in 2022 came into force, the joint venture OOO DME Aerosol, which operates a plant for the production of dimethyl ether (DME) in the Tula region, has only been selling its products to countries in which the purchase and import of DME from Russia is not sanctioned. Nevertheless, continuous plant operation was maintained and a positive cash flow was achieved. OOO DME Aerosol was therefore able to resume regular loan repayments to PCC SE from the fourth quarter of 2023.

Within the Renewable Energies business, which we manage in the Project Development business unit, a total of five small hydropower plants in North Macedonia and one in Bosnia and Herzegovina were in operation in 2023. Permits remain pending for three sites in Bosnia and Herzegovina; however, there is still no sign of this lengthy process being completed. Nevertheless, the six operating portfolio entities continued to generate relatively stable cash flows in 2023. In view of the generally rising demand for energy and the current climate protection initiatives, PCC SE expects to see increasing flexibility in the potential utilization of these assets.

Fiscal 2023 saw the project company PCC Thorion GmbH continue its cooperation with the Fraunhofer Institute for Solar Energy Systems ISE and the German universities of Freiburg and Duisburg on the development of an innovative material made from nano-silicon powder based on our silicon metal from Iceland. The aim of the project is to increase the performance of lithium-ion batteries. Assuming the project is implemented successfully, this could extend the value chain in our Silicon & Derivatives segment and significantly increase its profitability.

Business development and financial performance

Development of selected Group indicators

Key financials of the PCC Group

T_L_08

Key financials		2023	2022	Absolute change	Relative change
Sales	€m	993.6	1,324.7	–331.0	–25.0 %
– Polyols & Derivatives segment	€m	191.1	259.8	–68.7	–26.4 %
– Surfactants & Derivatives segment	€m	206.6	231.8	–25.2	–10.9 %
– Chlorine & Derivatives segment	€m	275.6	388.5	–112.9	–29.1 %
– Silicon & Derivatives segment	€m	72.0	112.4	–40.4	–35.9 %
– Trading & Services segment	€m	117.6	191.5	–73.9	–38.6 %
– Logistics segment	€m	127.7	137.9	–10.2	–7.4 %
– Holding & Projects segment	€m	3.1	2.8	0.3	9.4 %
Gross profit	€m	307.3	490.4 [10]	–183.1	–37.3 %
EBITDA [1]	€m	112.3	292.0	–179.8	–61.6 %
EBIT [2]	€m	33.4	217.3	–183.9	–84.6 %
EBT [3]	€m	–20.8	192.6	–213.4	<–100 %
Net income result	€m	–25.0	143.9	–168.9	<–100 %
Gross cash flow [4]	€m	115.5	243.6	–128.1	–52.6 %
ROCE [5]	%	2.6	18.0	–15.4 [9]	–85.6 %
Net debt [6]	€m	775.5	699.4	76.1	10.9 %
Net debt / EBITDA		6.9	2.4	4.5	> 100 %
Group equity	€m	389.4	419.2	–29.8	–7.1 %
Equity ratio [7]	%	24.5	26.3	–1.8 [9]	–7.0 %
Return on equity [8]	%	–6.2	51.1	–57.2 [9]	<–100 %
Capital expenditures	€m	142.5	116.3	26.2	22.5 %
Employees (Dec. 31)		3,265	3,391	–126	–3.7 %
– Germany		163	165	–2	–1.2 %
– International		3,102	3,226	–124	–3.8 %

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
10 Prior-year figure amended. The gross profit of € 503.2 million reported in the consolidated financial statements for fiscal 2022 included other internal costs capitalized amounting to € 12.8 million.

Earnings position

The exceptional successes of fiscal 2022 continued through to the start of 2023. However, trading conditions declined noticeably in the summer of the reporting year and business development lost significant momentum. In particular, the slowing recovery following the coronavirus pandemic, increasingly restrictive conditions as a result of Russia's war of aggression against Ukraine, and further geopolitical uncertainties, fueled the high level of economic uncertainty. While economic development in the US improved significantly, Europe's economy was characterized by high inflation rates, rising interest rates and persistently high import pressures from China. Industrial production and demand for chemicals were therefore extremely weak in fiscal 2023. In this challenging environment, the PCC Group's business declined in almost all segments, particularly in the second half of the year. Only in the fourth quarter did we see a reversal in the form of a slight upward trend.

Subdued demand in many sectors led to declines in production in numerous industries. The construction industry was particularly affected as a result of higher interest rates. Private consumption of furniture and consumer electronics, for example, was restrained. The processing of order backlogs continued. However, China's domestic value added also continued to decline, with the result that, at times, large volumes of chemical products and silicon metal were exported to Europe. This led to further price competition in Europe, as some of the volumes were imported at low prices.

Overall, demand for chemical products was characterized by full inventories from the previous year and thus by a demand logjam which only eased slowly.

Silicon metal production in Iceland, which had continued with two furnaces throughout the previous year, ran with only one furnace in fiscal 2023. A declining market price level, coupled with a general reluctance on the part of customers to buy due to high economic uncertainty, led to the decision to shut one of the furnaces down. Production has been running at full capacity again since the start of 2024. Subdued domestic demand in China led to increased quantities of silicon metal hitting the market from that source, some of which was imported at dumping prices. However, commodity prices for reducing agents also declined in fiscal 2023, so that the cost position of this manufacturing operation improved further.

Overall, the PCC Group ended fiscal 2023 with earnings before interest / financial result, taxes, depreciation and amortization (EBITDA) of € 112.3 million, down € 179.8 million or 61.6 % on the previous year's historic figure of € 292.0 million. Group sales in 2023 amounted to € 993.6 million, representing a decrease of € 331.0 million or 25.0 % compared to the prior-year figure of € 1,324.7 million. To put these figures in context: While this earnings and sales performance is in line with the general development of the chemical industry in Europe, 2022 was the best year ever for the PCC Group.

At € 112.9 million, the Chlorine & Derivatives segment accounted for the largest share of this decline in revenues, followed by the Trading & Services segment with a decrease in sales of € 73.9 million. The Polyols & Derivatives segment recorded a decline in revenues of € 68.7 million and the Logistics segment a sales decrease of € 10.2 million. There were no significant effects on sales due to changes in the scope of consolidation in 2023.

Most PCC Group companies have a functional currency other than the euro. Consequently, currency exchange rate effects on the translation of sales and earnings figures have an impact on the consolidated income statement. Based on exchange rates unchanged from the previous year, sales of the PCC Group would have come in at € 979.0 million, that is to say € 14.6 million or 1.5 % lower than the actual figure. This is due to the exchange rate movements 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 declined significantly in 2023, falling by 37.3 % to € 307.3 million (previous year: € 490.4 million). Our gross margin fell to 30.9 % (previous year: 37.0 %). In addition to selling prices, the purchase prices of key raw materials also fell. However, procurement costs for energy and logistics were almost unchanged compared to the previous year. Prices of the previous year, some of which were at record levels, fell correspondingly sharply, continuing the volatility of previous years.

Personnel expenses decreased from € 143.6 million in the previous year to € 138.0 million. Adjusted for performance-related remuneration components from the previous record year, however, there was another increase in fiscal 2023. Wages and salaries continued to rise disproportionately due to high inflationary pressure. The number of employees in the Group fell by 3.7 % from 3,391 to 3,265 as of the reporting date. Most of this decline was attributable to a reduction in excess capacity in the Trade & Services segment. The highest relative share of the decline was recorded in the Silicon & Derivatives segment. Here, the number of employees was reduced by 7.2 % due to the shutdown of one of the company's two furnaces. From a regional perspective, 84 of the job cuts were in Poland. In the Other Europe region, there were 40 redundancies, with an additional two occurring in Germany.

* Prior-year figure amended. Unlike in previous periods, the item "Other internal costs capitalized" is now reported below gross profit. The gross profit of € 503.2 million reported in the consolidated financial statements for fiscal 2022 included other internal costs capitalized amounting to € 12.8 million.

Other operating income increased by € 2.3 million from € 31.6 million in the previous year to € 34.0 million in the year under review. The increase is mainly due to compensation payments in connection with CO_2 certificates amounting to € 16.1 million (previous year: € 5.5 million). Income from insurance claims decreased compared to the previous year by € 4.9 million to € 0.8 million. In the previous year, a high level of one-off income from insurance reimbursements was received in connection with the fire at a tanker cleaning facility.

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 € 7.0 million for research and development (R&D), thus underlining its commitment in this area (previous year: € 14.3 million). In addition, expenses for internally developed intangible assets and property, plant and equipment in the amount of € 10.2 million were capitalized. In fiscal 2023, our investment in the modern research and development center at the Polish chemicals site in Brzeg Dolny progressed to such an extent that it was completed and put into operation in the first quarter of 2024.

The investment volume amounted to a total of € 142.5 million in 2023, up 22.5 % on the previous year's figure of € 116.3 million. In the year under review, capital expenditures were distributed primarily between the Logistics, Trading & Services and Surfactants & Derivatives segments, with funds also allocated to development projects in the Holding & Projects segment. The PCC Group focused primarily on long-term infrastructure investments. In addition to expenditure on container terminals, this also includes investments in locomotives and platforms. The new research and development center at the Brzeg Dolny site also made significant progress, with replacement investments likewise ongoing. Another aspect was investment in capacity expansions at the chemical plants accompanied by expenditures on modernization measures. In addition, the holding company PCC SE implemented a number of capital measures serving its subsidiaries. Further finance was allocated to the development of state-of-the-art materials for battery applications. And funds were also made available for the development and expansion of the silane product portfolio. 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, 2023, 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 slightly year on year to € 78.9 million (previous year: € 74.7 million).

Interest and similar expenses resulted mainly from bond liabilities, liabilities to banks and lease liabilities. These expenses rose by 33.4 % from € 33.9 million to € 45.2 million in the year under review. This increase was mainly due to higher interest rates. Key interest rates in the European Union, Poland and the USA were raised further in the fiscal year under review, reaching their short-lived peak in early fall 2023. Both the parent company PCC SE and other Group companies had to carry out follow-up financing and refinancing in this changing market interest rate environment. Some non-current financial liabilities are also subject to floating interest rates. The current level of key interest rates is thus having an immediate impact on the associated expenses. The PCC Group neutralizes such interest rate rises through appropriate hedging transactions. The weighted interest rate of all interest-bearing liabilities increased from 4.3 % in the previous year to 4.7 % in fiscal 2023. Financial liabilities increased year on year by a total of € 40.8 million or 4.7 % as of the respective reporting dates. Interest attributable to the creation of a qualifying asset is capitalized during the construction period.

Income and expenses from exchange rate differences are reported in the financial result under foreign currency translation result. In fiscal 2023, this exerted an effect on earnings in the amount of € –13.3 million (previous year: € +2.1 million). The effective tax rate of the PCC Group in the year under review was –20.4 % (previous year: 25.3 %).

Compared to the previous year, earnings before taxes (EBT) decreased by € 213.4 million to € –20.8 million. In the previous year, the PCC Group reported positive EBT of € 192.6 million. The consolidated comprehensive income of the PCC Group decreased by € 143.0 million from € 141.3 million in the previous year to € –1.7 million in the year under review, largely as a result of the aforementioned effects.

Net assets

Year on year, total assets decreased by € 2.1 million or 0.1 % to € 1,590.1 million as at December 31, 2023. This virtually flat development is attributable to an increase in non-current assets as part of our capital expenditures being countervailed by a decrease in current assets resulting from the decline in receivables and inventories. Intangible assets increased by € 1.8 million to € 52.3 million. The net carrying amount of property, plant and equipment increased by € 68.1 million or 7.3 % to € 996.3 million. Right-of-use assets increased by € 22.8 million or 39.1 % to € 81.0 million. Investments accounted for using the equity method decreased only slightly by € –1.2 million to € 14.1 million, essentially reflecting the valuation of the Malaysian joint venture PCG PCC Oxyalkylates Sdn. Bhd. The balance sheet item also includes the pro rata allocation of the results of the Thai joint venture IRPC Polyol Company Ltd. and the Russian joint venture OOO DME Aerosol. If accumulated losses exceed the equity value, this is carried at an updated equity value of zero. As of the reporting date of the past fiscal year, this was still the case for OOO DME Aerosol.

Current assets amounted to € 385.9 million as of the reporting date, down € 106.3 million on the previous year (€ 492.2 million). Inventories decreased by € 41.7 million from € 149.4 million to € 107.7 million. Trade accounts receivable decreased by € 38.0 million to € 103.3 million. Both items reflect the declining average price level for commodities on both the purchasing and sales sides. In addition, the build-up in inventories of strategically critical raw materials in fiscal 2022 was reduced again due to an easing of potential supply chain problems or production bottlenecks at suppliers. Other receivables and other assets increased from € 31.1 million to € 31.8 million. Cash and cash equivalents decreased by € 35.2 million or 21.5 % to € 128.6 million due to the decline in cash flow from operating activities and to loss financing. Cash and cash equivalents disclosed in the balance sheet include an amount as of December 31, 2023, of € 4.1 million (previous year: € 3.8 million) in funds not freely available. These are almost entirely attributable to financing already earmarked for investment projects.

Financial position

The equity of the PCC Group decreased by € 29.8 million from € 419.2 million in the previous year to € 389.4 million in the year under review. This development is mainly attributable to the negative consolidated net income result and a decline in minority interests. Hybrid capital is an equity instrument of the subsidiary 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. Rather, 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 on distributions to them are passed, the hybrid capital will also be serviced on a pro rata basis. The € 0.6 million reduction in the hybrid capital total compared to the previous year is the result of offsetting pro rata transaction costs.

Revenue reserves / other reserves fell by € 28.7 million to € 248.1 million, again mainly due to the negative consolidated net income result. Minority interests fell by € 23.9 million to € 73.5 million. This decrease is mainly due to the share of losses of the co-shareholder in PCC BakkiSilicon hf. Other equity items increased by € 23.3 million to € –15.9 million, primarily as a result of currency translation differences recognized directly in equity. By contrast, the remeasurement of defined benefit pension obligations as at the reporting date did not result in any significant absolute change compared to the previous year. Measurement of the non-consolidated PCC Organic Oils, Ghana, at fair value resulted in a change in value of € 1.0 million, which is likewise reported under other equity items. The equity ratio fell from 26.3 % in the previous year to 24.5 % in the reporting year due to the aforementioned effects.

Long-term investments are financed with long-term borrowings. Non-current provisions and liabilities increased by 2.7 % to € 801.5 million as of December 31, 2023 (previous year: € 780.3 million). This was mainly due to the increase in non-current financial liabilities, which grew by € 5.1 million or 0.7 % year on year. Deferred tax liabilities rose to € 16.6 million (previous year: € 11.1 million). Other liabilities increased by € 9.1 million or 16.6 % from € 55.1 million in the previous year to € 64.2 million in the year under review.

Turning to bond liabilities, the holding company PCC SE redeemed in full and on schedule four bonds with a total volume of € 83.7 million in the course of 2023 (previous year: € 90.2 million). The issue volume placed by the end of the year amounted to € 85.6 million (previous year: € 75.2 million) and resulted from three new issuances. In the year under review, these funds were used both for the partial refinancing of maturing liabilities and for the financing of 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 € 44.6 million as of year-end 2023 (previous year: € 47.8 million). The unutilized secured credit lines within the PCC Group amounted to € 61.6 million as of the reporting date (previous year: € 40.7 million).

Current provisions and liabilities increased by € 6.5 million or 1.7 % to € 399.3 million. Tax liabilities decreased by € 26.4 million to € 5.5 million. Trade accounts payable fell by € 11.7 million or 11.8 % to € 87.2 million. Financial liabilities due within the next twelve months increased by € 35.7 million to € 190.0 million. Other liabilities increased by € 16.5 million to € 72.3 million.

Provisions for pensions and similar obligations and other provisions decreased by € 6.1 million from € 58.3 million in the previous year to € 52.1 million in the year under review.

Net debt T_L_09

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	128,566	163,780
Pension obligations	1,230	1,129
Financial liabilities	902,869	862,050
Net debt	**775,533**	699,399

The net debt of the PCC Group increased in the year under review by € 76.1 million or 10.9 % from € 699.4 million in the previous year to € 775.5 million. This was due not only to borrowings for capital expenditures but also to the decline in cash and cash equivalents. Due to the year-on-year decrease in earnings before interest / financial result, taxes, depreciation and amortization (EBITDA), the ratio of net debt to EBITDA deteriorated from 2.4 to 6.9 as of the reporting date. Our goal of steering this key metric to below 5.0 was therefore not achieved.

Overall, the company management considers the development of the net assets, financial position and results of operations in fiscal 2023 to be unsatisfactory after the record year 2022, with some figures actually coming in below expectations. The business performance of the PCC Group in some segments was in line with the market downturn in Europe. Only the Logistics segment declined less than the overall market for intermodal transportation in Europe. The decrease in earnings before interest / financial result, taxes, depreciation and amortization (EBITDA) exceeded the level of around 25 % forecasted. The fall in prices for chemical commodities and the reduction in manufacturing capacity in silicon metal production also led to unplanned declines in revenue, causing sales to come in below guidance. The developments described in the section "Business performance by segment" and the associated difficult market situation, particularly in our main market of Europe, meant that none of the operating segments were able to meet expectations for the past fiscal year. Adjusted for the significant losses in the Silicon & Derivatives segment, a pre-tax result in the mid-double-digit million euro range would nevertheless have been achievable. Ultimately, however, we posted a loss in the low double-digit million euro range.

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 2024 and beyond".

The ongoing war in Ukraine also poses a not insignificant political risk to our Group beyond our control. A further escalation of the war could lead to renewed transportation and supply chain problems. The continued existence of our remaining investments in Russia could likewise be jeopardized. At the time of preparing this management report, however, this is not anticipated. Moreover, the proportion of Russian assets in relation to the total assets of the PCC Group is also only in the low single-digit percentage range. In addition to a further escalation of the Russia-Ukraine war, the Middle East conflict, which again erupted in October 2023 and is now causing transport and supply chain problems in the Suez Canal and the Red Sea, could likewise have a negative impact on the global economy. The same applies to a possible escalation of the conflict between China and Taiwan. Similar restrictions on global economic activity could also arise in the context of any new pandemics. Due to the many current imponderables, however, the financial impact of the above on the PCC Group as a whole cannot be accurately 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 going forward.

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 regulations. 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, already limited in the past, 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 also 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 cash 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. At Group level, the aim is to achieve and maintain a leverage ratio of less than 5.0, with ever lower values desirable.

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, 2023 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 insightsoftware 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 submission 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.

Economic, environmental and social sustainability is an important component of the PCC Group strategy and all companies of the PCC Group are committed to implementing an ethically correct and sustainable approach in their business activities. 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 that encompasses all three aspects is therefore also the basis of our Group-wide strategy for value-creating growth.

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 in the "Non-financial report" section that follows.

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-led 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. Waldemar Preussner, who is the sole shareholder and Chairman of the Supervisory Board of PCC SE, founded Petro Carbo Chem Rohstoffhandelsgesellschaft mbH in 1993, which – under the name PCC Trade & Services GmbH – is still the largest trading company in the PCC Group today. In the past fiscal year, the PCC Group with its more than 3,200 employees in 17 countries recorded consolidated sales of € 993.6 million. The majority of these revenues, around 67.8 %, 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 € 112.3 million. Capital expenditures in fiscal 2023 totaled € 142.5 million, an increase of 22.5 % year on year.

The Group strategy of PCC focuses on long-term corporate investment and sustainable business development aligned to generating and consistently growing enterprise value. We actively manage and continuously optimize our existing investment portfolio, firstly by constantly reviewing projects and acquisitions with the aim of diversifying into new market segments in line with our expertise, and secondly by occasionally opting to develop activities that are not part of our core business up to a certain level of market maturity ready for selling on. Overall, our objective in adopting this approach 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, surfactants, 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 PCC Trade & Services GmbH, and in the Logistics segment our container logistics subsidiary PCC Intermodal S.A. connects European destinations, often via its own transshipment terminals. The Holding & Projects segment manages projects aligned to the future, a current example being a new production plant for specialty chemicals in Malaysia. The end of 2023 saw commencement of the commissioning phase for this plant, which is operated by PCG PCC Oxyalkylates Sdn. Bhd., a joint venture between PCC SE and PETRONAS Chemicals Group Berhad.

Corporate social responsibility at PCC

The specific contribution made by the PCC Group to sustainable business practices is reflected in our CSR (Corporate Social Responsibility), or in other words, the Group's solid commitment to corporate citizenship. The basis for our CSR is provided by the Code of Ethics and Conduct of the PCC Group. This is binding for all employees in the Group and stipulates, in particular, the high priority assigned to environmental protection and health and safety, as well as prescribing a culture of trust, fairness and reliability in our dealings with colleagues and business partners.

