Quarterly Report

1/25

Local. Global. Integrated.

- **Q1 2025 sees PCC Group increase sales by 3.9 % year on year**
- **EBITDA down 12.5 % versus prior-year quarter**
- **Challenging environment impacts general business development**
- **Significant increase in operating cash flow**
- **Exchange rate effects burden pre-tax result**
- **Repayment of maturing bonds**

Overall Business Development

Although the PCC Group increased its sales in the first quarter of 2025, the combined effect of higher fixed costs, a rise in interest expenses and increased exchange rate losses led to a decline in earnings. Some segments did post a positive performance, however.

Group sales rose by 3.9 % to € 251.2 million from € 241.7 million in the prior-year quarter. This increase was mainly due to volume growth in the Surfactants & Derivatives, Chlorine & Derivatives, Polyols & Derivatives and Logistics segments. The other segments recorded lower sales versus prior year due to price reductions as a result of intense competitive pressure, most notably in the Silicon & Derivatives segment, where we had to restrict silicon production to just one of two furnaces.

Gross profit amounted to € 78.6 million in the first quarter, an increase of 4.1 % compared to the same quarter of the previous year (€ 75.5 million). Gross yield in the first quarter was therefore almost unchanged from the previous year at 31.3 %

Compared to the first quarter of 2024, EBITDA fell by € 1.9 million or 12.5 % to € 13.4 million. Across the Group, this decline primarily reflects the further increase in costs for personnel and external service providers, together with a negative earnings contribution from the joint ventures accounted for using the equity method. At segment level, Surfactants & Derivatives, Silicon & Derivatives, Trading & Services and Logistics were able to increase their EBITDA, while the other segments recorded declines in earnings, particularly Chlorine & Derivatives.

In terms of operating profit (EBIT, earnings before interest and taxes), the PCC Group posted a loss of € – 7.9 million in the first quarter, a decline of € 2.7 million compared to the prior-year quarter. Earnings before taxes (EBT) were impacted primarily by foreign exchange losses of around € 13 million and also by slightly higher interest expenses, causing this metric to fall to € – 32.3 million. The high volatility of the US dollar and Polish złoty, the two major foreign currencies affecting the PCC Group, led to negative non-cash valuation effects as part of the measurement as of March 31, 2025. These currency movements had a particularly negative impact on the performance of our silicon production in Iceland, which is accounted for in US dollars.

Business performance of the individual segments of the PCC Group was therefore mixed, with some positive outcomes presenting themselves within the overall picture. At € 13.3 million, cash flow from operating activities also increased significantly compared to the prior-year quarter (€ – 0.5 million). Nevertheless, overall business performance at Group level was less than satisfactory. As in the previous quarters, our performance was characterized by competition on partly unfair terms – in relation to imports from China, for example – compounded by the persistently subdued economy in Germany and the EU, which represent our main sales markets. German economic research institutes lowered their forecasts for the current year again in the spring. A weak investment environment and restrained consumption weighed on the European economy. In addition, the first quarter was burdened by ongoing geopolitical upheavals coupled with uncertainty arising from the new political direction adopted in Germany – which remained unclear until the middle of the first quarter – and the policy changes coming out of the USA. Initial measures taken by the new government there, in particular the imposition of higher tariffs, had a negative impact on the European and global economies and, as a result, on the global capital markets, stock exchange developments and exchange rate movements.

The PCC Group's share of sales in the USA is less than 3 %. The majority of this comes from the direct domestic business of the local unit in the surfactants and ethoxylates divisions. We therefore assume that the direct effect of the new tariffs imposed by the US government on the operating business of the PCC Group will remain manageable. However, the full impact of tariffs and counter-tariffs on the PCC Group is currently difficult to assess. The investment programs announced by the European Union and also Germany itself in the first quarter of 2025, including the agreed adjustment to Germany's so-called "debt brake," could have a positive impact in the future, enabling significant investments in the German and European economy, including in infrastructure, defense and future technologies.

The Surfactants segment performed well in the first quarter. The photo shows the tank farm at sulfonation plant 2 of PCC Exol SA, one of Europe's most advanced surfactants producers, based in Brzeg Dolny.