Building on these rules of conduct, PCC SE has established – binding Group-wide – sustainability guidelines that define the framework for sustainable management and development within the PCC Group:

PCC's sustainability policy

- PCC SE and all companies of the PCC Group are committed to an ethical and responsible 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, long-term 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, ecologically sound 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.

For PCC SE and the Group companies, CSR means in particular taking appropriate and responsible account of the concerns of all stakeholders at all our sites. As an international group of companies operating in many different markets, PCC maintains sometimes very close relationships with a wide variety of interest groups: In addition to our employees from diverse cultures, these include our customers, suppliers and other business partners, the local residents of our 41 sites in 17 countries, the private subscribers to our bonds, various institutional investors, banks and other financial institutions, as well as government and public institutions such as regulatory authorities and universities.

An important principle of our CSR is open and transparent communication 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.

The extended 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. We also commit to compliance with standards that go beyond general CSR 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 guiding principles 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. It is they who implement our sustainability strategy within the Group segments.

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 constantly strengthening their commitment to sustainability. They continue to improve the efficiency of their production facilities, protecting the climate and the planet's limited natural resources through the adoption of particularly energy-saving technologies and the increased use of renewable raw materials. A pioneer in CSR among our affiliates 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. The company also participates in the Carbon Disclosure Project (CDP), which involves reporting on its environmental impact. 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. The palm kernels required for our organic production there are not harvested on large plantations; rather, they are collected from small farmers by our subsidiary PCC Organic Oils Ltd. Ghana, Accra. Some 300 smallholders who regularly supply our company with palm kernel nuts are currently in the process of being re-certified by the Roundtable on Sustainable Palm Oil (RSPO). In addition, PCC Exol SA and PCC Consumer Products Kosmet Sp. z o.o. are RSPO-certified for the processing of sustainable palm oil.

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 PCC 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 of PCC Greenline® chlorine. 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 district heat. In Poland, coal-fired residential heating 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 products and commodities that many people use in every-day 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.

PCC's chemical companies are underscoring this commitment with a new product portfolio of sustainable chemicals under the aforementioned brand name PCC Greenline®, a range comprised of around 180 products. BioROKAmina K30B, for example, is a high-purity amphoteric surfactant that we recommend as an environmentally friendly and compatible ingredient e.g. in natural cosmetic products. To manufacture this surfactant, PCC Exol SA uses, among other things, a palm kernel oil derivative that we obtain from oil palm kernels sustainably farmed by smallholders, i.e. not from large plantations. Another PCC Greenline® product is EXOcare®TE20 Flakes MB, based on renewable vegetable raw materials, a product used in hair cosmetics, for example, to give hair elasticity and suppleness. PCC Greenline® also includes CAMOLIN® liquid soap, which is 100 % vegan, i.e. has no animal-derived ingredients, and contains at least 98 % ingredients of natural origin.

Sustainability in the Silicon & Derivatives segment
The silicon metal plant of PCC BakkiSilicon hf. in Iceland utilizes the island's rich geothermal resources. The plant's energy supply is thus covered entirely by renewable energy sources (geothermal energy and also hydropower); moreover, the installation of state-of-the-art filters makes the plant virtually free of dust emissions. The plant's CO_2 footprint is therefore exceptionally low compared to other silicon plants worldwide and is set to be further improved through the increased use of renewable raw materials. See also the section on environmental issues in the "Non-financial report" section that follows.

Sustainability in the Trading & Services segment
The Group-internal 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 significantly reduced in recent years through the installation of modern electrostatic precipitators at the PCC co-generation plant located at the Brzeg Dolny chemical site. 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 S.A. 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
PCC affiliates are involved in a whole range of certification procedures and 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, PCC Synteza S.A. was awarded a platinum certificate in the renowned EcoVadis 2022 sustainability rating and is thus among the top 1 % of companies in the rating. Two of our companies have been awarded a Gold certificate: PCC Exol SA (2023) and PCC MCAA Sp. z o.o. (2022). PCC Rokita SA (2023) and PCC BakkiSilicon hf. (2023) achieved Silver status. The holding company PCC SE underscores its commitment to sustainability through 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

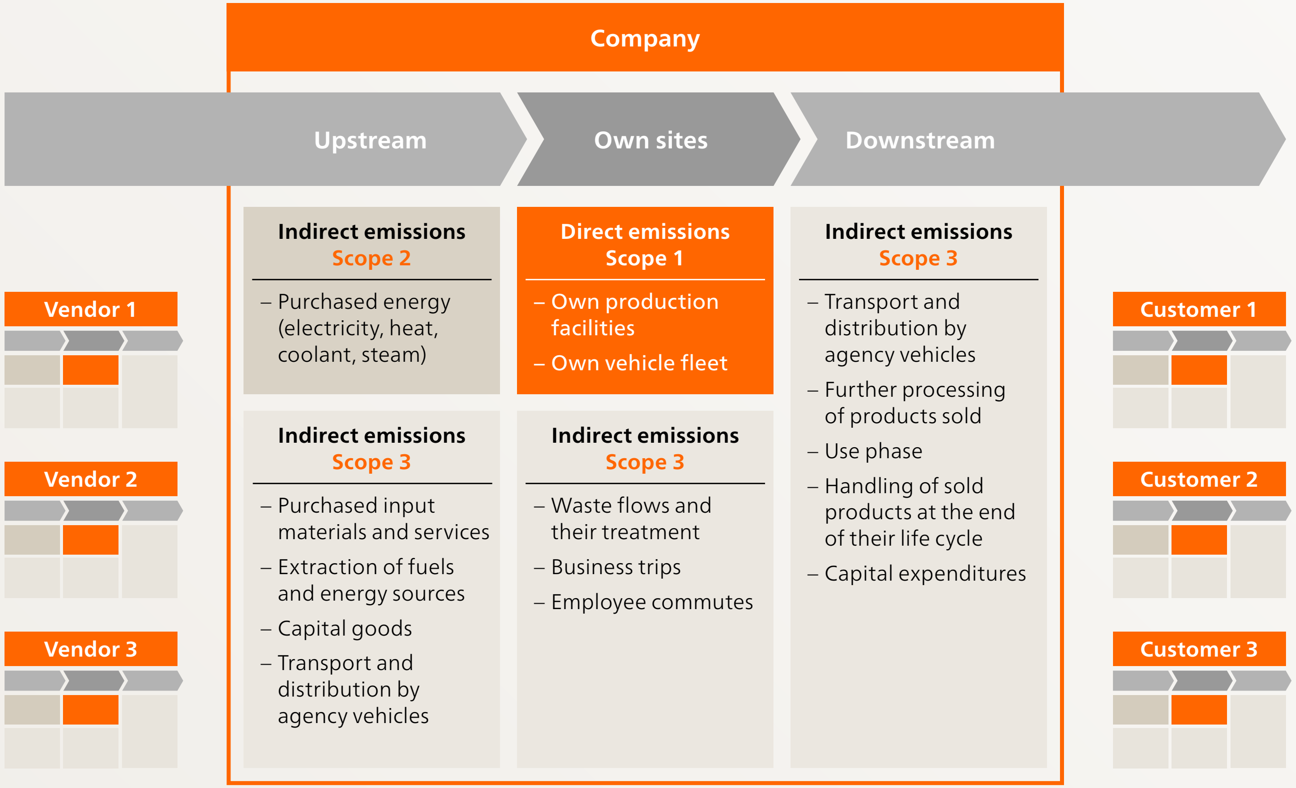
In compliance with Germany's CSR Directive Implementation Act (CSR-RUG) adopted on April 19, 2017, the PCC Group has published annually since fiscal 2017 a voluntary non-financial report pursuant to Sections 315b and 315c in conjunction with Sections 289c to 289e HGB (German Commercial Code). PCC SE 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 changes 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 relating to 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 performance 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.

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 (GHG 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 primarily affect the interests of the residents living near our sites and other local communities. In addition, entrepreneurial activities such as those of the PCC Group contribute to the tackling of global environmental concerns (such as the fight against climate change). We are committed to complying with all applicable regulations, provisions and standards with regard to environmental protection and to implementing all our investments using modern, environmentally friendly and efficient technologies, particularly energy-saving solutions. Aside from the safety of our employees and local residents, we regard the preservation of the environment as our top priority.

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 enshrined 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 prohibited.

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 chemical 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 mitigating 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 metal 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. As a result, more and more biogenic CO_2 is produced in the process instead of fossil CO_2. This biogenic CO_2 was previously removed from the atmosphere by the timber vegetation used – when it is emitted, it therefore does not contribute to an increase in the CO_2 concentration. In addition, the CO_2 produced is to be captured and used in a 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 long-haul rail transport and flexible short-haul road transport. Compared to road-only transport, our combined intermodal transport services enabled emissions savings of 391,561 tonnes (i.e. metric tons) of the greenhouse gas CO_2 in 2023 (previous year: 402,000 tonnes of CO_2) with a total productive output of 3,152.7 million tonne-kilometers (previous year: 3,237.0 million tonne-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. 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.

Scope 2 emissions are calculated using both the location-based method and the market-based method. The location-based approach uses average emission factors for a region (e.g. a country), which then are applied to local energy consumption for calculation purposes. The market-based approach, on the other hand, uses for calculation purposes certain emission factors that originate either from the energy supplier or from a specific electricity product. Using the market-based approach serves to increase the transparency of the company's purchase of energy from renewable sources.

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 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. – PCC BakkiSilicon hf. – LabMatic Sp. z o.o. – PCC MCAA Sp. z o.o. – PCC Autochem 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
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 S.A. – PCC Autochem Sp. z o.o.

CONTINUED

Certifications and initiatives in relation to environmental issues

Certification / Initiative	Company
Authorised Economic Operator	– PCC Rokita SA – PCC Intermodal S.A.
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 SE
Participation in the Carbon Disclosure Project aligned to combating climate change	– PCC Exol SA
Member of the Renewable Carbon Initiative (RCI)	– PCC SE
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2023)	– PCC Exol SA
"Silver Status" rating of the sustainability platform for CSR reporting, EcoVadis (2023)	– PCC Rokita SA – PCC BakkiSilicon hf. – PCC MCAA Sp. z o.o.
Membership of the European Chemical Industry Council, CEFIC, for the safe usage of surfactants	– PCC Exol SA
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
Product certification according to the standards COSMOS NATURAL / COSMOS ORGANIC	– PCC Organic Oils Ghana Ltd.
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 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. 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 2023 was 804.8 GWh (previous year: 1,062.1 GWh). Of this, 339.0 GWh, or 42.1 %, was generated from renewable energy sources (previous year: 496.9 GWh, or 46.8 %). 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); however, throughout 2023 operations were conducted with just one of the two furnaces fired up – hence the decrease in the share year on year. The specific electricity consumption of our portfolio companies fell to 0.51 MWh per metric ton of product in 2023, from 0.61 MWh in the previous year. Specific electricity consumption in relation to sales remained almost unchanged at 810.0 MWh per million euros (previous year: 801.8 MWh per million euros).

The absolute gross emissions of greenhouse gases in Scope 1 fell by 47.1 % in 2023 compared to the previous year, to 257.6 thousand metric tons of CO_2 equivalent (t CO_2e) (previous year: 486.8 thousand metric tons of CO_2e). The decrease is due in particular to the general decline in production last year, especially in the Silicon & Derivatives segment. As in previous years, carbon dioxide (CO_2) accounted for the majority of greenhouse gas emissions. Adjusted for emissions from non-fossil, i.e. renewable, raw materials such as timber, Scope 1 emissions amounted to 229.2 thousand t CO_2e (previous year: 459.8 thousand t CO_2e). In specific terms, i.e. per metric ton produced or traded, gross emissions of Scope 1 greenhouse gases fell by 40.7 % to 0.16 t CO_2e (previous year: 0.28 t CO_2e). In relation to sales, gross emissions of greenhouse gases fell by 29.5 % to 259.3 t CO_2e per million euros (previous year: 367.5 t CO_2e per million euros).

Energy

T_L_10

Environmental indicator	Unit	2023	2022	Absolute change	Relative change
Electricity consumption					
On the basis of fossil fuel sources	GWh	**465.8**	565.2	–99.4	–17.6 %
On the basis of renewable sources	GWh	**339.0**	496.9	–157.9	–31.8 %
Total electricity consumption	GWh	**804.8**	1,062.1	–257.3	–24.2 %
Share of renewable energy sources in electricity procurement	%	**42.1**	46.8	–4.7[1]	–10.0 %
Energy generation					
Electricity on the basis of fossil fuel sources	GWh	**46.1**	78.0	–31.9	–40.9 %
Electricity on the basis of renewable sources	GWh	**24.0**	19.3	4.8	24.8 %
Steam on the basis of fossil fuel sources	GWh	**351.4**	444.0	–92.7	–20.9 %
Heat on the basis of fossil fuel sources	GWh	**35.6**	43.5	–7.9	–18.2 %

[1] Change in percentage points

Greenhouse gas emissions (GHG Protocol)

T_L_11

Environmental indicator	Unit	2023	2022	Absolute change	Relative change
Direct emissions (Scope 1, gross)	t '000 CO_2e	**257.6**	486.8	–229.2	–47.1 %
Direct emissions (Scope 1, gross), covered by the EU Emissions Trading System	t '000 CO_2e	**229.2**	459.8	–230.6	–50.2 %
Indirect emissions (Scope 2), location-based	t '000 CO_2e	**351.2**	424.5	–73.3	–17.3 %
Indirect emissions (Scope 2), market-based	t '000 CO_2e	**279.4**	313.0	–33.6	–10.7 %
Indirect emissions (Scope 2), offset	t '000 CO_2e	**75.4**	111.0	–35.6	–32.1 %

Water consumption and the generation of wastewater at the affiliates of the PCC Group are mainly attributable to the manufacturing processes of our affiliates in the chemical-producing segments. Absolute water usage in 2023 decreased by 10.8 % to 5,938.5 thousand m³ (previous year: 6,654.5 thousand m³). In volume terms, specific consumption remained unchanged from the previous year at 3.8 m³. In relation to revenues, water consumption rose year on year to 6.0 thousand m³ per million euros (previous year: 5.0 thousand m³ per million euros).

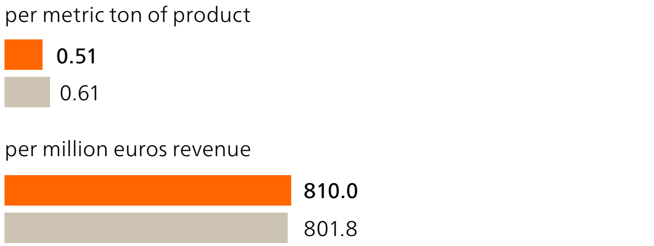
Other environmental influences T_L_12

Environmental indicator	Unit	2023	2022	Absolute change	Relative change
Water					
Water consumption	'000 m³	5,938.5	6,654.5	–716.0	–10.8 %
Relative water consumption[1]	m³ / t product	3.8	3.8	0.0	0.1 %

[1] Related to total output of all products and intermediaries

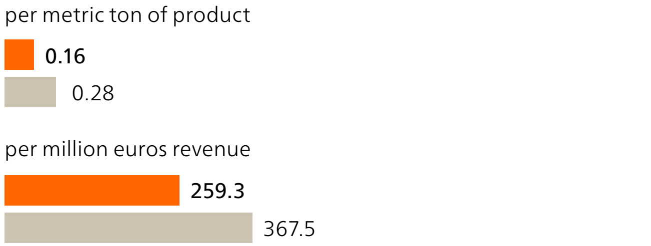
G_L_12

Electricity consumption in MWh — 2023 / 2022



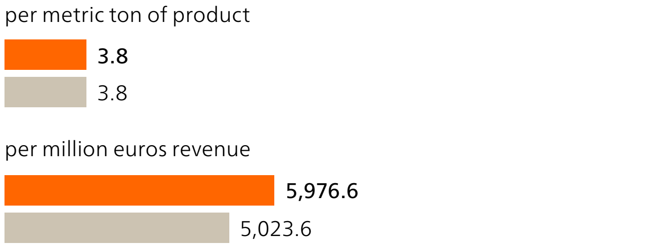
G_L_13

Scope 1 emissions in t CO_2e — 2023 / 2022



G_L_14

Water consumption — 2023 / 2022



Goals

In our sustainability vision, PCC SE and the companies of the PCC Group acknowledge our 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). 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

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. The occupational health and safety management systems of the largest production companies of the PCC Group, in particular PCC Rokita SA and PCC Exol SA, are certified to ISO 45001:2018. Continued investment in modern production facilities makes a significant contribution to occupational health and 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 personnel management, PCC attaches great importance to diversity, both cultural and professional. Discrimination is not tolerated within the Group 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 includes the tenet 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 gender equality are binding. 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.

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 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, for 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
Certified member of the Roundtable on Sustainable Palm Oil	– PCC Exol SA – PCC SE
"Gold Status" rating of the sustainability platform for CSR reporting, EcoVadis (2023)	– PCC Exol SA
"Silver Status" rating of the sustainability platform for CSR reporting, EcoVadis (2023)	– PCC Rokita SA – PCC BakkiSilicon hf. – PCC MCAA Sp. z o.o.
SQAS (Safety and Quality Assessment System) certifications for tank cleaning and transport services	– PCC Intermodal S.A. – PCC Autochem Sp. z o.o.
Authorised Economic Operator	– PCC Rokita SA – PCC Intermodal S.A.
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 conglomerate, as is reflected not only in the worldwide sale and distribution of products and services but also in the diversity of our employees. In 2023, the PCC affiliates around the world had in their employ people from a total of 30 nations (previous year: 28). The number of employees fell by 3.7 % to 3,265 as of December 31, 2023 (previous year: 3,391).

The proportion of women employed within the Group remained steady at 25.4 %, while the proportion of women in the first and second levels of management at PCC affiliates remained virtually unchanged at 21.7 % (previous year: 22.7 %).

Employees

T_L_13

Social indicator	Unit	2023	2022	Absolute change	Relative change
Employees	Number	**3,265**	3,391	– 126	– 3.7 %
Proportion female	%	**25.4**	25.4	0.0[1]	0.1 %
Employees in managerial positions[2]	Number	**120**	128	– 8	– 6.3 %
Proportion female in managerial positions[2]	%	**21.7**	22.7	– 1.0[1]	– 4.4 %
Employees under 30 years of age	Number	**660**	747	– 87	– 11.6 %
Employees between 30 and 50 years of age	Number	**1,821**	1,863	– 42	– 2.3 %
Employees over 50 years of age	Number	**784**	781	3	0.4 %
Average time in Group employ	Years	**9.4**	9.1	0.3	3.3 %
Average age	Years	**40.9**	40.6	0.3	0.6 %
Nationalities	Number	**30**	28	2	7.1 %

[1] Change in percentage points
[2] First and second management levels

PCC invests heavily throughout the Group in the training and further education of employees, with 47,153 person-hours spent in the past year (previous year: 60,456 person-hours). 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 55 in 2023 (previous year: 45). The number of sick days due to occupational accidents increased across the Group to 2,250 (previous year: 1,593). And the number of sick days due to accidents at work per employee rose to an average of 0.69 (previous year: 0.47).

Occupational health and safety

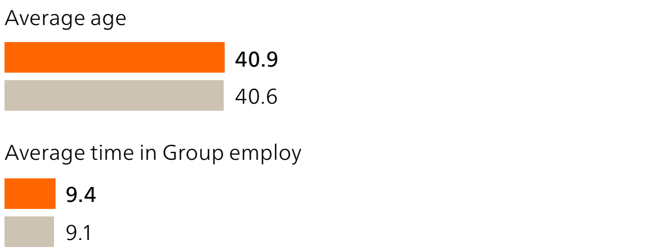
T_L_14

Social indicator	Unit	2023	2022	Absolute change	Relative change
Training and occupational development	Hours	**47,153.0**	60,456.2	– 13,303.2	– 22.0 %
Training and occupational development per full-time employee	Hours	**14.4**	17.8	– 3.4	– 19.0 %
Occupational accidents resulting in >1 sick days	Number	**55**	45	10	22.2 %
Lost-time injuries	Hours	**2,250.0**	1,593.0	657.0	41.2 %
Deaths	Number	**0**	0	–	–
Reported incidents of human rights violations	Number	**0**	0	–	–

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 9.4 years (previous year: 9.1 years) offers an indication of employee satisfaction. The average age of 40.9 years (previous year: 40.6 years) is evidence that PCC values 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 G_L_15

in years ■ 2023 ■ 2022

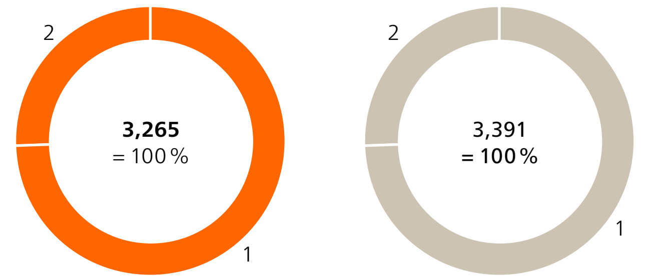


Goals

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.