Business Development by Individual Segment

Polyols & Derivatives

Although the Polyols & Derivatives segment recorded an increase in sales revenue in the first quarter, it also saw EBITDA decline.

This segment is primarily active through its production units for polyether and polyester polyols in Poland. Sales increased by 6.3 % to € 49.4 million from € 46.5 million in the previous year. Specialty products based on polyols in particular continued their very good performance of the previous year through to the current financial year. EBITDA fell by 53.7 % to € 2.1 million in the first quarter. This decline in earnings was mainly due to the challenging competitive situation in the European market affecting the segment's large Polish production facilities for polyether polyols. Business with spray foam for roof insulation, specialty foam blocks and polishing pads, and also insulation materials for the construction sector, continued to show positive development from 2024 through the first quarter. Sales increased, with higher volumes compensating for, in some cases, falling prices, and with earnings also improving as a result. Our specialty chemicals business in Germany continued to significantly increase sales volumes and revenue and was once again able to post a profit. The prevailing order backlog underlines the positive trend for the current financial year. The Polish phenol activities, which include the original core business, namely the production of alkylphenols, as well as contract manufacturing within the Group, achieved higher sales in the first quarter thanks to a significant increase in volumes, and was therefore able to substantially increase its profit contribution compared to the previous year.

Surfactants & Derivatives

Sales in the Surfactants & Derivatives segment in the first quarter of 2025 were significantly higher than in the same quarter of the previous year.

The segment's largest business unit, which is responsible for our production in Poland of ionic and non-ionic surfactants for personal care, cosmetics and industrial detergents, posted an increase in sales volumes compared to the same period of the previous year on the back of increased capacity. Despite ongoing competition from China and India, average selling prices for surfactants increased slightly for certain individual applications. As a result, sales rose by 22.3 % from € 56.5 million in the previous year to € 69.1 million in the first quarter of 2025, with earnings higher at all levels, despite a challenging market environment. The segment as a whole generated EBITDA of € 6.9 million in the first quarter (previous year: € 6.0 million). Additional capacity of 35,000 metric tons at the Polish site in Płock offers direct access to feedstock materials as well as the opportunity to further diversify the product portfolio. The US production and sales entity ended the first quarter with an increase in revenue but a slight decline in earnings. According to current estimates, the new US government's tariff policy, which is still largely unclear, should lead to a strengthening of domestic demand. In the Consumer Products business, which is also allocated to the Surfactants & Derivatives segment, increased volumes from new customers and higher sales volumes with existing customers led to encouraging revenue growth. However, higher raw material costs pushed its earnings results down below those of the previous year.

Key financials by segment (IFRS)		Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
		Q1/2025	3M/2025[5]	3M/2024	Q1/2025	3M/2025	3M/2024	Q1/2025	3M/2025	3M/2024	Q1/2025	3M/2025	3M/2024
Sales[1]	€ million	**49.4**	49.4	46.5	**69.1**	69.1	56.5	**54.2**	54.2	52.6	**12.5**	12.5	21.2
EBITDA[2]	€ million	**2.1**	2.1	4.5	**6.9**	6.9	6.0	**6.0**	6.0	10.3	**– 9.5**	– 9.5	– 10.3
EBIT[3]	€ million	**0.6**	0.6	3.0	**5.7**	5.7	4.9	**0.6**	0.6	5.2	**– 14.0**	– 14.0	– 14.6
EBT[4]	€ million	**0.0**	0.0	2.6	**3.8**	3.8	3.4	**– 1.1**	– 1.1	3.8	**– 28.1**	– 28.1	– 13.4
Employees	(at March 31)	**352**	352	352	**518**	518	498	**434**	434	430	**219**	219	210

Notes: Consolidation effects not separately shown. Rounding differences possible. Quarterly and cumulative figures unaudited. Subject to change without notice. | **1** The sales indicated relate exclusively to net external sales; consolidation procedures have already been taken into account. | **2 EBITDA** (earnings before interest, taxes, depreciation and amortization) | **3 EBIT** (earnings before interest and taxes) = Operating profit = EBITDA – depreciation and amortization | **4 EBT** (earnings before taxes) = Pre-tax profit = EBIT – interest | 5 "M" = months

Chlorine & Derivatives

The Chlorine & Derivatives segment increased its sales in the first quarter of 2025, although adverse developments in raw material and energy costs compared to the same quarter of the previous year exerted a negative impact on the earnings situation.