Employees across the Group G_L_16

in % ■ 2023 ■ 2022



	2023		2022
1 Male	**74.6 %**	1 Male	74.6 %
2 Female	**25.4 %**	2 Female	25.4 %

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. In addition to this categorical requirement, respect for and protection of human rights are also important aspects of initiatives in which PCC companies participate. One example of this is PCC Exol SA's membership of the UN Global Compact, the world's largest and most important initiative for sustainable and responsible corporate governance.

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 2023, 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

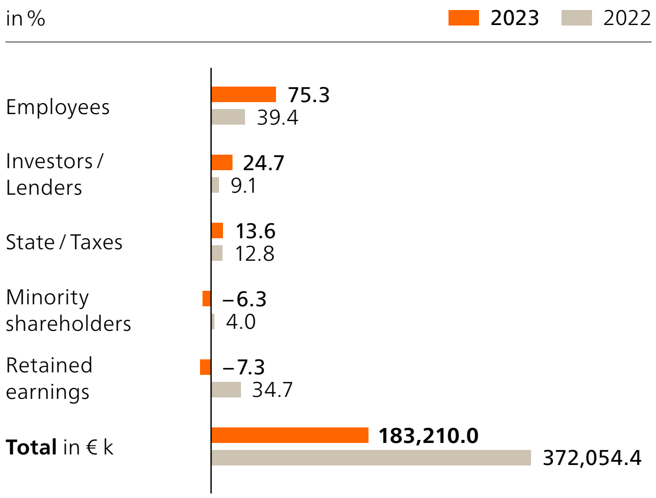
The companies of the PCC Group have a range of different stakeholders. The following value-added statement shows that the largest portion of the total operating output generated in the Group has flowed back to our most important stakeholders, namely our employees, albeit with other stakeholders also receiving a substantial share of this value added. We also take the interests of our stakeholders into account in other ways. The Group companies are members of international organizations in the field of CSR and implement corresponding programs in this domain. PCC SE and its subsidiaries promote social initiatives and institutions; PCC also supports its employees in their voluntary social engagement and actively engages in dialog with local communities. In addition, PCC assumes social responsibility through partnerships with universities and other educational institutions, as well as through our involvement in the fields of sport and culture. Sponsorship funds are only granted on the legal basis applicable in each case. The approval of the Executive Board of PCC SE or the executive body or management of the respective Group companies is also required. Cash payments and other financial benefits to politicians, political parties or other political organizations are strictly prohibited.

Performance indicators

In the form of wages and salaries, employer contributions for social insurance, pension benefits and other benefits, € 138.0 million and thus 75.3 % of the value added generated in fiscal 2023 went to our employees (previous year: € 146.4 million or 39.4 %).

The state received € 25.0 million through the payment of taxes such as corporate income tax or property tax, accounting for 13.6 % of the value added of the PCC Group (previous year: € 47.8 million or 12.8 %). Investors, bond subscribers and also minority shareholders in affiliates received a share of € 45.2 million through interest payments or dividends, representing 24.7 % of value added (previous year: € 33.9 million or 9.1 %). In the reporting year, the consolidated net income result contributed € – 13.4 million and therefore – 7.3 % to the value added remaining in the company (previous year: € 128.9 million or 34.7 %).

Distribution of value added G_L_17



Value added and distribution T_L_15

in € k	2023	2022	Absolute change	Relative change
Distribution of value added				
Value added, total	183,210.0	372,054.4	– 188,844.5	– 50.8 %
Distribution				
Employees	138,011.6	146,432.2	– 8,420.6	– 5.8 %
State / Taxes	24,991.5	47,800.0	– 22,808.4	– 47.7 %
Investors / Lenders	45,241.3	33,910.3	11,330.9	33.4 %
Minority shareholders	– 11,596.7	14,968.4	– 26,565.1	<– 100 %
Consolidated net income result for the year	– 13,437.7	128,943.6	– 142,381.3	<– 100 %

Achievements related to social issues

PCC SE and its subsidiaries are directly involved in the local communities in which they operate. At the domicile of our Group headquarters, 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 2023, the PCC Group was providing support to 69 projects (previous year: 86).

Goals

PCC has set itself the goal of continuing to drive value creation within the Group for the benefit of all stakeholders going forward. PCC strives to augment its commitment to its social responsibilities through ever 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 trading 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.

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.

In the reporting year, one business relationship was rejected due to compliance violations (previous year: 0).

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.

Anti-corruption initiatives

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

Anti-corruption measures T_L_16

Social indicator	Unit	2023	2022	Absolute change	Relative change
Donation / sponsorship enquiries received	Number	3	9	−6	−66.7 %
Total amount donated to political parties or their representatives	€ k	–	–	–	–
Projects supported	Number	69	86	−17	−19.8 %
Projects supported	€ k	55.8	70.0	−14.2	−20.3 %
Penalties and fines due to legal violations	€ k	–	–	–	–
Business relationships rejected due to compliance violations	Number	1	–	1	–
Business relationships terminated due to compliance violations	Number	–	–	–	–

Events after the reporting date

The bond carrying the code ISIN DE000A3E5MD5 issued by PCC SE with a placed volume of €9.5 million was repaid in full on January 1, 2024. It was issued on July 1, 2021, with a coupon of 3.0% p.a.

The bond carrying the code ISIN DE000A2YPFX3 issued by PCC SE with a placed volume of €4.5 million was also repaid in full on January 1, 2024. It was issued on December 1, 2019, with a coupon of 3.0% p.a.

The bond carrying the code ISIN DE000A3MQA80 issued by PCC SE with a placed volume of €1.4 million was repaid in full on January 1, 2024. It was issued on March 1, 2022, with a coupon of 2.0% p.a.

The bond carrying the code ISIN DE000A2NBFT4 issued by PCC SE with a placed volume of €21.1 million was repaid in full on April 1, 2024. It was issued on October 1, 2018, with a coupon of 4.0% p.a.

Effective January 2, 2024, PCC SE issued a new bond carrying the code ISIN DE000A3511S2 with a maturity date of February 1, 2029. The bond has a coupon of 6.0 %.

Effective March 1, 2024, PCC SE issued a new bond carrying the code ISIN DE000A3824R1 with a maturity date of May 1, 2029. The bond has a coupon of 6.0 %.

Effective April 5, 2024, PCC SE and PETRONAS Chemicals Group Berhad (PCG) each sold 2.5% of their shares in the joint venture PCG PCC Oxyalkylates Sdn. Bhd., Malaysia, to the Malaysian state-owned company Mentri Besar, Terengganu (Incorporated).

Outlook for 2024 and beyond

The focus of the PCC Group in fiscal 2024 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 brown-field 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 2024 will again be heavily dependent on future global economic trends. Currently, both the German government and various institutes and banks are predicting that economic output in Germany will only grow very slightly in 2024. In contrast, stronger growth is expected for the European Union and the global economy as a whole, although the rate of rise is likely to be significantly lower than in 2021 and 2022. In its latest forecast for the German economy in February, the OECD predicted that gross domestic product would only increase by 0.3% in the current year. Meanwhile, growth of 0.6% is predicted for the eurozone as a whole, with the USA expected to record a rise in GDP of 2.6%. According to the OECD, the global economy is actually expected to grow by 2.9% overall in 2024. Thus, the OECD has slightly increased its November 2023 outlook (2.7%), at least for the global economy. However, these forecasts are subject to a high degree of uncertainty due to the current crises (including the Russia-Ukraine war, the new Middle East conflict and China's Taiwan policy). Also highly relevant for our portfolio companies operating in the chemical and silicon metal sectors is the future development of commodity prices.

The IMF has also revised its original growth forecast for Germany downward from 0.9% to 0.5% for the current year. In contrast, economic growth of 2.1% is forecasted for the USA and a rise of 4.6% is predicted for China. In both cases, the IMF has raised its original forecasts for 2024, but still expects growth to be lower than in the previous year. The IMF's forecast for the global economy for 2024 has also improved from 2.9 % to 3.1 %. However, this would still leave global economic growth well below the average figure of 3.8 % for recent years. Nevertheless, according to the IMF, the overall picture should be better in 2024 than in the previous year, as many industrialized and emerging countries are proving to be much more resilient than originally assumed.

In its forecast for Germany published in March 2024, the ifo Institute also predicted lower growth of 0.2 % for the current year than forecasted in mid-December 2023, citing the budget crisis as the main reason. The savings now agreed in the federal budget would place a greater burden on companies and households and reduce government spending. An economic recovery is not expected to set in until the second half of 2024. Rising real wage and salary levels and a further fall in inflation are then expected to boost the purchasing power of private households. The expected downturn in interest rates should also have a positive effect. Economic output in 2025 should then exhibit a somewhat stronger upswing. The ifo Institute thus shares the estimates of the OECD and the IMF, which are also forecasting slightly higher growth for the global economy as a whole in 2025.

The current Group budget planning for the years 2024 to 2026, which was prepared for the operating business of the Group companies and affiliates in the period from September to November 2023, assumes a 5 – 10 % increase in sales in 2024 compared to the previous year. This estimate is mainly based on higher sales volumes resulting from, among other things, the commissioning of new production capacities, and the prospect of almost year-round two-furnace silicon metal production operations. At Group level, total earnings before interest/financial result, taxes, depreciation and amortization (EBITDA) are anticipated to be 25 – 30 % higher than in 2023. Here too, the main driver will be volume growth. In contrast, only a moderate increase in selling prices is expected for the most part. Commodity and raw material prices are expected to remain stable in some cases, but a downward trend is also assumed in others. However, European energy prices are expected to remain at a high level. Overheads, including for personnel and external services, should continue to rise in 2024, but will be spread across higher sales volumes. The Chlorine & Derivatives segment is once again expected to make by far the largest contribution to Group EBITDA in 2024, benefiting from a renewed increase in production due to the expected rise in demand for chlorine. As a result, the volume of chlorine by-products will also increase again, although average selling prices, particularly for caustic soda / sodium hydroxide in its various forms, should continue to fall. Overall, earnings in the Chlorine & Derivatives segment will therefore remain below the level of the previous year.

For the Polyols & Derivatives segment, we anticipate a positive result in 2024 slightly exceeding that of the previous year. The expected ongoing competitive pressure from China and the commissioning of new production capacities by a European competitor (originally planned for 2023) are likely to have a negative impact on sales and earnings. However, the expected significant improvement in performance in the area of polyols-based specialty products will have an offsetting effect. By contrast, the Surfactants & Derivatives segment expects to improve on the previous year's good performance in 2024 due to higher capacities coming on stream and the increasing proportion of products with higher margins, particularly for industrial applications. This applies in particular to PCC Exol SA. A positive result is also again anticipated for 2024 for the Consumer Products business managed within this segment – due, among other things, to the continuing high demand for private label products and the investments made in the past fiscal year in the increasing automation of production processes.

The dominant company in the Silicon & Derivatives segment, PCC BakkiSilicon hf., expects to be operating both its furnaces virtually throughout 2024. Due to the current market situation already described in the segment report, average selling prices have shown an upward trend in recent months. By contrast, raw material purchase prices, including the price of coal, have fallen. This also applies to the fixed costs per ton of silicon metal, as only slightly more personnel are required for a two-furnace operation. It is difficult to predict how sustainable this positive trend will be. Nevertheless, PCC BakkiSilicon hf. should be able to significantly improve its results in 2024 compared to the past fiscal year and generate at least marginal cash surpluses in the course of the year.

The commodity trading business managed in the Trading & Services segment is expected to generate positive earnings, with sales revenues remaining flat in 2024. The intermodal transport business should be able to improve its results again in 2024 as a consequence of rising transport and transshipment volumes. Taking these developments into account, it should be possible to increase Group EBITDA by 25 – 30 % year on year.

Based on higher EBITDA, consolidated earnings before taxes (EBT) are expected to improve by a low double-digit million euro figure compared to the previous year. Overall, however, EBT is unlikely to pass the break-even point in this current fiscal year. This is because depreciation, amortization and the interest burden will continue to increase in 2024 compared to the previous year as a result of the planned investments and the general rise in interest rates.

This analysis does not include the negative effects of a further escalation of the Russia-Ukraine war or the Middle East conflict, as these eventualities cannot be adequately assessed at present. This also applies to the potential impact of any renewed transportation and supply chain problems resulting from these conflicts.

For subsequent years, we anticipate rising expenses for personnel and external services, among other costs. In contrast, a normalization and thus a decline in prices is anticipated for the energy market. Depreciation will increase again due to the realization of further investments. Assuming that the economy continues to pick up, we expect demand to increase and selling prices to rise again in 2025. Sales volumes should also continue to rise as a result of the capacity expansions that will have been implemented by then. Earnings at EBITDA and EBT level should therefore be appreciably higher in 2025. It is likely, therefore, that PCC SE can expect dividend payments in the double-digit million euro range beyond 2025, with little significant change in its net debt. However, a temporary increase in the EBITDA to net debt leverage ratio above the target level of 5.0 is expected for the PCC Group in 2024 due to planned capital expenditures. The leverage target is unlikely to be hit until 2025 when Group EBITDA is expected to exhibit a substantial rise.

Both in 2024 and in subsequent years, PCC SE's business activities will be aligned primarily to long-term corporate investment and development. One focus will again be on supporting PCC BakkiSilicon hf. in optimizing its production process and further improving its earnings situation. In addition, in collaboration with the Fraunhofer Institute for Solar Energy Systems ISE, among others, alternative higher-value applications for silicon metal, particularly in lithium-ion batteries for electric cars, are being investigated that could lead to further growth in the Silicon & Derivatives segment in the future. To secure the long-term success of the Silicon & Derivatives segment, work is also now underway on the backward integration of PCC BakkiSilicon hf. through, for example, the increasing use of sustainable charcoal. This is because charcoal is more effective than the hard coal that has been predominantly used to date. It also reduces the CO_2 footprint of silicon metal production and increases the attractiveness of our silicon metal as an additional climate protection factor. Together with its Icelandic electricity supplier, PCC BakkiSilicon hf. is also investigating the establishment of a green methanol production facility based on the CO_2 generated during silicon metal production, together with a green hydrogen production capability.

In its chemical-producing segments, the PCC Group will continue to realign across all businesses to the development of higher-value products for customer-specific applications. The Group is also focusing on geographical expansion in respect of its core business. With the start of the commissioning phase of the production plant in Malaysia in 2023, an important milestone was reached in the growth region of Southeast Asia. In addition, the PCC Group will be examining further investment projects in the future, with both backward and forward integration in mind, thus meeting the twin aims of securing the long-term supply of raw materials and of extending the value chain as a further basis for growth. Geographically, the focus will also be on the USA going forward.

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 29, 2024
PCC SE

The Executive Board

Dr. Peter Wenzel

Ulrike Warnecke

Dr. rer. oec. (BY) Alfred Pelzer

Consolidated financial statements

Contents

Consolidated balance sheet

T_A_01

Assets in €k	(Note)	Dec. 31, 2023	Dec. 31, 2022
Non-current assets		**1,204,205**	1,100,041
Intangible assets	(19)	52,316	50,562
Property, plant and equipment	(20)	996,288	928,205
Right-of-use assets	(21)	81,042	58,264
Investments accounted for using the equity method	(12)	14,078	15,263
Non-current financial investments	(22)	17,133	19,579
Other non-current financial assets	(23)	18,013	16,775
Deferred tax assets	(34)	24,659	10,635
Other receivables and other assets	(26)	675	757
Current assets		**385,924**	492,175
Inventories	(24)	107,701	149,439
Trade accounts receivable	(25)	103,320	141,319
Other receivables and other assets	(26)	31,789	31,061
Income tax receivables		14,548	6,576
Cash and cash equivalents	(38)	128,566	163,780
Total assets		**1,590,129**	1,592,216

Equity and liabilities in €k	(Note)	Dec. 31, 2023	Dec. 31, 2022
Equity	(27)	**389,393**	419,201
Subscribed capital		5,000	5,000
Capital reserve		56	56
Revenue reserves / Other reserves		248,130	276,807
Other equity items / OCI		–15,924	–39,245
Minority interests	(28)	73,460	97,342
Hybrid capital	(29)	78,671	79,240
Non-current provisions and liabilities		**801,457**	780,258
Provisions for pensions and similar obligations	(30)	1,146	1,042
Other provisions	(31)	6,640	5,320
Deferred tax liabilities	(34)	16,574	11,076
Financial liabilities	(32)	712,889	707,754
Other liabilities	(33)	64,207	55,067
Current provisions and liabilities		**399,279**	392,757
Provisions for pensions and similar obligations	(30)	84	88
Other provisions	(31)	44,256	51,827
Current tax liabilities		5,463	31,814
Trade accounts payable		87,179	98,875
Financial liabilities	(32)	189,980	154,295
Other liabilities	(33)	72,317	55,858
Total equity and liabilities		**1,590,129**	1,592,216

Consolidated statement of income

T_A_02

Figures in €k	(Note)	2023	2022
Sales revenue	(6)	**993,621**	1,324,656
Change in inventory of finished products and work in progress		–36,406	31,429
Purchased goods and services	(7)	649,871	865,657
Other internal costs capitalized	(8)	19,648	12,820
Personnel expenses	(9)	138,005	143,594
Other operating income	(10)	33,956	31,627
Other operating expenses	(11)	109,722	98,876
Result from investments accounted for using the equity method	(12)	–948	–372
Earnings before interest / financial result, taxes, depreciation and amortization (EBITDA)	(40)	**112,272**	292,033
Depreciation and amortization	(13)	78,871	74,693
Operating profit (EBIT)	(40)	**33,401**	217,340
Interest and similar income	(14)	5,602	10,117
Interest and similar expenses	(14)	45,241	33,910
Currency translation result	(15)	–13,345	2,123
Other financial income		132	88
Other financial expenses		1,338	3,138
Earnings before taxes (EBT)	(17)	**–20,789**	192,620
Taxes on income	(16)	4,245	48,708
Net income		**–25,034**	143,912
Net income attributable to Group		–13,438	128,944
Net income attributable to minority interests		–11,597	14,968

Consolidated statement of comprehensive income

T_A_03

Figures in €k	2023	2022
Net income	**–25,034**	143,912
Income and expenses recognized in equity for future recycling through profit or loss	**24,299**	–2,567
Exchange differences on translation of foreign operations	24,284	–2,374
Fair value measurement of cash flow hedges	–	–199
Deferred taxes	15	6
Income and expenses recognized in equity not for future recycling through profit or loss	**–978**	–81
Remeasurement of defined benefit pension plans	15	–100
Other changes	–990	–
Deferred taxes	–3	19
Total income and expenses recognized in equity	**23,321**	–2,648
Total comprehensive income	**–1,714**	141,264
Share of comprehensive income attributable to Group	9,883	126,296
Share of comprehensive income attributable to minority interests	–11,597	14,968

Consolidated statement of changes in equity

T_A_04

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 Group 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**

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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, 2023	5,000	56	276,807	–39,245	**242,618**	97,342	79,240	**419,201**
Dividends paid to shareholders	–	–	–14,050	–	–14,050	–15,298	–	–29,348
Changes in consolidation scope and other consolidation effects	–	–	–1,189	–	–1,189	3,012	–	1,823
Hybrid capital	–	–	–	–	–	–	–569	–569
Comprehensive income	**–**	**–**	**–13,438**	**23,321**	**9,883**	**–11,597**	**–**	**–1,714**
Net income	–	–	–13,438	–	–13,438	–11,597	–	–25,034
Other income and expenses recognized in Group equity	–	–	–	23,321	23,321	–	–	23,321
– Currency translation differences	–	–	–	24,284	24,284	–	–	24,284
– Remeasurement of defined benefit pension plans	–	–	–	15	15	–	–	15
– Fair value measurement of financial assets	–	–	–	–990	–990	–	–	–990
– Deferred taxes recognized in OCI	–	–	–	12	12	–	–	12
Dec. 31, 2023	5,000	56	248,130	–15,924	**237,262**	73,460	78,671	**389,393**

Consolidated statement of cash flows

T_A_06

Figures in €k	(Note)	2023	2022
Net income		**–25,034**	143,912
Depreciation and amortization		78,871	74,693
Write-downs of financial investments		963	1,097
Expenses (+), income (–) from income tax		4,245	48,708
Expenses (+), income (–) from interest		39,639	23,794
Change in provisions for pensions and other provisions		–6,149	20,063
Interest received		2,782	582
Income taxes paid		–48,757	–34,350
Increase (+), decrease (–) in individual value adjustments for receivables and other assets		1,667	11
Gains (–), losses (+) from disposal of non-current assets		–1,076	–2,391
Write-ups of intangible assets, property, plant and equipment and right-of-use assets		–335	–590
Result from investments accounted for using the equity method		948	372
Other non-cash gains (–) and expenses (+)		67,757	–32,255
Gross cash flow		**115,521**	243,647
Increase (–), decrease (+) in inventories		41,738	–35,393
Increase (–), decrease (+) in trade accounts receivable		36,332	–31,783
Increase (–), decrease (+) in accounts receivable from affiliated companies		–6,560	–194
Increase (–), decrease (+) in other assets		–22,393	–2,542
Increase (+), decrease (–) in trade accounts payable		–11,719	–1,672
Increase (+), decrease (–) in accounts payable to affiliated companies		352	408
Increase (+), decrease (–) in other liabilities		4,418	26,172
Cash flow from operating activities		**157,689**	198,642
Proceeds from disposal of intangible assets		–	11,099
Proceeds from disposal of property, plant and equipment		1,150	7,166
Proceeds from disposal of right-of-use assets		1,350	6,039

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Figures in €k	(Note)	2023	2022
Proceeds from disposal of non-current financial investments		31	–
Proceeds from disposal of other non-current financial assets		309	275
Capital expenditures on intangible assets		–3,878	–4,489
Capital expenditures on property, plant and equipment		–123,464	–87,377
Capital expenditures on right-of-use assets		–	–238
Capital expenditures on non-current financial investments		–2,453	–
Capital expenditures on other non-current financial assets		–	–1,805
Cash flow from investing activities		**–126,956**	–69,330
Dividends paid to shareholder and owner		–14,050	–4,750
Dividends paid to minority interests		–15,298	–9,509
Proceeds from issuance of bonds		99,142	93,888
Payments for redemption of bonds		–102,172	–95,569
Proceeds from banks		78,764	53,436
Payments to banks		–69,587	–48,670
Payments in respect of leases		–16,796	–14,851
Payments for the partial acquisition of shares in a subsidiary without gain of control		–78	–646
Interest paid		–35,651	–31,142
Cash flow from financing activities		**–75,726**	–57,813
Changes in cash and cash equivalents due to cash transactions		–44,992	71,499
Changes in cash and cash equivalents due to foreign exchange rates		9,778	–1,482
Cash and cash equivalents at the beginning of the period		163,780	93,763
Cash and cash equivalents at the end of the period	(38)	**128,566**	163,780

Notes to the consolidated financial statements

Summary of significant accounting and valuation policies

Notes to individual items of the consolidated 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, 2023. 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, 2023, 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 of 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 these Notes to the consolidated 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, 2023, in these Notes to the consolidated financial statements.

The Executive Board of PCC SE finalized these financial statements in their meeting of April 29, 2024, whereupon they were presented to the Supervisory Board for examination and approval, and then released for publication. The consolidated financial statements of PCC SE are submitted 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 new standard IFRS 17 Insurance Contracts replaces the previous standard of the same name, IFRS 4, and contains principles for the identification, recognition, measurement and presentation of insurance contracts in the financial statements, and the explanatory notes appended thereto, of insurance providers. The amendments published with respect to IFRS 17 supplement the existing new regulations for first-time adopters of IFRS 17 and IFRS 9 concerning the presentation of comparative information.

The amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements clarify that in future only disclosures on material accounting policies need to be made rather than on significant accounting policies. What information is considered "material" depends on the usefulness of the information to the users of the financial statements.

The amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relate to the definition of accounting policies and accounting estimates. Changes in accounting policies are to be recognized retrospectively and changes in accounting estimates are to be recognized prospectively.

The amendments to IAS 12 Income Taxes restrict the prohibition on the recognition of deferred taxes on the initial recognition of an asset or liability in a transaction – the so-called Initial Recognition Exception (IRE). The revised IRE was amended to the effect that both deferred tax assets (if recoverable) and deferred tax liabilities must be recognized if a transaction leads to deductible and taxable temporary differences of the same amount at the same time. These regularly arise in the case of leases (recognition of a right-of-use asset and a lease liability) and restoration obligations (capitalization of the asset and recognition of a liability). The non-recognition of deferred taxes is no longer permitted.

The OECD BEPS Pillar Two regulations (second pillar, MinBestRL-UmsG) had already been transposed into German law (MinStG) by the balance sheet date. The law will apply for the first time for fiscal years beginning after December 30, 2023. The PCC Group will in future fall within the scope of these regulations.

As of the reporting date, the PCC Group began an initial indicative analysis in order to determine the future fundamental impact and jurisdictions from which the Group is exposed to possible effects in connection with Pillar Two. On the basis of the ongoing indicative analysis, a top-up tax may be applicable at the level of PCC SE, as PCC SE qualifies as the ultimate parent company within the meaning of the regulation. The extent to which PCC SE would be affected by the primary top-up tax and which jurisdictions are planning or will introduce a national top-up tax is being investigated. The Group is closely monitoring the progress of the legislative process in each country in which the PCC Group operates.

Mandatory standards and interpretations applied for the first time T_A_07

Standard / Interpretation	Application mandatory per IASB as of	Initial 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 IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules	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

PCC SE assesses that the average effective Group tax rate would not have changed significantly if the Pillar Two legislation had already been in force as of the balance sheet date.

The PCC Group applies the exemption per IAS 12 whereby no deferred tax assets and liabilities are recognized in connection with the income taxes arising from Pillar Two, and no disclosures are made in this regard.

The accounting standards to be applied for the first time do not have any material impact on the consolidated financial statements of PCC SE, with the exception of the effects of the international tax reform described above.

Standards and interpretations for which application is not yet mandatory

The adjacent table shows the standards and interpretations or amendments thereto published by the IASB, application of which was not yet mandatory in fiscal 2023. Some of these standards and interpretations have not yet been adopted into EU law (endorsement mechanism) and are not applied by the PCC Group. The PCC Group is currently examining the extent to which new standards and interpretations that are not yet mandatory will have an impact on the consolidated financial statements. With the exception of the new IFRS 18, it is currently expected that the standards and interpretations listed as not yet mandatory will have no material impact on the consolidated financial statements.

The new standard IFRS 18 Presentation and Disclosure in Financial Statements is due to replace the previous standard IAS 1 and contains updated requirements for the presentation and disclosure of information in financial statements. The main new features of IFRS 18 relate to the introduction of subtotals in the statement of income and the classification of income and expenses into the categories of operating, investing and financing. Secondly, it introduces new disclosure and explanation requirements for key performance indicators defined by company management. IFRS 18 further defines extended guidelines for determining whether items are to be included in the primary financial statements or in the Notes, as well as for the aggregation and disaggregation of items. The provisions of IFRS 18 will have a corresponding impact on presentation and disclosures in PCC's consolidated financial statements.

Standards and interpretations for which application is not yet mandatory T_A_08

Standard / Interpretation	Application mandatory per IASB as of	Initial application mandatory in the EU as of
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	January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	January 1, 2024	January 1, 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	January 1, 2024	Not yet known
Amendments to IAS 21 The Effects of Changes in Foreign Currency Rates: Lack of Exchangeability	January 1, 2025	Not yet known
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027	Not yet known
IFRS 14 Regulatory Deferral Accounts	January 1, 2016	No EU endorsement

(3) Scope of consolidation

The consolidated financial statements of the PCC Group cover PCC SE and all material subsidiaries. Subsidiaries and 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).

Scope of consolidation T_A_09

Fully consolidated subsidiaries	Germany	International
Jan. 1, 2023	**9**	**39**
Additions	–	1
Disposals	1	4
Dec. 31, 2023	**8**	**36**

The disposals result from a liquidation and the merger of two companies with the aim of pooling together similar business activities and reducing administrative expenses. Two further companies were removed from the scope of consolidation due to the discontinuation of their business operations. The addition results from the inclusion of an existing affiliated company in the scope of consolidation.

(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, determined as of the date of acquisition, 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 war in Ukraine and economic factors influencing the financial statements

The business performance of the PCC Group in 2023 was hit primarily by the economic weakness exhibited in the countries of both the European Union and the rest of Europe. High energy costs, particularly in Germany, and a sharp rise in labor expenses, which also made services more expensive, had a negative impact on European industry and thus also on the companies of the PCC Group. High inflation and rising interest rates caused demand to fall sharply. In addition, selling prices for chemical commodities and, in particular, for silicon metal, came under pressure due to fierce competition, especially from China. The prices for quantities imported from China were in some cases lower than the production costs for silicon metal in Europe. This is a consequence of the fact that the European market – unlike the US market, for example – is inadequately protected against cheap imports.

In addition, Russia's ongoing war of aggression against Ukraine is having far-reaching economic consequences and is also impacting the business activities of the PCC Group to some degree. In the Trading & Services segment, the trading business involving commodities of Russian origin had already been fully discontinued by mid-2022 due to the imposition of sanctions, a fact reflected in the lower sales and earnings contributions reported. In the Logistics segment, the freight car business of the Russian company AO PCC Rail, Moscow, was discontinued at the end of 2022, with the vehicle fleet being sold off. PCC is able to dispose of the company's cash and cash equivalents generated from the sale on a cross-border basis, subject to the applicable foreign exchange restrictions.

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:

Useful lives of property, plant and equipment T_A_10

Figures in years	2023	2022
Buildings and structures	4–118	4–75
Plant and machinery	2–81	2–30
Other facilities, factory and office equipment	2–102	3–30

The useful lives indicate the range between the de facto shortest and the de facto longest useful life. In the previous year, the shortest and longest useful lives were still being determined by averaging out the data. 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 44 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 recognized in accordance with IAS 38 Intangible Assets. Costs for research activities are recognized as expenses in the period in which they are incurred. An internally generated intangible asset resulting from the development activities of an internal project qualifies for capitalization if the completion of the intangible asset is technically feasible and internal use or sale is possible. In addition, there must be the intention and the financial resources to complete, use or sell the intangible asset. These assessments require far-reaching estimates by the respective management. Expenditure attributable to the intangible asset during its development must also be reliably determinable.

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 cost-of-debt 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 instruments 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 issuance 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 leads to fixed-term cash flows that represent interest and principal payments for a capital transfer (cash flow condition). Equity instruments never satisfy the cash flow condition, but may be voluntarily measured at 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 encompasses 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 measured 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).

At the closure 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 and bank credit 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 income tax expense comprises the current tax expense and deferred taxes. The current tax expense is calculated on the basis of taxable 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 depreciated 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, primarily from 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 12 days. The PCC Group applies various common Incoterms depending on the product and delivery conditions and to control the transfer of risk.

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 at the time when the right to receive the payment arises.

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 release of said funds to the statement of income occurs under other operating income over the depreciable life of the related asset.

Exploration 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 below:

Foreign currency exchange rate T_A_11

	Closing rate		Average rate	
for € 1	**Dec. 31, 2023**	Dec. 31, 2022	**2023**	2022
Belarusian ruble (BYN)	**3.6528**	2.7013	**2.9206**	2.9411
Bosnian convertible mark (BAM)	**1.9558**	1.9558	**1.9558**	1.9558
Bulgarian lev (BGN)	**1.9558**	1.9558	**1.9558**	1.9558
Czech koruna (CZK)	**24.7240**	24.1160	**24.0040**	24.5660
Icelandic króna (ISK)	**150.5000**	151.5000	**149.1300**	142.2400
North Macedonian denar (MKD)	**61.4950**	61.4932	**61.4932**	61.6517
Malaysian ringgit (MYR)	**5.0775**	4.6984	**4.9320**	4.6279
Polish złoty (PLN)	**4.3395**	4.6808	**4.5420**	4.6861
Romanian leu (RON)	**4.9756**	4.9495	**4.9467**	4.9313
Russian ruble (RUB)	**100.2150**	79.2258	**92.4486**	74.1251
Thai baht (THB)	**37.9730**	36.8350	**37.6311**	36.8562
Turkish lira (TRY)	**32.6531**	19.9649	**25.7597**	17.4088
Ukrainian hryvnia (UAH)	**42.2079**	38.9510	**39.5619**	33.9954
US dollar (USD)	**1.1050**	1.0666	**1.0813**	1.0530

Use of assumptions and estimates

The preparation of the consolidated financial statements for the year ended December 31, 2023 in conformity with IFRSs requires management to make a number of judgements, 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, discretionary decisions, estimates and assumptions are subject to increased uncertainty, particularly due to the fluctuating and sometimes erratic development of inflation and interest rates, as well as considerable volatility on the energy markets resulting from the war in Ukraine. Unforeseeable supply chain disruptions, for example due to blockades of sea routes and militant attacks on merchant ships, also contribute to this uncertainty. Estimates are based on empirical values and other assumptions that are deemed appropriate under the given circumstances. They are reviewed on an ongoing basis, but may deviate from the actual values. Regarding the war in Ukraine and other trouble spots in the Middle East and around the world – and the associated effects on the economy – it is difficult to predict the duration and extent of possible effects of such events on the net assets, financial position, results of operations and cash flows of the Group. The carrying amounts of the items affected by estimates can be found in the following sections of these Notes or in the balance sheet.

Notes to individual items of the consolidated statement of income

(6) Sales revenue

Sales revenues in the 2023 financial year amounted to €993.6 million (previous year: €1,324.7 million). This figure includes €1.4 million (previous year: €0.4 million) in sales proceeds from contractual obligations at the beginning of the reporting period. Revenues comprised €865.9 million from the sale of goods and €127.7 million from the provision of services, primarily in the form of 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 €974.4 million and sales recognized over a specific period of time totaled €19.2 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) Purchased goods and services

The cost of purchased goods and services decreased by €215.8 million year on year to €649.9 million. This was mainly due to lower purchase prices for key raw materials, while procurement costs for energy and logistics remained virtually flat. Purchase prices, some of which were at record levels in the previous year, fell equally sharply, continuing the volatility of previous years. The production operations of the silicon metal plant in Iceland also contributed to this development, with only one furnace being kept in service due to a decline in market prices coupled with a reluctance to purchase stock on the part of customers in the face of high economic uncertainty. Ongoing optimization of the raw material mix and production processes and the resulting reduction in the use of raw materials had a positive effect, however.

Cost of purchased goods and services T_A_12

Figures in €k	2023	2022
Cost of raw materials, supplies and merchandise	503,313	699,238
Cost of external services	129,254	139,799
Transportation and warehouse costs	17,303	26,620
Cost of purchased goods and services	**649,871**	**865,657**

(8) 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 €12.8 million in the previous year to €19.6 million in fiscal 2023.

(9) Personnel expenses

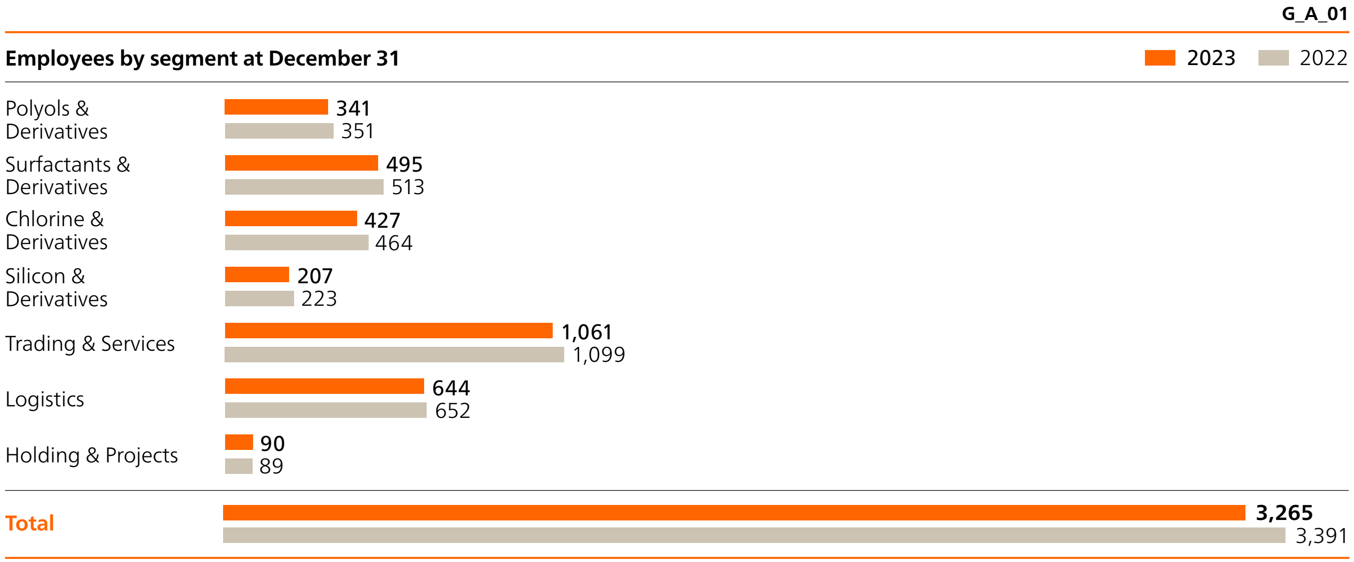
Personnel expenses T_A_13

Figures in €k	2023	2022
Wages and salaries	115,962	123,185
Social security contributions	20,355	20,293
Pension costs	1,688	116
Personnel expenses	**138,005**	**143,594**

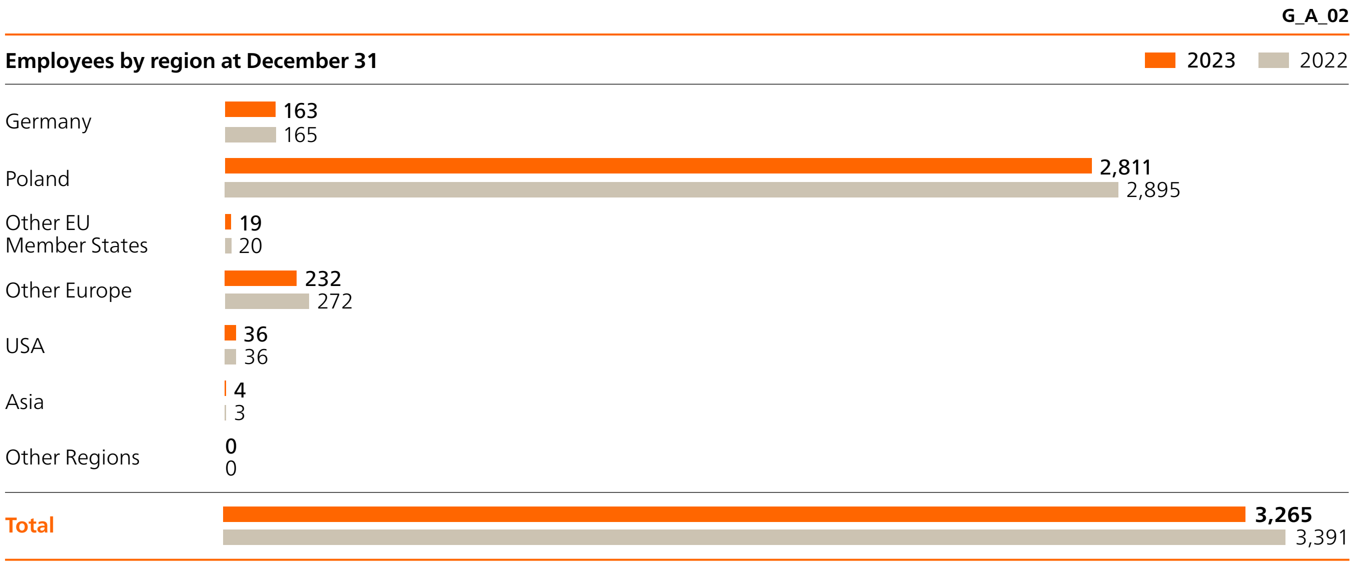
Personnel expenses decreased year on year from €143.6 million to €138.0 million. However, adjusted for performance-related remuneration components that were granted in the previous year due to the historically good results, personnel expenses again increased in fiscal 2023. This development was mainly due to a shortage of skilled labor coupled with inflation-related wage and salary cost pressures.

As of December 31, 2023, the PCC Group employed a total of 3,265 people (previous year: 3,391). On average for 2023, the PCC Group employed 3,297 people (previous year: 3,358).