Average selling prices for chlorine and chlorine co- and by-products continued to decline. However, this was more than compensated for by volume growth, leading to sales totaling € 54.2 million, an increase of € 1.6 million or 3.1 % compared to the same quarter of the previous year. EBITDA fell by 41.6 % to € 6.0 million in the first quarter, compared to € 10.3 million in the same quarter of the previous year. This decline was mainly due to production in Poland, which nevertheless continued to make a positive contribution to earnings. Phosphorus & Naphthalene Derivatives increased both sales and earnings in the first quarter. EBITDA in this business unit rose by 23.3 %, due in particular to the EU Commission's positive decision in anti-dumping proceedings against cheap Chinese imports, which we had advocated together with other European manufacturers of phosphorus-based flame retardants. Our producer of monochloroacetic acid (MCAA) in Poland improved its sales and earnings situation in the first quarter of 2025. The business unit, which was still burdened by unplanned maintenance expenses and force majeure-related downtime in the previous year, gradually ramped up production volumes again in the current financial year, with plant capacity being utilized to the full.

Silicon & Derivatives

The Silicon & Derivatives segment saw only one of two furnaces in operation during the first quarter of 2025. Sales fell accordingly by 40.1 %. The EBITDA loss was, however € 0.8 million less than in the prior-year quarter.

Unlike in the first quarter of the previous year, the Silicon Metal business unit was restricted to operating at half-capacity in Q1 2024. A shortage of electricity from the local utility announced in the fourth quarter meant that a commensurate reduction in production had to be implemented in mid-December. And we are currently maintaining this single-furnace mode. We have now engaged external consultants in order to optimize our cost position. Further measures have been identified as a result and the first of these have already been implemented. Overall, we aim to sustainably improve our competitive position by reducing our payroll, cutting costs in general, improving purchasing conditions and optimizing processes. The price-sensitive market environment continues to be determined by cheap imports from China and Brazil. Due to the lack of harmonization of trade tariffs between the European Union and EFTA states such as Iceland or Norway, these markets are unfortunately exposed to duty-free imports from China, resulting in some cases in selling prices below standard manufacturing costs. The PCC Group expects greater political support in this area and has advocated or is supporting various measures in harness with the Icelandic government and European Commission. Should the economic parameters improve, the plant can be quickly ramped up to full capacity. However, if the situation does not improve or even deteriorates further, we cannot rule out a temporary plant shutdown. In addition, there were negative exchange rate effects in the first quarter due to the development of the US dollar related to our foreign currency positions at the end of the quarter, which weighed heavily on this segment's pre-tax result. The Polish quartzite quarry, which is also part of the Silicon & Derivatives segment, increased both sales and earnings thanks to higher volumes and higher prices.

Trading & Services

The Trading & Services segment made a higher contribution to consolidated earnings versus prior year, despite a slight decline in revenue.

At € 25.5 million, the segment's sales were 5.6 % lower than in the same quarter of the previous year as a result of pricing factors. Nevertheless, due to lower raw material purchase prices in the commodity trading business, gross profit rose by 14 % in the first quarter. The main driver of this development was the performance of the Energy Service unit at our Brzeg Dolny site in Poland. The business activities of our Polish energy utility also continued to develop well in the first quarter. The new customers established in the previous year continued to contribute to rising sales. The segment made an EBITDA contribution of € 5.0 million, which corresponds to an increase of 71.5 % compared to the same quarter of the previous year. Other national companies in the segment that sell PCC products in the markets of Türkiye, Italy and the Czech Republic closed the first quarter with mixed results. The commodity trading business in the Czech Republic made a slight loss, while the Turkish trading business made a profit contribution. The trading company for the Italian market, which has been managed in this segment since the third quarter of 2024, was still being established. The Trading & Services segment also includes other service companies and business units that primarily provide intragroup services, for example in the areas of energy supply, IT, environmental protection, site management, engineering & technology, maintenance & repair, and finance.