The decrease was attributable to a large degree to the Trading & Services segment, where overcapacities were reduced, with job losses also occurring in the Polyols & Derivatives and Chlorine & Derivatives segments. The number of employees in the Silicon & Derivatives segment was likewise reduced due to the shutdown of one of the two furnaces. The breakdown of employees by Group segment as of the balance sheet date is as follows:



Geographically, the number of employees as of the balance sheet date was distributed as follows:



(10) Other operating income

Other operating income increased by € 2.3 million from € 31.6 million in the previous year to € 34.0 million in the year under review. The increase is mainly due to compensation payments in connection with CO_2 certificates, which were almost three times as high as in the previous year. These payments are granted by the Polish state as compensation for price increases in CO_2 certificates.

Income from the deconsolidation of subsidiaries is mainly attributable to AO PCC Rail, Moscow, Russia, which was removed from the scope of consolidation due to the discontinuation of its business operations. Also included are the results from the deconsolidation of OOO PCC Consumer Products i.L., Moscow (Russia), and Elpis Sp. z o.o., Brzeg Dolny (Poland).

Energy efficiency certificates are granted free of charge upon application for particularly energy-saving investments. All such allowance certificates that are not required to cover the company's own energy requirements are sold. No certificates were sold in the reporting year (previous year: € 1.7 million).

Income from insurance claims decreased compared to the previous year by € 4.9 million to € 0.8 million. In the previous year, one-off income from insurance reimbursements was received in connection with the fire at a tanker cleaning facility.

As in the previous year, sundry other operating income is comprised of various separate items that are not individually material.

Other operating income T_A_14

Figures in € k	2023	2022
Compensation in connection with CO_2 certificates	16,145	5,483
Income from contractual penalties received	2,645	967
Income from costs recharged	2,522	3,302
Income from reversal of other provisions	1,467	857
Income from insurance reimbursements	774	5,661
Income from deconsolidation of subsidiaries	646	–
Income from disposal of property, plant and equipment	468	3,615
Income from write-ups on property, plant and equipment	320	589
Rental and similar income	237	243
Income from the reversal of value adjustments and ECL on accounts receivable	180	291
Income from derivatives	42	86
Income from sale of energy efficiency certificates	–	1,695
Sundry other operating income	8,510	8,840
Other operating income	**33,956**	**31,627**

(11) Other operating expenses

Other operating expenses increased by € 10.8 million from € 98.9 million in the previous year to € 109.7 million in the year under review. As in the previous year, maintenance and repair expenses constituted the largest single item at € 31.8 million. These expenses were mainly attributable to the asset-intensive business activities of the chemical sites.

The other taxes item includes all tax expenses that are not income taxes. Domestic and foreign income taxes and deferred taxes are reported separately in the tax result and explained in Note (16).

As in the previous year, sundry other operating expenses are comprised of various separate items that are not individually material.

Research and development expenses amounted to € 7.0 million in the reporting period (previous year: € 14.3 million). In addition, expenses for internally developed intangible assets and property, plant and equipment in the amount of € 10.2 million were capitalized.

Other operating expenses

T_A_15

Figures in € k	2023	2022
Maintenance and repair expenses	31,825	23,233
Insurance premiums	10,106	8,300
Other taxes	8,700	6,420
Legal, other consultancy and audit expenses	7,684	8,380
General business expenses	7,333	7,558
Travel and hospitality expenses	4,690	4,233
Rent and similar expenses	3,546	4,090
Non-wage personnel expenses	3,181	2,838
Marketing, selling and distribution expenses	2,178	2,088
Increase in individual value adjustments and ECL on accounts receivable	346	255
Losses on disposal of property, plant and equipment	6	1,238
Sundry other operating expenses	30,126	30,242
Other operating expenses	**109,722**	98,876

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

Due to loss allocations that exceeded the equity value of OOO DME Aerosol, Pervomaysky (Russia), the equity value for this company is reported as zero. The losses are carried forward in a sub-ledger and initially offset against future profits before a positive share of earnings is reported in the consolidated income statement. The negative pro rata annual result of OOO DME Aerosol amounts to €–3.3 million. In the previous year, a positive pro rata annual income of €0.8 million was recognized. As of the reporting date of December 31, 2023, the cumulative losses therefore amounted to €7.4 million (previous year: €4.1 million).

The equity value of IRPC Polyol Company Ltd., Bangkok (Thailand), was adjusted in the reporting year essentially due to the positive pro rata annual income of the company and amounted to €2.1 million as of the reporting date (previous year: €2.2 million). The other changes relate to exchange rate effects.

The equity value of PCG PCC Oxyalkylates Sdn. Bhd., Kuala Lumpur (Malaysia), was adjusted in the year under review by the negative pro rata annual result of the company and amounted to €12.0 million as of the reporting date (previous year: €13.1 million).

PCC SE has issued the financing bank of PCG PCC Oxyalkylates Sdn. Bhd. with a guarantee. At the time of preparation of these consolidated financial statements, utilization of this guarantee is not anticipated.

Development of the carrying amounts of investments accounted for using the equity method T_A_16

Figures in €k	2023	2022
Equity value at Jan. 1	**15,263**	15,573
Proportionate net income / loss for the year	–4,271	429
Negative value adjustment	3,323	–
Reversal of negative value carried forward	–	– 801
Other changes	–237	63
Equity value at Dec. 31	**14,078**	15,263

Financial information on investments accounted for using the equity method T_A_17

	OOO DME Aerosol		IRPC Polyol Company Ltd.		PCG PCC Oxyalkylates Sdn. Bhd.	
Figures in €k	2023	2022	2023	2022	2023	2022
Statement of income data						
Sales revenue	7,784	8,957	34,072	43,428	–	–
EBITDA	3,146	3,687	1,145	1,903	–2,003	–1,398
EBT	–7,055	2,055	329	952	–2,224	–1,739
Net income / loss for the year	–6,645	1,602	329	995	–2,225	–1,740
Balance sheet data at Dec. 31						
Non-current assets	17,861	21,585	5,880	6,349	93,379	72,490
Current assets	1,369	2,023	12,905	13,094	3,106	3,572
Non-current liabilities	28,389	28,438	2,511	2,732	67,325	42,386
Current liabilities	3,801	3,584	11,593	12,220	4,705	6,094

(13) Depreciation and amortization

Depreciation and amortization increased by € 4.2 million from € 74.7 million in the previous year to € 78.9 million in the year under review. Amortization of intangible non-current assets related to industrial property rights and similar rights and also internally generated and developed intangible assets. No impairment losses were recognized on goodwill in the reporting period or in the previous year. Further information on goodwill can be found in Note (19).

Fiscal 2023 saw impairment losses of € 2.6 million recognized on intangible assets, property, plant and equipment and right-of-use assets (previous year: € 1.5 million). These mainly relate to capitalized project costs in the Holding & Projects segment in cases where the projects concerned are no longer being pursued, and to plant and machinery in the Chlorine & Derivatives segment due to certain technical facility components suffering elevated wear and tear.

Depreciation and amortization T_A_18

Figures in € k	2023	2022
Amortization of intangible assets	2,068	2,084
Depreciation of property, plant and equipment	62,186	58,940
Depreciation of right-of-use assets	14,617	13,669
Depreciation and amortization	**78,871**	74,693

(14) Interest result

The result from interest income and interest expenses declined from €–23.8 million in the previous year to €–39.6 million in the year under review. As in the previous year, the largest single item was interest expenses on bearer bonds. Both the parent company of the PCC Group and several subsidiaries issue bonds to finance investments and also to refinance maturing liabilities. Note (32) contains a detailed presentation of the liabilities arising from bonds and their maturities.

The largest absolute increase was recorded in interest expenses on bank liabilities. This is due to both higher bank liabilities and the generally higher interest rate levels prevailing.

Interest attributable to investment projects that represent a qualifying asset is capitalized during the construction period in accordance with IAS 23. Interest expenses of €0.9 million were capitalized in the fiscal year under review (previous year: €2.4 million). The financing cost rate amounted to 5.8 % (previous year: 4.6 %). The weighted interest rate of all interest-bearing liabilities amounted to 4.7 % in fiscal 2023 (previous year: 4.3 %).

Net interest result T_A_19

Figures in €k	2023	2022
Interest and similar income	**5,602**	10,117
Interest income from deposits	2,208	254
Interest income on bank balances	1,974	1,592
Interest income from discounting non-current provisions	375	155
Interest income from derivative financial instruments	230	7,513
Interest income from loans to affiliated companies	815	603
Interest and similar expenses	**45,241**	33,910
Interest expense on bearer bonds	20,950	18,395
Interest expense on bank liabilities	19,037	13,444
Interest expense from factoring arrangements	200	185
Interest expense from discounting non-current provisions	249	175
Interest expense on leases	2,530	1,566
Interest expense from derivative financial instruments	2,273	145
Interest expense on loans received from affiliated companies	2	1
Net interest result	**–39,639**	–23,794

(15) Foreign currency translation result

Income and expenses from currency translation are reported in the financial result. While income from currency translation decreased from €66.7 million in the previous year to €64.4 million in the reporting year, expenses from currency translation increased from €64.6 million in the previous year to €77.8 million in fiscal 2023. On balance, this resulted in a negative result of €13.3 million. In the previous year, there was a positive result of €2.1 million. The main factors influencing the result from foreign currency translation are the exchange rate movements of the currencies of relevance to the PCC Group, primarily the Polish złoty and the US dollar.

Foreign currency translation result T_A_20

Figures in €k	2023	2022
Exchange rate gains	64,414	66,744
Exchange rate losses	77,759	64,620
Foreign currency translation result	**–13,345**	2,123

(16) Taxes on income / Tax expense

The income taxes paid or owed in the individual countries and the deferred taxes recognized in profit or loss are reported as taxes on income. Taxes on income comprise trade and corporation tax, the solidarity surcharge and the corresponding foreign income taxes. Other taxes include property taxes, wealth taxes and other comparable types of taxes. They are allocated to other operating expenses.

Taxes on income are primarily attributable to the segments Chlorine & Derivatives in the amount of € 6.8 million and Holding & Projects with €5.3 million. These amounts were countervailed by € –13.3 million attributable to the Silicon & Derivatives segment. Regionally, Poland accounted for €11.7 million, with Other Europe accounting for €–13.5 million.

Taxes on income T_A_21

Figures in €k	2023	2022
Current taxes on income, Germany	2,952	3,614
Current taxes on income, abroad	12,268	36,691
Current income tax expense	**15,220**	**40,305**
Expenses (+) / income (–) from deferred taxes	–10,975	8,403
Taxes on income	**4,245**	**48,708**
Other taxes incl. sales taxes, VAT, customs, excise and other duties	8,700	6,420
Tax expense	**12,945**	**55,128**

The relationship between the actual and expected tax expense or income based on the consolidated income result is shown in the adjacent table. As in the previous year, the expected tax expense or income is based on a simplified income tax rate of 30 %. The effective tax rate of the PCC Group in the year under review was – 20.4 % (previous year: 25.3 %).

Tax loss carryforwards exist in individual Group companies. The table below shows the time bands in which tax loss carryforwards for which deferred taxes have been recognized can be used.

The loss carryforwards for which deferred taxes were recognized increased by € 72.0 million compared to the previous year, which is mainly due to losses from silicon metal production in Iceland. Due to the declining market price level and a reluctance to purchase on the part of customers in the face of high economic uncertainty, this plant was largely restricted to operation of just one of two furnaces in the 2023 fiscal year. Loss carryforwards for which no deferred taxes were recognized amounted to € 179.8 million (previous year: € 191.5 million) and mainly arose in the Group holding company.

Reconciliation to effective income tax expense T_A_22

Figures in € k	2023	2022
Earnings before taxes	**–20,789**	192,620
Anticipated income tax charge at parent company tax rate	0	57,786
Foreign tax rate differentials	–2,193	18,973
Results from investments accounted for using the equity method	948	372
Permanently non-taxable income	–27,215	–29,233
Permanently non-deductible expenses	23,400	28,725
Deduction of losses on which deferred taxes have been recognized	–	–1,782
Deduction of losses on which no deferred taxes have been recognized	–4,014	–1,268
Taxes relating to other periods	–293	–2,223
Result in special economic zones	–8,335	–22,139
Permanent differences	14,871	5,489
Other effects	7,077	–5,993
Effective income tax expense	**4,245**	48,708

Maturity profile of usable tax losses T_A_23

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Usable within:		
1 year	475	–
2 years	–	663
3 years	417	–
4 years	602	423
5 years and thereafter	167,017	91,781
Can be carried forward indefinitely	1,708	5,316
Usable tax loss carryforwards	**170,218**	98,184

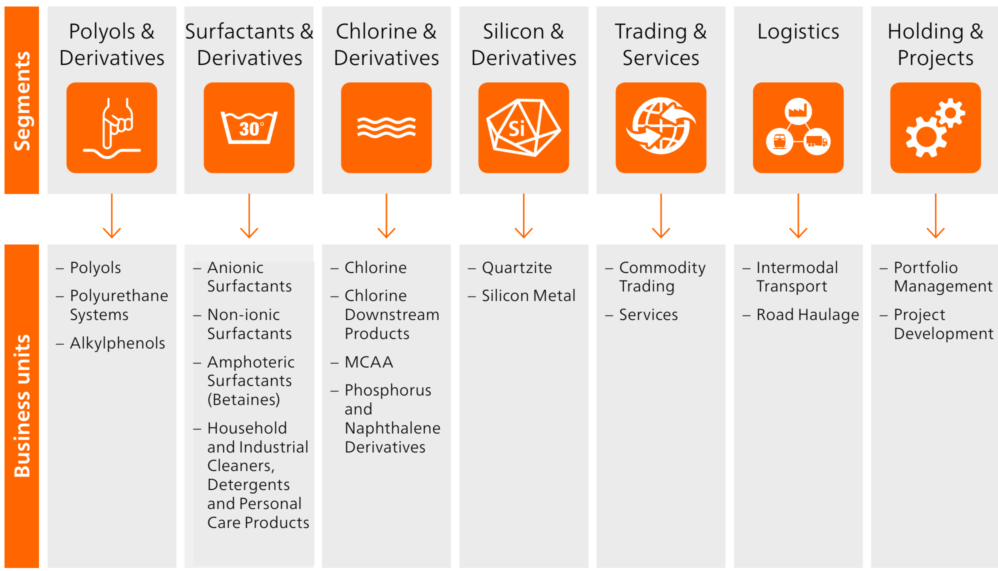
Segment report

(17) Business segment report

The PCC Group currently has more than 3,200 employees operating at 41 sites in 17 countries. The investment portfolio is 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 17 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 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 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 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.

Segments and business units of the PCC Group G_A_03



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 the PCC Group 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, silanes, and polysilicon, the basic wafer material used in the manufacture of solar photovoltaic panels. Metallurgical grade silicon is heading for an appreciable long-term increase in demand due to the advent of new applications related to climate protection, such as the latest battery technology. The PCC Group uses electricity from 100 % renewable sources for silicon metal production, with the starting material quartzite being extracted by PCC 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 PCC Group's combined heat and power plant 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 and Road Haulage business units. The PCC Group 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. The PCC Group has five Group-owned container terminals and rail licenses in Poland and Germany. The PCC tanker fleet 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 entities 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 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.

Sales by segment

G_A_04

in %

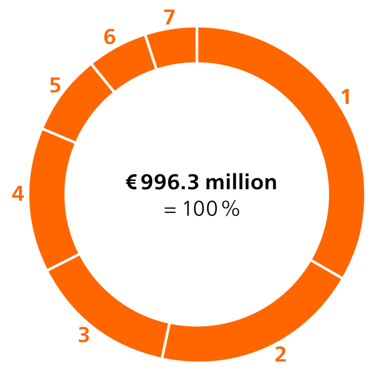
1 Chlorine & Derivatives 27.7 %
2 Surfactants & Derivatives 20.8 %
3 Polyols & Derivatives 19.2 %
4 Logistics 12.9 %
5 Trading & Services 11.8 %
6 Silicon & Derivatives 7.2 %
7 Holding & Projects 0.3 %

Property, plant and equipment by segment

G_A_05

in %

1 Silicon & Derivatives 33.4 %
2 Chlorine & Derivatives 20.1 %
3 Logistics 14.1 %
4 Trading & Services 13.8 %
5 Surfactants & Derivatives 7.9 %
6 Polyols & Derivatives 5.8 %
7 Holding & Projects 4.9 %

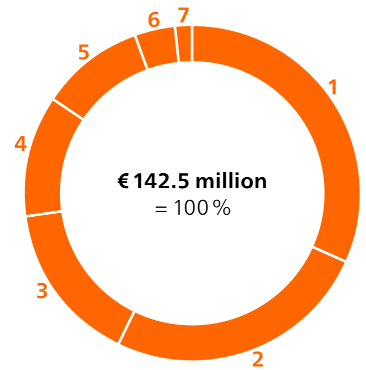


Capital expenditures by segment

G_A_06

in %

1 Logistics 32.0 %
2 Holding & Projects 25.1 %
3 Trading & Services 15.9 %
4 Chlorine & Derivatives 11.7 %
5 Surfactants & Derivatives 10.2 %
6 Polyols & Derivatives 3.8 %
7 Silicon & Derivatives 1.4 %



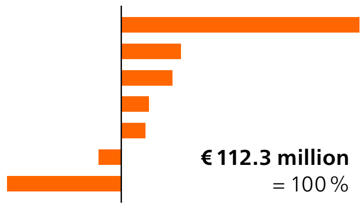
Group sales amounted to € 993.6 million in fiscal 2023, down € 331.0 million or 25.0 % on the previous year's revenue figure of € 1,324.7 million. With sales of € 275.6 million, the Chlorine & Derivatives segment was the main revenue generator. Compared to the previous year's sales of € 388.5 million, this represents a decrease of € 112.9 million or 29.1 %. The share of Group sales fell to 27.7 % (previous year: 29.3 %). The Surfactants & Derivatives segment generated sales of € 206.6 million, down € 25.2 million or 10.9 % on the previous year's figure of € 231.8 million. The share of total sales of the PCC Group increased by 3.3 percentage points to 20.8 % (previous year: 17.5 %). Sales of the Polyols & Derivatives segment amounted to € 191.1 million, down € 68.7 million or 26.4 % on the prior-year figure of € 259.8 million. The segment's share of Group sales fell to 19.2 % (previous year: 19.6 %). Sales in the Silicon & Derivatives segment amounted to € 72.0 million, a decrease of € 40.4 million or 35.9 % year on year (previous year: € 112.4 million). The share of Group sales amounted to 7.2 % (previous year: 8.5 %). In the Trading & Services segment, revenue fell by € 73.9 million or 38.6 % to € 117.6 million (previous year: € 191.5 million). The share of total consolidated sales decreased by 2.7 percentage points to 11.8 %. The Logistics segment recorded a year-on-year decline in sales of € 10.2 million or 7.4 % to € 127.7 million in fiscal 2023 (previous year: € 137.9 million). The share of Group sales amounted to 12.9 % (previous year: 10.4 %).