Key financials by segment (IFRS)		Trading & Services			Logistics			Holding & Projects			PCC Group totals		
		Q1/2025	3M/2025[5]	3M/2024	Q1/2025	3M/2025	3M/2024	Q1/2025	3M/2025	3M/2024	Q1/2025	3M/2025	3M/2024
Sales[1]	€ million	**25.5**	25.5	27.0	**40.1**	40.1	37.5	**0.4**	0.4	0.5	**251.2**	251.2	241.7
EBITDA[2]	€ million	**5.0**	5.0	2.9	**6.2**	6.2	5.7	**– 5.1**	– 5.1	– 2.6	**13.4**	13.4	15.3
EBIT[3]	€ million	**1.8**	1.8	– 0.6	**1.5**	1.5	1.2	**– 5.8**	– 5.8	– 3.1	**– 7.9**	– 7.9	– 5.3
EBT[4]	€ million	**0.6**	0.6	– 1.5	**1.3**	1.3	0.3	**– 9.9**	– 9.9	– 6.4	**– 32.3**	– 32.3	– 12.3
Employees	(at March 31)	**1,036**	1,036	1,041	**648**	648	638	**115**	115	99	**3,322**	3,322	3,268

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Aerial view of the container terminal of PCC Intermodal S.A. in Brzeg Dolny. The PCC Group affiliate assumed the position of market leader in Poland last year after attaining a share within the country's intermodal logistics sector of 19.6 % by freight revenue and 17.4 % by freight weight transported.

Logistics

Intermodal container logistics, the Logistics segment's dominant business, produced another positive performance.

Sales reached € 40.1 million in the first quarter, up € 2.6 million or 6.9 % on the prior-year period. EBITDA rose by 8.8 % to € 6.2 million. Demand for intermodal transportation continued to rise, resulting in a year-on-year increase in container throughput. In particular, demand increased for the routes from the Polish seaports of Gdańsk and Gdynia. Overall, this led to an 8.3 % increase in transshipment volumes compared to the previous year, with prices remaining constant. The biggest competitor to intermodal transport in Europe remains the road-only option. The Road Haulage business unit operated by our tanker fleet company was able to increase revenue and earnings contributions again thanks to the full resumption of cleaning facility operations following its destruction by fire in 2023.

Holding & Projects

The earnings performance of the Holding & Projects segment in the fourth quarter was dominated by the upfront costs of current investment projects.

In addition to investment management, this segment is responsible in particular for the development of new business activities, products and facilities. Where possible from an accounting perspective, the associated costs are capitalized, although some of the costs remain as expenses. The allocation of associates accounted for using the equity method exerted significant impact on this segment's earnings performance in the first quarter of 2025. Due to a delay in ramping up utilization of the oxyalkylates plant in Malaysia, the equity contribution of this joint venture in the first quarter amounted to around € – 2.9 million. The focus in the development of new business activities in the first quarter was on our prospective chemicals activities in the US market. PCC is examining the development, construction and operation of its own chlor-alkali plant in the USA. In December 2024, we concluded a long-term takeoff agreement for chlorine supplies with the US chemicals group The Chemours Company. This purchase agreement forms the commercial core behind our envisaged investment in the construction of a plant at the Chemours site in DeLisle, Mississippi, and significantly reduces potential market and sales risks. In the first quarter, the work carried out focused on project engineering, financing and the approval process. This project will not be realized until a final positive investment decision is made.

Redemption of maturing bonds

On February 3, 2025, PCC SE redeemed its 4.00 % bullet bond ISIN DE000A2YN1K5 issued in 2019. The repayment volume amounted to € 29.1 million. After the end of the quarter, on April 1, the 3.00 % bullet bond ISIN DE000A3MQEM0 issued in 2021 was redeemed at maturity (repayment volume: € 7.8 million).

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