EBITDA by segment

G_A_07

in %

1 Chlorine & Derivatives 88.9 %
2 Surfactants & Derivatives 22.3 %
3 Logistics 17.0 %
4 Trading & Services 9.3 %
5 Polyols & Derivatives 8.1 %
6 Holding & Projects −7.6 %
7 Silicon & Derivatives −38.0 %



€ 112.3 million
= 100 %

Reconciliation to earnings before taxes

T_A_24

Figures in € k	2023	2022
EBITDA	**112,272**	292,033
Depreciation and amortization	78,871	74,693
Financial result	−54,190	−24,720
EBT	**−20,789**	192,620

Business segment report

T_A_25

2023 Figures in €k	Polyols & Derivatives	Surfactants & Derivatives	Chlorine & Derivatives	Silicon & Derivatives	Trading & Services	Logistics	Holding & Projects	Consolidation effects	**PCC Group**
Segment sales (total operating output)	261,995	243,383	406,000	73,571	265,550	144,196	3,056	–	1,397,751
Sales revenues with other PCC segments	70,925	36,825	130,421	1,582	147,909	16,468	–	–	404,130
Net external sales, consolidated	**191,070**	**206,558**	**275,579**	**71,989**	**117,641**	**127,727**	**3,056**	**–**	**993,621**
Contribution to Group revenue	19.2 %	20.8 %	27.7 %	7.2 %	11.8 %	12.9 %	0.3 %	–	100.0 %
EBITDA	9,080	25,017	99,861	–42,673	10,432	19,091	–15,213	6,678	112,272
EBITDA margin	4.8 %	12.1 %	36.2 %	–59.3 %	8.9 %	14.9 %	<–100 %	–	11.3 %
EBIT	3,133	20,484	79,919	–59,999	–2,211	3,082	–17,727	6,720	33,401
EBIT margin	1.6 %	9.9 %	29.0 %	–83.3 %	–1.9 %	2.4 %	<–100 %	–	3.4 %
Intangible assets	6,077	2,018	14,837	170	16,959	626	5,436	6,193	52,316
Property, plant and equipment	58,097	78,460	199,966	332,900	137,668	140,537	51,467	–2,806	996,288
Financial liabilities	33,005	79,042	90,972	283,544	52,391	88,164	470,903	–195,152	902,869
Capital expenditures on intangible assets and property, plant and equipment	5,481	14,468	16,608	2,019	22,586	45,557	43,122	–7,367	142,475
Depreciation and amortization	5,947	4,533	19,942	17,326	12,643	16,009	2,514	–42	78,871
Capital employed (average)	68,612	109,419	225,991	375,019	157,074	133,381	1,289,934	–1,071,494	1,287,936
ROCE	4.6 %	18.7 %	35.4 %	–16.0 %	–1.4 %	2.3 %	–1.4 %	–	2.6 %
Result from investments accounted for using the equity method	164	–	–	–	–	–	–1,113	–	–948

Business segment report

T_A_26

2022 Figures in €k	Polyols & Derivatives	Surfactants & Derivatives	Chlorine & Derivatives	Silicon & Derivatives	Trading & Services	Logistics	Holding & Projects	Consolidation effects	**PCC Group**
Segment sales (total operating output)	341,451	276,349	559,535	123,029	321,456	158,102	2,794	–	1,782,715
Sales revenues with other PCC segments	81,673	44,575	171,025	10,673	129,923	20,189	–	–	458,059
Net external sales, consolidated	**259,778**	**231,774**	**388,510**	**112,355**	**191,532**	**137,913**	**2,794**	**–**	**1,324,656**
Contribution to Group revenue	19.6 %	17.5 %	29.3 %	8.5 %	14.5 %	10.4 %	0.2 %	–	100.0 %
EBITDA	36,102	39,965	204,895	–1,216	–9,615	30,338	–6,999	–1,436	292,033
EBITDA margin	13.9 %	17.2 %	52.7 %	–1.1 %	–5.0 %	22.0 %	<–100 %	–	22.0 %
EBIT	31,104	35,694	185,653	–18,734	–22,146	16,043	–8,296	–1,978	217,340
EBIT margin	12.0 %	15.4 %	47.8 %	–16.7 %	–11.6 %	11.6 %	<–100 %	–	16.4 %
Intangible assets	5,004	1,960	14,525	186	17,420	546	3,945	6,976	50,562
Property, plant and equipment	50,790	63,645	193,577	361,469	120,442	104,129	36,855	–2,703	928,205
Financial liabilities	31,009	73,708	103,567	247,385	54,462	67,165	445,084	–160,330	862,050
Capital expenditures on intangible assets and property, plant and equipment	5,835	14,900	16,866	2,586	7,897	45,495	24,549	–1,839	116,290
Depreciation and amortization	4,999	4,270	19,241	17,518	12,531	14,295	1,297	542	74,693
Capital employed (average)	83,306	92,932	326,840	382,145	203,510	108,480	1,100,886	–1,093,303	1,204,797
ROCE	37.3 %	38.4 %	56.8 %	–4.9 %	–10.9 %	14.8 %	–0.8 %	–	18.0 %
Result from investments accounted for using the equity method	498	–	–	–	–	–	–870	–	–372

(18) Regional report

Regional analysis

T_A_27

2023 Figures in €k	Germany	Poland	Other EU Member States	Other Europe	USA	Asia	Other Regions	Consolidation effects	**PCC Group**
Customer location									
Net external sales, consolidated	193,467	378,009	286,222	41,103	23,470	30,540	40,810	–	**993,621**
Contribution to Group revenue	19.5 %	38.0 %	28.8 %	4.1 %	2.4 %	3.1 %	4.1 %	–	**100.0 %**
Company location									
Net external sales, consolidated	80,082	800,215	6,779	68,967	21,599	15,980	–	–	**993,621**
Contribution to Group revenue	8.1 %	80.5 %	0.7 %	6.9 %	2.2 %	1.6 %	–	–	**100.0 %**
EBITDA	–17,296	163,770	–294	–39,589	182	335	–	5,164	**112,272**
EBITDA margin	–21.6 %	20.5 %	–4.3 %	–57.4 %	0.8 %	2.1 %	–	–	**11.3 %**
EBIT	–19,779	105,845	–1,246	–56,871	–33	320	–	5,164	**33,401**
EBIT margin	–24.7 %	13.2 %	–18.4 %	–82.5 %	–0.2 %	2.0 %	–	–	**3.4 %**
Intangible assets	4,944	44,847	2	1,537	986	–	–	–	**52,316**
Property, plant and equipment	9,499	635,924	1,111	346,565	3,213	1	–	–24	**996,288**
Financial liabilities	473,181	333,250	1,976	315,273	946	9	–	–221,766	**902,869**
Capital expenditures on intangible assets and property, plant and equipment	21,290	123,616	80	1,906	367	16	–	–4,802	**142,475**
Depreciation and amortization	2,482	57,925	953	17,281	215	15	–	–	**78,871**
Result from investments accounted for using the equity method	–	–	–	–	–	–948	–	–	**–948**

Regional analysis

T_A_28

2022 Figures in €k	Germany	Poland	Other EU Member States	Other Europe	USA	Asia	Other Regions	Consolidation effects	**PCC Group**
Customer location									
Net external sales, consolidated	279,540	454,232	372,248	76,601	33,874	45,051	63,110	–	1,324,656
Contribution to Group revenue	21.1 %	34.3 %	28.1 %	5.8 %	2.6 %	3.4 %	4.8 %	–	**100.0 %**
Company location									
Net external sales, consolidated	137,764	1,012,641	10,243	113,092	30,010	20,907	–	–	1,324,656
Contribution to Group revenue	10.4 %	76.4 %	0.8 %	8.5 %	2.3 %	1.6 %	–	–	100.0 %
EBITDA	−3,013	290,766	−66	1,260	3,399	637	–	−949	292,033
EBITDA margin	−2.2 %	28.7 %	−0.6 %	1.1 %	11.3 %	3.0 %	–	–	22.0 %
EBIT	−5,342	237,890	−110	−17,922	3,148	625	–	−949	217,340
EBIT margin	−3.9 %	23.5 %	−1.1 %	−15.8 %	10.5 %	3.0 %	–	–	16.4 %
Intangible assets	3,130	44,723	12	1,674	1,024	–	–	–	50,562
Property, plant and equipment	13,262	532,654	1,983	376,750	3,556	–	–	–	928,205
Financial liabilities	444,524	311,657	1,921	282,037	574	18	–	−178,680	862,050
Capital expenditures on intangible assets and property, plant and equipment	6,636	129,363	57	3,593	482	32	–	−23,873	116,290
Depreciation and amortization	2,330	52,875	44	19,182	251	12	–	–	74,693
Result from investments accounted for using the equity method	–	–	–	–	–	−372	–	–	−372

As part 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 2023, the Group generated 19.5 % of its sales with customers in Germany (previous year: 21.1 %), while 38.0 % was attributable to customers in Poland (previous year: 34.3 %).

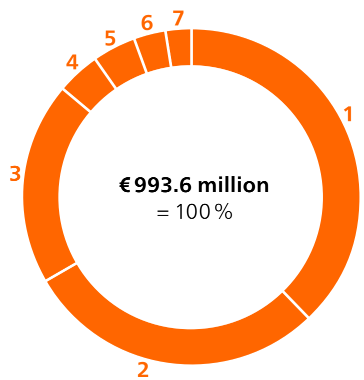
Overall, the PCC Group generated 86.3 % of its sales with customers in the member states of the European Union (previous year: 83.5 %), with Poland and Germany as the primary markets.

At € 800.2 million (previous year: € 1,012.6 million), Poland accounted for 80.5 % of Group sales to third parties in 2023, calculated by company domicile (previous year: 76.4 %). At € 378.0 million (previous year: € 454.2 million), the figure based on customer location was 38.0 % (previous year: 34.3 %). In Germany, sales decreased from € 279.5 million in the previous year to € 193.5 million in the reporting year based on customer location. By company domicile, sales fell from € 137.8 million in the previous year to € 80.1 million in the reporting year.

Sales by region G_A_08

in %

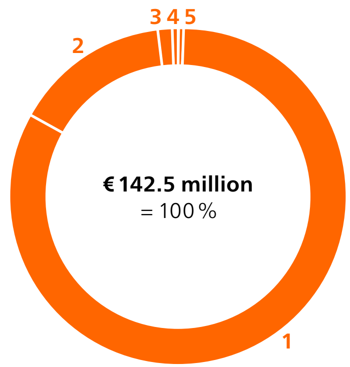
1 Poland	38.0 %	5 Other Regions	4.1 %
2 Other EU Member States	28.8 %	6 Asia	3.1 %
3 Germany	19.5 %	7 USA	2.4 %
4 Other Europe	4.1 %		



Capital expenditures by region G_A_09

in %

1 Poland	83.4 %	5 Other EU Member States	0.1 %
2 Germany	14.9 %	6 Asia	0.0 %
3 Other Europe	1.3 %	7 Other Regions	0.0 %
4 USA	0.3 %		



Capital expenditures increased in comparison to the previous year and totaled € 142.5 million (previous year: € 116.3 million). At € 123.6 million (previous year: € 129.4 million), the largest share of investments in fiscal 2023 was made in the Poland region. In addition to expenditure on container terminals, this also included investments in locomotives and platforms. Major progress was likewise made in the establishment of the new research and development center at the Brzeg Dolny site, all supplemented by ongoing replacement investments. Another aspect was investment in capacity expansions at the chemical plants accompanied by expenditures on modernization measures.

Notes to individual items of the consolidated balance sheet

(19) Intangible assets

Changes in intangible assets

T_A_29

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, 2023	43,199	8,941	12,150	6,858	**71,147**
Additions	14,311	–	164	2,555	**17,031**
Disposals	16,133	–	44	276	**16,453**
Reclassifications	416	–	36	–452	**–**
Currency translation differences	2,846	–66	878	385	**4,043**
Balance at Dec. 31, 2023	**44,639**	**8,875**	**13,183**	**9,069**	**75,767**
Amortization					
Balance at Jan. 1, 2023	15,199	871	2,944	1,570	**20,584**
Additions	1,194	–	713	–	**1,907**
Disposals	1	–	30	276	**307**
Impairment write-downs	–	–	161	–	**161**
Impairment write-ups	–2	–	–	–91	**–93**
Currency translation differences	851	–30	263	115	**1,198**
Balance at Dec. 31, 2023	**17,241**	**840**	**4,051**	**1,318**	**23,451**
Net carrying amount at Dec. 31, 2023	**27,398**	**8,035**	**9,132**	**7,751**	**52,316**

T_A_30

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**

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 amounts increased from €50.6 million in the previous year to €52.3 million as of December 31, 2023.

Impairment losses of €0.2 million were recognized in the reporting year (previous year: €0.2 million) and mainly relate to development costs in the Polyols & Derivatives segment. As of the reporting date, there were restricted rights of disposal on intangible assets in the amount of €0.5 million (previous year: €1.7 million).

Exploration and production activities are carried out in 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 year under review. This item is not material for the PCC Group and is therefore not presented separately in the reconciliation statement.

Goodwill

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

The presentation opposite shows all goodwill existing in the Group as of December 31, 2023. This also includes the goodwill of the US company PCC Chemax, Inc., Piedmont (South Carolina), which was transferred from the separate financial statements. 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 effect, as the goodwill is carried in the currency of the cash-generating unit of the company, i.e. US dollars. The annual impairment tests were performed in the fourth quarter of the fiscal year and were based on the budgets approved by the company management for 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 8.61 % for Poland (previous year: 7.40 %) and 7.67 % for the USA (previous year: 6.28 %). Even taking into account a change in the weighted average cost of capital (WACC) of 10 %, there would be no impairment write-down requirement.

Goodwill T_A_31

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
PCC Silicium S.A.	2,615	2,615
PCC Intermodal S.A.	2,593	2,593
PCC Rokita subgroup	1,330	1,330
PCC Chemax, Inc.	982	1,017
PCC Exol SA	515	515
Goodwill	**8,035**	8,070

(20) Property, plant and equipment

Changes in property, plant and equipment

T_A_32

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, 2023	386,024	585,244	261,023	94,952	1,327,244
Changes in consolidation scope	–	-47	–	–	–47
Additions	126	1,138	16,673	106,472	124,409
Disposals	82	6,013	2,055	3,495	11,645
Reclassifications	14,356	60,450	8,987	–99,042	–15,248
Currency translation differences	761	25,851	19,567	5,656	51,835
Balance at Dec. 31, 2023	**401,186**	**666,624**	**304,195**	**104,544**	**1,476,548**
Depreciation					
Balance at Jan. 1, 2023	59,061	217,775	117,274	4,928	399,039
Changes in consolidation scope	–	–23	–	–	–23
Additions	10,045	36,021	13,647	–	59,713
Disposals	–180	5,618	1,720	907	8,065
Impairment write-downs	59	1,345	44	1,025	2,473
Impairment write-ups	–	–325	–	–143	–468
Reclassifications	–1,141	1,013	2,882	–	2,753
Currency translation differences	1,232	14,140	9,094	372	24,838
Balance at Dec. 31, 2023	**69,436**	**264,329**	**141,219**	**5,276**	**480,260**
Net carrying amount at Dec. 31, 2023	331,750	402,294	162,975	99,268	**996,288**

T_A_33

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**

The net carrying amount of property, plant and equipment increased from €928.2 million in the previous year to €996.3 million as of December 31, 2023. This is mainly due to the investment measures in the PCC Group, which were continued or completed in the fiscal year under review, with replacement investments also ongoing. Additions to property, plant and equipment amounted to €124.4 million in fiscal 2023 (previous year: €89.6 million). The investments were mainly spread across the Logistics, Trading & Services and Surfactants & Derivatives segments, accompanied by project development activities in the Holding & Projects segment. Additions to depreciation of property, plant and equipment amounted to € 59.7 million in the year under review (previous year: € 57.6 million). Impairment losses on property, plant and equipment amounted to € 2.5 million (previous year: € 1.3 million) and mainly relate to capitalized project costs in the Holding & Projects segment in respect of projects that are no longer being continued, plus equipment and machinery in the Chlorine & Derivatives segment due to elevated wear and tear of plant components. There were no material reversals of impairment losses either in the reporting year or in the previous year.

As of the 2023 reporting date, there were disposal restrictions on individual items of property, plant and equipment amounting to € 501.5 million (previous year: € 519.6 million). These also serve as collateral for liabilities. In total, there were investment obligations of € 19.7 million as of December 31, 2023 (previous year: € 60.9 million), which were attributable to capital expenditures that had already been contractually agreed but had not yet been completed. In addition, € 0.6 million (previous year: € 4.0 million) in insurance compensation payments attributable to property, plant and equipment were received in the reporting year.

(21) Right-of-use assets

Development of right-of-use assets T_A_34

Figures in € k	2023	2022
Historical cost		
Balance at Jan. 1	100,375	88,686
Changes in consolidation scope	–11	–
Additions	17,417	25,005
Disposals	8,917	8,719
Reclassifications	15,248	–3,526
Currency translation differences	6,555	–1,071
Balance at Dec. 31	**130,666**	**100,375**
Depreciation		
Balance at Jan. 1	42,111	33,570
Changes in consolidation scope	–8	–
Additions	14,617	13,669
Disposals	7,692	2,694
Reclassifications	–2,753	–1,975
Currency translation differences	3,348	–459
Balance at Dec. 31	**49,624**	**42,111**
Net carrying amount at Dec. 31	**81,042**	**58,264**

Within the PCC Group, leases exist particularly in the areas of developed and undeveloped land, buildings, plant and machinery, factory and office equipment, and vehicle fleets. Extension and termination options are agreed in some cases to ensure flexibility. 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 or extension 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 net carrying amounts of right-of-use assets as of year-end amounted to € 81.0 million (previous year: € 58.3 million). The breakdown by underlying asset type reads as follows:

Right-of-use assets, net carrying amount T_A_35

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Land and buildings	28,332	26,885
Plant and machinery	21,960	19,639
Other facilities, factory and office equipment, incl. vehicle fleet	30,750	11,740
Right-of-use assets, net carrying amount	**81,042**	58,264

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 four 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 € 14.6 million (previous year: € 13.7 million) on right-of-use assets in fiscal 2023 break down as follows:

Right-of-use assets, depreciation T_A_36

Figures in € k	2023	2022
Land and buildings	1,268	1,117
Plant and machinery	8,072	7,942
Other facilities, factory and office equipment, incl. vehicle fleet	5,278	4,610
Right-of-use assets, depreciation	**14,617**	13,669

(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. Also reported under this item are positive fair values of derivative financial instruments. As of the reporting date, non-current financial assets amounted to a total of € 17.1 million (previous year: € 19.6 million), of which € 11.0 million (previous year: € 9.6 million) was mainly attributable to affiliated, non-consolidated companies and € 6.1 million (previous year: € 9.9 million) to positive fair values of derivative financial instruments.

(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 amounted to a total of € 18.0 million (previous year: € 16.8 million). This includes in particular loans to the joint venture OOO DME Aerosol in the amount of € 13.9 million (previous year: € 13.6 million).

(24) Inventories

Inventories decreased from € 149.4 million in the previous year to € 107.7 million as of December 31, 2023. The decline is due to the fall in raw material prices leading to lower procurement costs. In both the reporting year and the previous year, only insignificant write-ups were made to previously impaired inventories due to increased marketability. Impairment losses were recognized in the amount of € 1.6 million (previous year: € 0.7 million). Inventories of € 632.9 million (previous year: € 687.2 million) were expensed in the statement of income for full fiscal 2023.

Inventories T_A_37

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Raw materials and supplies	51,768	56,251
Work in progress	18,551	24,510
Finished goods	25,413	47,024
Merchandise	9,056	17,191
Goods in transit	2,751	3,961
Advance payments	162	503
Inventories	**107,701**	**149,439**

(25) Trade accounts receivable

Trade accounts receivable as of December 31, 2023 all had a remaining term of up to one year in their full amount. They decreased from € 141.3 million in the previous year to € 103.3 million as of year-end 2023.

Trade accounts receivable T_A_38

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Trade accounts receivable	105,456	143,423
Expected credit losses (ECL) – Stage 2	–112	–99
Credit losses already incurred – Stage 3	–2,024	–2,005
Trade accounts receivable	**103,320**	**141,319**

The expected future losses determined on the basis of the impairment model remained constant in comparison to the previous year at €0.1 million. At €2.0 million, additions to value adjustments due to losses already incurred also remained at the previous year's level. In total, valuation allowances on trade receivables amounting to €2.1 million were recognized in both the previous and reporting year.

Changes in value adjustments of trade accounts receivable T_A_39

Figures in €k	2023	2022
Value adjustments at Jan. 1	**−2,104**	−2,642
Changes in consolidation scope	1	–
Change in expected future credit losses (Stage 2)	−9	44
Change in credit losses already incurred (Stage 3)	−189	−52
Allowances utilized	224	541
Currency translation differences	−59	5
Value adjustments at Dec. 31	**−2,136**	−2,104

The maturity structure of all unimpaired trade accounts receivable is shown opposite. Around 90.7% of the Group's receivables were neither impaired nor past due as of December 31, 2023 (previous year: 89.4%). 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 €30.4 million (previous year: €3.3 million).

Maturity structure of trade receivables T_A_40

	Gross value of trade accounts receivable		Expected credit loss (ECL)	
Figures in €k	2023	2022	2023	2022
Not overdue	**93,666**	126,337	**39**	55
Overdue	**11,790**	17,086	**73**	44
up to 30 days	7,995	13,045	6	10
between 30 and 60 days	847	922	11	8
between 60 and 90 days	840	912	16	1
between 90 and 120 days	27	43	2	4
over 120 days	2,081	2,164	38	21
Total	**105,456**	143,423	**112**	99

(26) Other receivables and other assets

As was the case in the previous year, accounts receivable from affiliated companies as of December 31, 2023 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. Impairments of receivables from affiliated companies amount to €6.4 million.

Other receivables and other assets T_A_41

Figures in €k	Dec. 31, 2023		Dec. 31, 2022	
	Non-current	Current	Non-current	Current
Receivables from affiliated companies	–	1,564	–	1,372
Receivables from associated companies and joint ventures	–	1,094	–	184
Security deposits paid	–	164	–	532
Receivables from sales taxes, VAT, customs, excise and other duties	–	14,534	–	15,126
Receivables from employees	–	15	–	5
Receivables from insurance claims	–	123	–	3
Positive fair values of derivative financial instruments	–	7	–	17
Prepaid expenses and deferred charges	618	5,124	757	4,249
Receivables from loans to affiliated companies	–	752	–	3,393
Contract assets	–	746	–	745
Sundry other assets	57	7,666	–	5,435
Other receivables and other assets	**675**	**31,789**	757	31,061

(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.

Changes in Group equity are presented in the consolidated statement of changes in equity as part of these consolidated financial statements. The composition of revenue reserves / retained earnings and other reserves as of December 31, 2023 is shown in the adjacent table:

Revenue reserves and other reserves T_A_42

Figures in €k	Dec. 31, 2023	Dec. 31, 2022
Revenue reserves, profit and loss carryforwards, valuation reserves and differences offset against revenue reserves	211,714	126,904
IFRS transition reserve	49,788	20,959
Share of net income for the year attributable to the Group	–13,438	128,944
First-time adoption of new IFRS standards	66	–
Revenue reserves / Other reserves	**248,130**	276,807

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 the previous year's consolidated comprehensive income of € 126.3 million is reported as retained earnings carried forward to revenue reserves. In fiscal 2023, a distribution of € 14.05 million (previous year: € 4.75 million) was made to the shareholder of PCC SE from the retained earnings of PCC SE. This corresponds to a dividend per share of € 2.81 (previous year: € 0.95). Differences arising from foreign currency translation are reported under other equity items. In the past fiscal year, these increased Group equity by € 24.3 million to a total of € – 15.9 million (previous year: € – 39.2 million). The development of gains and losses recognized directly in equity is shown in the adjacent table:

Changes in gains and losses recognized in equity

T_A_43

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, 2023	– 38,590	– 467	– 86	–	– 101	– 39,245
Changes	24,284	15	– 990	–	–	23,309
Deferred taxes	–	– 3	15	–	–	12
Balance at Dec. 31, 2023	**– 14,306**	**– 455**	**– 1,061**	**–**	**– 101**	**– 15,924**

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**

(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, 2023 was €73.5 million, representing a decrease of €23.9 million compared to year-end 2022. 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 schedule 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.

Minority interests T_A_44

	PCC Rokita subgroup		PCC BakkiSilicon hf.		PCC Exol SA	
Figures in €k	**2023**	2022	**2023**	2022	**2023**	2022
Balance sheet data at Dec. 31						
Minority interests in equity	**50,336**	52,084	**10,843**	34,541	**8,440**	7,154
Minority interests in equity in %	**15.74**	15.74	**34.55**	34.55	**12.91**	12.97
Dividends paid to minority interests	**14,683**	8,875	**–**	–	**490**	580
Non-current assets	**400,123**	362,606	**343,161**	362,098	**92,458**	74,538
Current assets	**187,914**	256,586	**37,822**	55,341	**48,680**	58,990
Non-current liabilities	**146,427**	128,667	**277,444**	240,481	**40,356**	37,157
Current liabilities	**121,116**	158,960	**31,123**	35,382	**37,636**	43,460
Statement of income data						
Profit attributable to minority interests	**9,410**	22,446	**−22,491**	−11,417	**1,414**	3,209
Sales revenue	**521,328**	667,704	**64,996**	115,532	**188,536**	224,130
Net income	**59,782**	142,605	**−65,096**	−33,045	**10,948**	24,735
Total comprehensive income	**59,830**	142,502	**−65,096**	−33,045	**10,955**	24,715

(29) Hybrid capital

Hybrid capital relates to a hybrid financing instrument with a volume of €78.7 million (previous year: €79.2 million). In accordance with IAS 32, the hybrid capital is classified as equity. There is neither a contractual obligation to repay the principal nor to pay interest. Rather, 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.

The €0.6 million reduction in the hybrid capital total compared to the previous year is the result of offsetting pro rata transaction costs.

(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. These 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. Wage and 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 increased from € 1.1 million in the previous year to € 1.2 million as of December 31, 2023. Of this amount, € 1.1 million are non-current provisions with a term of more than one year.

Development of pension provisions T_A_45

Figures in € k	2023	2022
Pension obligations at Jan. 1	**1,129**	973
Current service cost	107	102
Benefits paid	– 111	– 48
Interest expense	41	11
Actuarial gains / losses from changes in demographic assumptions	35	8
Actuarial gains / losses from changes in financial assumptions	– 225	– 37
Actuarial gains / losses from experience adjustments	166	151
Currency translation differences	89	– 17
Other effects	–	– 14
Pensions obligations at Dec. 31	**1,230**	1,129

A total of 2,904 employees of PCC Group companies (previous year: 2,926) are covered by defined benefit pension plans, 74.8 % of whom are men and 25.2 % women. The average age as of the 2023 reporting date remained unchanged from the previous year at 40.3 years. A uniform discount rate of 3.15 % (previous year: 3.65 %) was used to determine the pension obligations. The rate of increase in salaries was calculated at 5.3 % (previous year: 6.7 %). The Polish mortality table 2021 of the Central Statistical Office, which serves as the basis for the calculation, assumes a life expectancy of 79.3 years (previous year: 75.7 years). An adjustment to the key actuarial parameters would have the following effects on the amount of the pension obligations:

Sensitivity analysis of pension provisions T_A_46

	Increase by 0.25 percentage points		Decrease by 0.25 percentage points	
Figures in € k	**2023**	2022	**2023**	2022
Change in discount rate	**–85**	–88	**–27**	29
Change in salary trend	**–27**	28	**–85**	–30
Change in turnover rate	**–71**	–20	**–42**	10

The above sensitivity analysis is unlikely to be representative of the actual change in the defined benefit obligation, as it is considered improbable that deviations from the assumptions made would occur in isolation.

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

Maturity profile of pension obligations T_A_47

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2023**
Pension obligations	84	221	925	**1,230**

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 from pension obligations are as follows:

Maturity profile of cash outflows from pension obligations T_A_48

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2023**
Cash outflows from pension obligations	87	298	3,540	**3,925**

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 the 2023 financial year includes € 9.1 million in employer contributions to the statutory pension scheme (previous year: € 8.2 million). In addition to the contributions to the statutory pension scheme, expenses for defined contribution plans are included in the result for the current period in the amount of € 1.7 million (previous year: € 1.8 million).

Expenses for retirement benefits recognized through profit or loss T_A_49

Figures in € k	**2023**	2022
Expenses from defined benefit plans	107	102
Expenses from defined contribution plans	1,689	1,772
Expenses for retirement benefits recognized through profit or loss	**1,796**	**1,874**

(31) Other provisions

Other provisions decreased from € 57.1 million in the previous year to € 50.9 million as of December 31, 2023. The main reason for the decline lies in a € 7.8 million reduction in provisions for the purchase of CO_2 certificates. Provisions for energy efficiency certificates decreased by € 2.3 million to € 0.8 million. These provisions result from the requirements of the Polish energy mix system, whereby a shortfall in the supply of energy from renewable sources for the production process has to be offset either by the purchase of so-called green certificates or by compensation payments. Provisions for personnel expenses increased from € 18.4 million in the previous year to € 22.3 million as of December 31, 2023 and mainly relate to accruals for bonus and vacation entitlements.

The table provided shows the development of other provisions in fiscal 2023. Other changes mainly relate to foreign exchange rate effects.

Other provisions T_A_50

Figures in € k	Dec. 31, 2023		Dec. 31, 2022	
	Non-current	Current	Non-current	Current
Provisions for personnel expenses	7	22,279	11	18,408
Provisions for year-end accounting and audit expenses	–	704	–	592
Provisions for obligations to customers	–	4	–	18
Provisions for litigation expenses	–	–	–	193
Provisions for recultivation expenses	4,071	56	3,322	868
Provisions for the purchase of emission allowances (CO_2 certificates)	–	13,675	–	21,518
Provisions for the purchase of energy efficiency certificates	–	752	–	3,011
Sundry other provisions	2,563	6,786	1,987	7,219
Other provisions	**6,640**	**44,256**	5,320	51,827

Development of other provisions T_A_51

Figures in € k	Jan. 1, 2023	Added	Utilized	Reversed	Accrued interest	Other changes	Dec. 31, 2023
Provisions for personnel expenses	18,418	21,397	16,783	1,427	– 2	683	22,286
Provisions for year-end accounting and audit expenses	592	656	528	22	–	5	704
Provisions for obligations to customers	18	–	15	–	–	1	4
Provisions for litigation expenses	193	–	187	–	–	– 7	–
Provisions for recultivation expenses	4,190	–	218	–	– 174	330	4,127
Provisions for the purchase of emission allowances (CO_2 certificates)	21,518	9,278	17,094	603	–	577	13,675
Provisions for the purchase of energy efficiency certificates	3,011	752	3,248	–	–	237	752
Sundry other provisions	9,206	986	178	1,328	–	662	9,348
Other provisions	**57,146**	**33,069**	**38,251**	**3,380**	**– 175**	**2,487**	**50,896**

(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 increased from €862.0 million in the previous year to €902.9 million as of December 31, 2023. The largest absolute increase of €22.8 million to €347.8 million was recorded in liabilities to banks. Lease liabilities also rose significantly by €17.2 million to €66.3 million. Liabilities from bonds increased by €0.9 million to €488.8 million.

Interest rates of between 0.4 % p.a. and 9.9 % p.a. are charged on liabilities to banks. The unutilized, secured credit lines within the PCC Group amounted to €61.6 million as of the reporting date (previous year: €40.7 million). The financial liabilities existing within the PCC Group as of the reporting date have the maturity profile shown in the adjacent table.

Financial liabilities T_A_52

Figures in €k	Dec. 31, 2023		Dec. 31, 2022	
	Non-current	Current	Non-current	Current
Bond liabilities	352,442	136,355	387,147	100,789
Bank liabilities	308,962	38,796	284,543	40,458
Lease liabilities	51,486	14,823	36,064	13,047
Negative fair value of derivatives	–	7	–	1
Financial liabilities	**712,889**	**189,980**	707,754	154,295

Maturity profile, financial liabilities T_A_53

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2023
Bond liabilities	136,355	352,442	–	488,797
Bank liabilities	38,796	165,744	143,218	347,758
Lease liabilities	14,823	35,964	15,522	66,308
Negative fair value of derivatives	7	–	–	7
Financial liabilities	189,980	554,150	158,739	902,869

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

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.

Maturity profile of cash flows from financial liabilities

T_A_54

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2023**
Bond liabilities	138,836	414,326	–	**553,162**
Bank liabilities	49,159	188,625	141,417	**379,201**
Lease liabilities	17,000	40,058	34,966	**92,025**
Negative fair value of derivatives	7	–	–	**7**
Cash outflows from financial liabilities	**205,002**	**643,010**	**176,383**	**1,024,395**

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**

The liabilities to banks reported under financial liabilities and those from leases were secured in their entirety in 2023 by land charges or similar liens, by the assignment of claims, the assignment of property, plant and equipment as chattel mortgages or by other collateral assignments. In total, the collateral granted amounted to €415.3 million as of December 31, 2023 (previous year: €441.8 million).

Liabilities secured

T_A_55

Figures in €k	**Dec. 31, 2023**	Dec. 31, 2022
Mortgages, land charges and similar liens	**78,257**	60,710
Assignment of claims on assets	**271,425**	314,888
Chattel mortgages	**3,312**	2,407
Other assignments	**62,340**	63,768
Collateral securities granted	**415,335**	**441,773**

Bond liabilities result from the bond issuances of PCC SE and the international subsidiaries PCC Rokita SA and PCC Exol SA. Bonds of the PCC Group are issued in euros and Polish złoty. The public bonds denominated in euros (EUR) carry interest rates of between 2.0 % and 6.0 % p.a., while the bonds issued in złoty (PLN) carry interest rates of between 5.0 % and 9.1 % p.a. The bonds issued in złoty with a total volume of PLN 277.0 million (previous year: PLN 227.0 million) had an equivalent value of € 44.6 million as of the reporting date (previous year: € 47.8 million).

Bond liabilities

T_A_56

Figures in €k	Issue date	Maturity date	Issue currency	Coupon	Issue volume	Dec. 31, 2023	Dec. 31, 2022
Issued by PCC SE							
DE000A30VS56	09/01/2022	10/01/2027	EUR	5.00 %	40,000	**35,178**	35,168
DE000A3510Z9	10/02/2023	10/01/2028	EUR	6.00 %	35,000	**35,000**	–
DE000A254TZ0	04/01/2020	12/01/2024	EUR	4.00 %	35,000	**34,503**	34,503
DE000A2TSEM3	07/01/2019	10/01/2024	EUR	4.00 %	30,000	**29,946**	29,946
DE000A3H2VU4	11/02/2020	10/01/2025	EUR	4.00 %	30,000	**29,653**	29,653
DE000A3E5S42	05/17/2021	07/01/2026	EUR	4.00 %	30,000	**29,293**	29,293
DE000A2YN1K5	10/22/2019	02/01/2025	EUR	4.00 %	30,000	**29,133**	29,133
DE000A351K90	04/03/2023	07/01/2028	EUR	5.00 %	35,000	**28,796**	–
DE000A3MQEN8	11/15/2021	12/01/2026	EUR	4.00 %	30,000	**26,926**	26,926
DE000A2NBJL3	01/01/2019	07/01/2024	EUR	4.00 %	25,000	**24,985**	24,985
DE000A2YPFY1	12/02/2019	07/01/2025	EUR	4.00 %	30,000	**23,818**	23,818
DE000A30VR40	02/01/2023	04/01/2028	EUR	5.00 %	30,000	**21,800**	–
DE000A2NBFT4	10/01/2018	04/01/2024	EUR	4.00 %	25,000	**21,104**	21,104
DE000A3MQZM5	05/02/2022	04/01/2026	EUR	4.00 %	30,000	**20,991**	20,991
DE000A30V2U2	12/01/2022	12/01/2027	EUR	5.00 %	20,000	**19,858**	17,658
DE000A3MP4P9	10/01/2021	10/01/2026	EUR	4.00 %	10,000	**10,000**	10,000
DE000A3E5MD5	07/01/2021	01/01/2024	EUR	3.00 %	10,000	**9,545**	9,545
DE000A3MQEM0	11/15/2021	04/01/2025	EUR	3.00 %	10,000	**7,790**	7,790
DE000A2YPFX3	12/02/2019	01/01/2024	EUR	3.00 %	20,000	**4,511**	4,511
DE000A3MQA80	03/01/2022	02/01/2024	EUR	2.00 %	5,000	**1,410**	1,410
DE000A2LQZH9	07/01/2018	10/01/2023	EUR	4.00 %	30,000	**–**	28,783
DE000A2G8670	01/01/2018	04/01/2023	EUR	4.00 %	25,000	**–**	21,802
DE000A2TSTW0	03/01/2019	02/01/2023	EUR	3.00 %	25,000	**–**	18,447
DE000A3H2VT6	11/02/2020	07/01/2023	EUR	3.00 %	15,000	**–**	14,705
Issued by PCC Exol SA							
PLPCCEX00077	06/25/2020	06/25/2025	PLN	5.50 %	25,000	**5,729**	5,295
PLPCCEX00069	02/28/2020	11/27/2024	PLN	5.50 %	20,000	**4,594**	4,244
Issued by PCC Rokita SA							
PLPCCRK00225	03/23/2018	03/23/2024	PLN	5.00 %	25,000	**5,757**	5,322
PLPCCRK00290	10/24/2023	10/24/2028	PLN	8.88 %	25,000	**5,672**	–
PLPCCRK00308	12/20/2023	12/20/2028	PLN	9.06 %	25,000	**5,667**	–
PLPCCRK00258	04/29/2019	04/29/2026	PLN	5.00 %	22,000	**5,040**	4,662
PLPCCRK00241	04/24/2018	04/24/2025	PLN	5.00 %	20,000	**4,594**	4,249
PLPCCRK00274	05/12/2020	05/12/2027	PLN	5.50 %	20,000	**4,070**	3,765
PLPCCRK00266	10/22/2019	10/22/2026	PLN	5.50 %	15,000	**3,433**	3,176
PLPCCRK00209	12/20/2017	12/20/2023	PLN	5.00 %	30,000	**–**	6,391
PLPCCRK00134	08/11/2016	08/11/2023	PLN	5.00 %	25,000	**–**	5,333
PLPCCRK00183	10/11/2017	10/11/2023	PLN	5.00 %	25,000	**–**	5,329
Bond liabilities						**488,797**	487,937

(33) Other liabilities

Other liabilities increased from € 110.9 million in the previous year to € 136.5 million as of December 31, 2023, with a particular increase occurring in other liabilities and deferred income relating to subsidies and grants for investment projects. The result for the reporting year includes releases of deferred income from subsidies totaling € 3.7 million (previous year: € 2.8 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 due at the beginning of the following quarter.

Other liabilities T_A_57

Figures in € k	Dec. 31, 2023		Dec. 31, 2022	
	Non-current	Current	Non-current	Current
Deferred income	63,004	4,319	54,005	2,728
Liabilities for payroll taxes and similar charges	–	2,698	–	7,901
Liabilities for social security contributions	–	4,057	–	6,394
Liabilities from interest payment obligations	–	4,161	–	1,920
Liabilities for sales taxes, VAT, customs, excise and other duties	–	3,330	–	11,040
Liabilities to employees	–	3,882	–	3,302
Liabilities to affiliated companies	–	2,701	–	2,349
Liabilities arising from investments	540	15,988	429	7,850
Contract liabilities	–	3,043	–	2,899
Sundry other liabilities	664	28,139	634	9,475
Other liabilities	**64,207**	**72,317**	55,067	55,858

(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 table below right. 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. Deferred tax assets of € 24.7 million (previous year: € 10.6 million) and deferred tax liabilities of € 16.6 million (previous year: € 11.1 million) were recognized for the reporting year.

The table below shows the non-netted deferred taxes. Future tax benefits from a special economic zone are reported under other deferred taxes. Deferred tax assets on tax loss carryforwards increased in the year under review by € 10.9 million to € 26.0 million as of the reporting date. This item includes a reversal of deferred tax assets on tax loss carryforwards at a subsidiary in the amount of € 1.1 million (previous year: € 8.6 million) due to reduced earnings prospects.

Tax rates for calculating deferred taxes T_A_58

in %	2023	2022
Belarus	20.0	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	25.0	22.0
USA	23.6	23.6

Deferred taxes T_A_59

	Deferred tax assets		Deferred tax liabilities	
Figures in € k	2023	2022	2023	2022
Intangible assets	11	305	4,953	1,626
Property, plant and equipment	6,315	−7,783	30,341	18,786
Right-of-use assets	5,751	883	12,513	10,203
Financial assets	4,326	4,376	–	–
Inventories	1,321	1,090	43	92
Receivables	316	464	59	148
Other assets	10	–	101	93
Deferred items	16	–	29	60
Pension provisions	229	206	–	–
Other provisions	7,863	6,957	1	1
Liabilities	740	9,967	418	77
Lease liabilities	10,845	–	6,385	–
Other liabilities	373	288	521	751
Loss carryforwards	25,981	15,095	–	–
Sundry deferred taxes	4,084	3,275	680	1,438
Amounts netted	−43,522	−24,488	−39,471	−22,200
Deferred taxes	**24,659**	**10,635**	**16,574**	**11,076**

(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 at the closing rate 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 € 0.1 million (previous year: € 0.2 million). A change in the exchange rate of the US dollar of likewise 10 % would result in these financials experiencing a change of € 0.0 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 € 4.4 million (previous year: € 3.9 million).

Commodity price risks: These risks result from market price changes in relation to commodity / raw material purchases and sales, and also the purchase of electricity and gas. The general risk situation of the PCC Group is greatly affected by the availability and also the price-dependency of relevant raw materials, input products and intermediate products. Within this context, the dependency of important commodity prices on foreign exchange rates and market movements is especially relevant, particularly in the case of petrochemical 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 & 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 € 74.2 million (previous year: € 110.6 million). Financial assets that are neither impaired nor overdue are categorized as collectible in line with the creditworthiness of the debtor.

Liquidity risks

Liquidity risks result from cash flow 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 – 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. In addition, we are constantly engaged in partially replacing the liquidity loans granted to our affiliated companies with bank loans.

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.

Carrying amounts, fair values and categories of financial assets and liabilities

T_A_60

Figures in €k	Carrying amounts Dec. 31, 2023	Categories[1] FAaC	FLaC	FVtOCI	FVtPL	Fair value
Financial assets						
Non-current financial assets	**17,133**	–	–	11,046	6,088	17,133
Other non-current financial assets	**18,013**	18,013	–	–	–	18,013
Trade accounts receivable	**103,320**	103,320	–	–	–	103,320
Accounts receivable from affiliated companies	**1,564**	1,564	–	–	–	1,564
Accounts receivable from associated companies and joint ventures	**1,094**	1,094	–	–	–	1,094
Other financial assets	**1,669**	1,662	–	–	7	1,669
Cash and cash equivalents	**128,566**	128,566	–	–	–	128,566
Financial liabilities						
Bond liabilities	**488,797**	–	488,797	–	–	488,392
Bank liabilities	**347,758**	–	347,758	–	–	340,766
Lease liabilities	**66,308**	–	66,308	–	–	65,255
Other financial liabilities	**5,752**	–	5,746	–	7	5,752
Trade accounts payable	**87,179**	–	87,179	–	–	87,179

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

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.

Net gains and losses on financial instruments

T_A_61

Figures in € k	2023	2022
Financial assets measured at amortized cost (FAaC)	–8,883	13,602
Financial liabilities measured at amortized cost (FLaC)	–44,775	–40,854
Fair value through profit or loss (FVtPL)	2,049	–297

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 € 4.2 million (previous year: € 1.7 million) and net foreign exchange losses of €–10.7 million (previous year: gain of € 5.7 million). Net gains and losses on financial liabilities measured at amortized cost include a net interest expense of €–42.9 million (previous year: €–33.7 million) and a net currency translation loss of €–1.3 million (previous year: €–5.9 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.

Subsidiaries use forward contracts to hedge foreign currency transactions. As of December 31, 2023, there were forward contracts with a nominal value of €–1.0 million (previous year: €–1.2 million). The insignificant fair values are recognized as assets. Interest rate swaps and interest rate options are used in the PCC Group to hedge interest rates and their long-term development. The nominal value of the derivatives existing as of the reporting date amounted to €92.4 million (previous year: €95.7 million), with the fair value amounting to €6.1 million (previous year: €9.9 million), said fair value being recognized as an asset as of the reporting date.

Financial instruments measured at fair value

T_A_62

Figures in €k	Based on quoted market prices (Level 1)	Derived from market data (Level 2)	Determined using valuation models (Level 3)	**Dec. 31, 2023**
Financial assets measured at fair value through profit or loss	–	6,095	–	**6,095**
Financial liabilities measured at fair value through profit or loss	–	7	–	**7**
Financial assets measured at fair value through other comprehensive income	–	–	11,046	**11,046**

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

Derivative financial instruments

T_A_63

Figures in €k	**Dec. 31, 2023**		Dec. 31, 2022	
	Nominal value	Fair value	Nominal value	Fair value
Forward exchange contracts	**–982**	**7**	–1,220	19
Interest rate swaps	**9,260**	**191**	10,427	602
Other derivatives (interest-rate- or currency-based)	**83,179**	**5,903**	85,295	9,340
Derivative financial instruments	**91,458**	**6,101**	**94,502**	**9,961**

(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 €81.0 million were countervailed by lease liabilities of €66.3 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 consolidated statement of income in connection with leases.

There was no income from subleases. The total cash outflow from leases in the year under review amounted to €19.5 million (previous year: €21.3 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.

Maturity profile of lease liabilities

T_A_64

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2023**
Minimum lease payments	17,000	40,058	34,966	**92,025**
Interest portion	2,178	4,094	19,445	**25,717**
Present values	14,823	35,964	15,522	**66,308**

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**

Lease effects in the consolidated statement of income

T_A_65

Figures in €k	**2023**	2022
Expenses for short-term leases with a term of less than twelve months	**2,737**	3,268
Expenses for leases of low-value assets not included in the above-mentioned short-term leases	**3**	6
Expenses for variable lease payments not included in lease liabilities	**–**	61
Interest expense on lease liabilities	**2,871**	1,913

(37) Contingent liabilities and other financial commitments

Contingent liabilities mainly result from guarantees given to the financing bank of a joint venture. They also relate to guarantees issued for non-consolidated entities in favor of third parties and include obligations to suppliers and 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 covenants are not met. The PCC Group currently expects that no claims will be made in respect of any such contingent liabilities.

Contingent liabilities T_A_66

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Contingent liabilities from guarantees	55,498	45,548
Other contingent liabilities	17,933	12,917
Contingent liabilities	**73,431**	**58,465**

As of December 31, 2023, the PCC Group had other financial obligations arising from investment commitments, rental obligations and other obligations amounting to € 25.6 million (previous year: € 61.9 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.

Financial commitments T_A_67

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2023
Obligations under rental agreements	1,543	4,017	23	5,583
Obligations from capital expenditure commitments on property, plant and equipment	19,746	–	–	19,746
Other commitments (including pending transactions)	312	–	–	312
Financial commitments	**21,601**	**4,017**	**23**	**25,641**

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**

(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 current, highly liquid financial assets) 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, 2023 of €4.1 million (previous year: €3.8 million) in funds not freely available. These are almost entirely attributable to financing already earmarked for investment projects.

The following reconciliation statement 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 € 23.6 million as of the reporting date (previous year: € 13.0 million).

Changes in financial liabilities

T_A_68

Figures in € k	Jan. 1, 2023	Cash-effective changes	Non-cash-effective changes: Changes in consolidation scope	Reclassifi-cations	Currency translation effects	Interest accrued	Converted into equity	Other changes	Dec. 31, 2023
Bond liabilities	487,937	−3,030	–	–	3,757	–	–	133	488,797
Bank liabilities	325,001	9,177	–	308	11,490	2,991	–	−1,210	347,758
Lease liabilities	49,110	17,451	−4	−308	1,310	89	–	−1,340	66,308
Negative fair value of derivatives	1	3	–	–	–	–	–	2	7
Financial liabilities	**862,050**	23,600	−4	–	16,556	3,081	–	−2,414	**902,869**

Figures in € k	Jan. 1, 2022	Cash-effective changes	Non-cash-effective changes: Changes in consolidation scope	Reclassifi-cations	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**

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, versus earnings before interest / financial result, taxes, depreciation and amortization (EBITDA), and is therefore a dynamic indebtedness indicator.

With net debt at €775.5 million (previous year: €699.4 million) and reported EBITDA at €112.3 million (previous year: €292.0 million), the net debt / EBITDA leverage ratio for fiscal 2023 came in at 6.9 (previous year: 2.4). Our goal of keeping this key figure below 5.0 was therefore not achieved.

Reconciliation to net debt

T_A_69

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
– Cash and cash equivalents	128,566	163,780
+ Pension provisions	1,230	1,129
+ Bond liabilities	488,797	487,937
+ Bank liabilities	347,758	325,001
+ Lease liabilities	66,308	49,110
+ Negative fair value of derivatives	7	1
Net debt	**775,533**	699,399

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 were two cases of failure to comply with mandatory covenants in fiscal 2023. These have not led to any adjustments to credit terms or similar measures imposed by the lenders. The cases each relate to typical financial ratios for loan agreements which two subsidiaries 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 and Supervisory Board members, 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 €0.3 million (previous year: €0.0 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, 2023, the PCC Group had receivables from affiliated companies not included in the consolidated financial statements for reasons of materiality totaling €6.1 million (previous year: €4.2 million). These are loans, trade accounts receivable and short-term loans receivable. The intercompany financing arrangements bear interest rates of between 6.5 % 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.

Related parties

Figures in € k	2023	2022
Income from related parties		
Non-consolidated entities	3,406	2,826
Joint ventures	472	713
Expenses paid to related parties		
Non-consolidated entities	12,922	10,821
Joint ventures	177	43

As of the reporting date, there were loan receivables from the joint venture OOO DME Aerosol amounting to € 13.9 million (previous year: € 13.6 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.

T_A_70

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Receivables from related parties		
Non-consolidated entities	6,054	4,195
Joint ventures	14,725	16,407
Liabilities to related parties		
Non-consolidated entities	2,701	2,349
Joint ventures	2	2

(40) Alternative performance measures

The consolidated financial statements and the management report of the PCC Group are prepared in accordance with currently applicable accounting standards. In addition to the disclosures and 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 entities.

Determination of these performance measures is by addition, subtraction, multiplication or division of individual or several items in the consolidated balance sheet and the consolidated statement of income. The 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

The method by which gross profit is calculated was changed in fiscal 2023. Please refer to the reconciliation of gross profit as the last APM in this section. All other APMs were applied unchanged from the previous period.

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:

Reconciliation to earnings before interest and taxes T_A_71

Figures in € k	2023	2022
Earnings before taxes (EBT)	−20,789	192,620
+ / − Financial result	−54,190	−24,720
= EBIT	**33,401**	**217,340**

EBITDA (Earnings Before Interest / financial result, Taxes and Depreciation) 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:

Reconciliation to earnings before interest, taxes, depreciation and amortization T_A_72

Figures in € k	2023	2022
EBIT	33,401	217,340
+ / − Depreciation and amortization	78,871	74,693
= EBITDA	**112,272**	**292,033**

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 leverage ratio, please refer to Note (38) and the explanatory comments there on capital structure management.

Composition of capital employed T_A_73

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
+ Equity	389,393	419,201
+ Current financial liabilities	189,980	154,295
+ Non-current financial liabilities	712,889	707,754
+ Provisions for pensions and similar obligations	1,230	1,129
= Capital employed	**1,293,492**	1,282,380
= Average capital employed	1,287,936	1,204,797

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

The method by which gross profit is calculated was changed in fiscal 2023. Unlike in previous periods, the item "Other internal costs capitalized" is now reported below gross profit. Gross margin is the ratio of gross profit to sales.

Reconciliation to gross profit T_A_74

Figures in € k	2023	2022 [1]
Sales revenue	993,621	1,324,656
+ Change in inventories of finished goods and work in progress	–36,406	31,429
– Purchased goods and services	649,871	865,657
= Gross profit	**307,344**	490,428

1 Prior-year figure amended. The gross profit of € 503.2 million reported in the consolidated financial statements for fiscal 2022 included other internal costs capitalized amounting to € 12.8 million.

(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 2023, the Executive Board received compensation totaling € 6.0 million (previous year: € 3.2 million), which is made up of non-performance-related remuneration of € 0.7 million and performance-related remuneration of € 5.3 million, with the total recognized as short-term 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 2023, the Supervisory Board received fixed, non-performance-related compensation totaling € 0.3 million (previous year: € 0.3 million), with the total recognized as short-term benefits.

Annual General Meeting:
The Annual General Meeting of PCC SE took place on May 16, 2023, in the course of which the consolidated financial statements and Group management report for 2022 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 2023.

(42) Events after the reporting date

The bond carrying the code ISIN DE000A3E5MD5 issued by PCC SE with a placed volume of €9.5 million was redeemed in full on January 1, 2024. It was issued on July 1, 2021, with a coupon of 3.0 % p.a.

The bond carrying the code ISIN DE000A2YPFX3 issued by PCC SE with a placed volume of €4.5 million was also repaid in full on January 1, 2024. It was issued on December 1, 2019, with a coupon of 3.0 % p.a.

The bond carrying the code ISIN DE000A3MQA80 issued by PCC SE with a placed volume of € 1.4 million was redeemed in full on January 1, 2024. It was issued on March 1, 2022, with a coupon of 2.0 % p.a.

The bond carrying the code ISIN DE000A2NBFT4 issued by PCC SE with a placed volume of €21.1 million was repaid in full on April 1, 2024. It was issued on October 1, 2018, with a coupon of 4.0 % p.a.

Effective January 2, 2024, PCC SE issued a new bond carrying the code ISIN DE000A3511S2 with a maturity date of February 1, 2029. The bond has a coupon of 6.0 %.

Effective March 1, 2024, PCC SE issued a new bond carrying the code ISIN DE000A3824R1 with a maturity date of May 1, 2029. The bond has a coupon of 6.0 %.

Effective April 5, 2024, PCC SE and PETRONAS Chemicals Group Berhad (PCG) each sold 2.5 % of their shares in the joint venture PCG PCC Oxyalkylates Sdn. Bhd., Malaysia, to the Malaysian state-owned company Mentri Besar, Terengganu (Incorporated).

(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 auditing services for these companies and the Group amounted to €343.9 k (previous year: €313.5 k). No tax consultancy services or other services over and above this were provided in the 2023 reporting year. In the previous year, tax consultancy services amounting to €9.3 k were provided.

For fiscal 2023, 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)

Schedule of shareholdings

T_A_75

Name of company	Company registered office	Segment	PCC SE participating interest in %
Parent company			
PCC SE	Duisburg (Germany)	Holding & Projects	–
Fully consolidated subsidiaries			
AO NOVOBALT Terminal	Kaliningrad (Russia)	Trading & Services	100.00
Aqua Łososiowice Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	100.00
ChemiPark Technologiczny Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	100.00
distripark.com Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	100.00
Ekologistyka Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	100.00
Gaia Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	100.00
GRID BH d.o.o.	Sarajevo (Bosnia and Herzegovina)	Holding & Projects	85.62
LabMatic Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	100.00
MCAA SE	Brzeg Dolny (Poland)	Chlorine & Derivatives	100.00
OOO PCC Consumer Products Navigator	Grodno (Belarus)	Surfactants & Derivatives	100.00
PCC Apakor Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	99.59
PCC Autochem Sp. z o.o.	Brzeg Dolny (Poland)	Logistics	100.00
PCC BakkiSilicon hf.	Húsavík (Iceland)	Silicon & Derivatives	65.40
PCC BD Sp. z o.o.	Brzeg Dolny (Poland)	Holding & Projects	100.00
PCC Bulgaria EOOD	Sofia (Bulgaria)	Polyols & Derivatives	100.00
PCC Chemax, Inc.	Piedmont, SC (USA)	Surfactants & Derivatives	100.00
PCC Chemicals Corporation	Wilmington, DE (USA)	Holding & Projects	100.00
PCC Chemicals GmbH	Duisburg (Germany)	Holding & Projects	100.00
PCC Consumer Products Kosmet Sp. z o.o.	Brzeg Dolny (Poland)	Surfactants & Derivatives	100.00
PCC Consumer Products S.A.	Brzeg Dolny (Poland)	Surfactants & Derivatives	100.00
PCC Energetyka Blachownia Sp. z o.o.	Kędzierzyn-Koźle (Poland)	Trading & Services	84.46
PCC Exol Kimya Sanayi ve Ticaret Limited Şirketi	Istanbul (Türkiye)	Trading & Services	100.00
PCC Exol SA	Brzeg Dolny (Poland)	Surfactants & Derivatives	87.09
PCC HYDRO DOOEL Skopje	Skopje (North Macedonia)	Holding & Projects	100.00
PCC Insulations GmbH	Duisburg (Germany)	Polyols & Derivatives	100.00
PCC Integrated Chemistries GmbH	Duisburg (Germany)	Holding & Projects	100.00
PCC Intermodal GmbH	Duisburg (Germany)	Logistics	100.00
PCC Intermodal S.A.	Gdynia (Poland)	Logistics	99.10
PCC IT S.A.	Brzeg Dolny (Poland)	Trading & Services	100.00

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Name of company	Company registered office	Segment	PCC SE participating interest in %
PCC Izvorsko EOOD	Sofia (Bulgaria)	Holding & Projects	**100.00**
PCC MCAA Sp. z o.o.	Brzeg Dolny (Poland)	Chlorine & Derivatives	**98.88**
PCC MORAVA-CHEM s.r.o.	Český Těšín (Czech Republic)	Trading & Services	**100.00**
PCC NEW HYDRO DOOEL Skopje	Skopje (North Macedonia)	Holding & Projects	**100.00**
PCC Prodex GmbH	Essen (Germany)	Polyols & Derivatives	**100.00**
PCC Prodex Sp. z o.o.	Brzeg Dolny (Poland)	Polyols & Derivatives	**100.00**
PCC Rokita SA	Brzeg Dolny (Poland)	Polyols & Derivatives, Chlorine & Derivatives, Trading & Services	**84.26**
PCC Seaview Residences ehf.	Húsavík (Iceland)	Silicon & Derivatives	**100.00**
PCC Silicium S.A.	Zagórze (Poland)	Silicon & Derivatives	**99.99**
PCC Synteza S.A.	Kędzierzyn-Koźle (Poland)	Polyols & Derivatives	**100.00**
PCC Therm Sp. z o.o.	Brzeg Dolny (Poland)	Polyols & Derivatives	**100.00**
PCC Thorion GmbH	Duisburg (Germany)	Holding & Projects	**100.00**
PCC Trade & Services GmbH	Duisburg (Germany)	Trading & Services	**100.00**
PolyU GmbH	Oberhausen (Germany)	Polyols & Derivatives	**100.00**
S.C. EURO-Urethane S.R.L.	Râmnicu Vâlcea (Romania)	Holding & Projects	**58.72**
Joint ventures accounted for using the equity method			
IRPC Polyol Company Ltd.	Bangkok (Thailand)	Polyols & Derivatives	**50.00**
OOO DME Aerosol	Pervomaysky (Russia)	Holding & Projects	**50.00**
PCG PCC Oxyalkylates Sdn. Bhd.	Kuala Lumpur (Malaysia)	Holding & Projects	**50.00**
Subsidiaries not consolidated due to immateriality			
AO PCC Rail (formerly: ZAO PCC Rail)	Moscow (Russia)	Logistics	**100.00**
Chemia-Profex Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	**100.00**
Chemia-Serwis Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	**100.00**
CWB Partner Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	**100.00**
LabAnalityka Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	**100.00**
LocoChem Sp. z o.o.	Brzeg Dolny (Poland)	Holding & Projects	**100.00**
Logoport Sp. z o.o.	Brzeg Dolny (Poland)	Holding & Projects	**100.00**
OOO PCC Consumer Products i.L.	Moscow (Russia)	Surfactants & Derivatives	**100.00**

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Name of company	Company registered office	Segment	PCC SE participating interest in %
PCC ChloroSilanes Sp. z o.o.	Brzeg Dolny (Poland)	Holding & Projects	**100.00**
PCC Consumer Products Czechowice S.A. i.L.	Czechowice-Dziedzice (Poland)	Surfactants & Derivatives	**99.74**
PCC Organic Oils Ghana Ltd.	Accra (Ghana)	Surfactants & Derivatives	**100.00**
Rail Wagon Management Sp. z o.o.	Brzeg Dolny (Poland)	Trading & Services	**100.00**
Technochem Sp. z o.o.	Brzeg Dolny (Poland)	Holding & Projects	**85.80**
Terra 77 Sp. z o.o.	Brzeg Dolny (Poland)	Holding & Projects	**100.00**
TzOW Petro Carbo Chem	Lviv (Ukraine)	Trading & Services	**92.32**
ZAO Exol	Nizhny Novgorod (Russia)	Surfactants & Derivatives	**100.00**
Associated companies not accounted for using the equity method due to immateriality			
S.C. Oltchim S.A. i.L.	Râmnicu Vâlcea (Romania)	Holding & Projects	**32.34**
Other investments in corporations			
Brama Pomorza Sp. z o.o.	Gdańsk (Poland)	Holding & Projects	**7.41**
TRANSGAZ S.A.	Rybnik (Poland)	Holding & Projects	**9.64**

Duisburg, April 29, 2024,
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 2023, 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 2023 to 31 December 2023, 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 2023 to 31 December 2023. 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 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, 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 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 the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements and in 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 (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the 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, 30 April 2024

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

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

Five-year overview of selected key figures

T_I_03

		2019	2020	2021	2022	2023
Sales	€ million	767.5	716.8	979.6	1,324.7	993.6
Gross profit[9]	€ million	252.6	216.5	355.9	490.4	307.3
EBITDA[1]	€ million	99.0	83.8	197.5	292.0	112.3
EBIT[2]	€ million	43.3	11.3	125.3	217.3	33.4
EBT[3]	€ million	19.3	–38.4	91.7	192.6	–20.8
Net income	€ million	7.0	–39.9	75.4	143.9	–25.0
Gross cash flow[4]	€ million	73.5	85.9	190.7	243.6	115.5
ROCE[5]	%	4.2	1.1	11.2	18.0	2.6
Net debt[6]	€ million	896.2	858.8	888.9	699.4	775.5
Net debt / EBITDA		9.1	10.2	4.5	2.4	6.9
Group equity	€ million	147.6	74.8	144.6	419.2	389.4
Equity ratio[7]	%	11.0	6.1	10.4	26.3	24.5
Return on equity[8]	%	4.7	–35.9	51.6	51.1	–6.2
Capital expenditures	€ million	163.5	66.6	110.9	116.3	142.5
Employees (Dec. 31)		3,583	3,176	3,311	3,391	3,265
– Germany		170	165	174	165	163
– International		3,413	3,011	3,137	3,226	3,102

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 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
9 Prior-year figure amended. The gross profit of € 503.2 million reported in the consolidated financial statements for fiscal 2022 included other internal costs capitalized amounting to € 12.8 million.

Credits / Legal

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PCC SE
Duisburg, May 2024

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.