Quarterly Report 2/25

Local. Global. Integrated.

- **First half of 2025 sees PCC Group slightly increase sales year on year**
- **EBITDA down 30.8 % versus prior-year period**
- **Challenging environment characterized by intense price competition**
- **Earnings decline due to exchange rate effects and higher fixed costs**
- **Redemption of maturing bonds**

Overall Business Development

In the first half of 2025, the PCC Group increased sales and gross profit in a challenging market environment. However, higher fixed costs, interest expenses and exchange rate losses led to a further decline in earnings.

In the second quarter of 2025, consolidated sales decreased by 2.7 % year on year to € 236.5 million. In the first half year, consolidated sales amounted to € 487.7 million, up 0.6 % on the same period in the previous year. This increase was mainly due to volume growth in the Surfactants & Derivatives and Logistics segments. In the other segments, ongoing price competition burdened sales performance, most significantly in the Silicon & Derivatives segment, as we were only operating one of two furnaces for silicon production.

Gross profit rose by 10.2 % year on year to € 77.5 million in the second quarter of 2025. The same applies to gross margin, which rose from 28.9 % in the same quarter of the previous year to 32.7 %, resulting in cumulative gross profit of € 156.1 million for the first half of 2025, an increase of 7.1 % compared to the previous year. Gross margin for the first half year rose from 30.1 % to 32.0 %.

At € 14.0 million, earnings before interest, taxes, depreciation, and amortization (EBITDA) in the second quarter were 42.4 % below the prior-year figure, but 4.4 % higher than in the first quarter. For the first half of the year, EBITDA totaled € 27.3 million, significantly below the € 39.5 million reported in the same period last year. This reflects, in particular, the sharp rise in personnel and service costs and the negative contribution to earnings from joint ventures accounted for using the equity method. At segment level, Surfactants & Derivatives, Trading & Services and Logistics increased their EBITDA, while the other segments recorded declines in earnings, particularly Chlorine & Derivatives.

At the operating level (EBIT, earnings before interest and taxes), the deficit in the second quarter was reduced by 13.1 % compared to the previous quarter. Nevertheless, the loss for the first half year amounted to € – 14.8 million. Earnings before taxes (EBT) in the second quarter were mainly impacted by exchange rate losses of € – 7.8 million and fell to € – 26.9 million. The high volatility of the US dollar and Polish złoty, which are key currencies for the PCC Group, led to negative non-cash effects in the reporting period arising from valuations as of June 30, 2025. Opposing trends had already been observed in May and June. This currency effect had a particularly negative impact on the pre-tax performance of our silicon production in Iceland, which is reported in US dollars. Cash flow from operating activities rose significantly in the second quarter versus the previous quarter, from € 13.3 million to € 19.1 million this time. In the first half of 2025, it totaled € 32.4 million, representing a year-on-year decline of € 7.1 million.

Although business development in the second quarter was positive for some segments of the PCC Group, overall it continued to be impacted by the challenging global economic environment. As a result, performance at the Group level was unsatisfactory. As in previous quarters, some of our activities were hit by competition, in some cases on unfair terms, including from imports from China, for example. This was compounded by the continuing economic weakness in Germany and the EU, our main sales markets. A weak investment environment and subdued consumer spending further weighed on the European economy, while ongoing geopolitical uncertainties and the complex tariffs policy of the USA led to additional caution. Against this backdrop, PCC decided in the second quarter to suspend silicon production in Iceland, and the plant's second furnace has therefore also been temporarily shut down since July 20.

New plant complex for the Polyols & Derivatives and Surfactants & Derivatives segments in Brzeg Dolny, our most important production site. The new facilities are scheduled for completion in 2026. We are also building a plant there for the production of solids, which will enable us to diversify our portfolio beyond liquid products.

Business Development by Individual Segment

Polyols & Derivatives

The Polyols & Derivatives segment recorded a year-on-year decline in sales in the second quarter of 2025, but was able to double its EBITDA compared to the previous quarter.

This segment is dominated by the production units for polyether and polyester polyols in Poland. Segment sales fell to € 44.9 million in the second quarter, a decline of 7.1 % compared to the prior-year quarter. Cumulative sales for the first half of 2025 remained virtually unchanged at € 94.3 million, compared to € 94.8 million in the same period of the previous year. Polyester polyols in particular continued their good performance from the previous year in the current fiscal year. EBITDA more than doubled in the second quarter compared to the previous quarter, but fell by 8.7 % year on year to € 4.5 million. In the first half year, EBITDA thus totaled € 6.6 million, representing a decline of 30.1 % compared to the previous year (€ 9.4 million). This decrease in earnings was mainly due to our major Polish production facilities for polyether polyols and the challenging competitive situation they face in the European market. To further strengthen the Brzeg Dolny site, we are currently expanding and modernizing the production facilities there for polyols and surfactants. The investment is scheduled for completion in 2026. The estimated total cost of the project is € 130 million.

The businesses with spray foam for roof insulation, specialty foam blocks and polishing pads, and building materials for insulation continued their positive development and benefited from the seasonal upturn in the second quarter. This also led to improvements in earnings in the entities concerned. Our specialty chemicals business in Germany continued to increase sales and revenue significantly, returning to profitability once again, and making positive contributions to cash flow. The current order situation further underscores the positive trend for the current quarter. The Polish phenol business, which includes internal contract manufacturing and the original core business of alkylphenol production, achieved sales growth in the first half year thanks to significantly higher volumes, thus substantially increasing its profit contribution compared to the previous year.

Surfactants & Derivatives

Sales in the Surfactants & Derivatives segment rose significantly in the second quarter of 2025, up 16.9 % compared to the same quarter of the previous year, with EBITDA also increasing.

The segment's largest business unit, our Polish producer of ionic and non-ionic surfactants for personal care, cosmetics, and industrial cleaning agents, succeeded in growing sales volumes compared to the same period last year by increasing capacity. The newly constructed ethoxylation plant at the Polish site in Płock has a design output of 35,000 to 40,000 metric tons. It was gradually brought up to full capacity in the first half of the year and has also presented an opportunity to further diversify the product portfolio, enabling us to differentiate further from the competition.

In individual applications, we were likewise able to implement minor price increases for surfactants, although strong competition from China and India persisted. Segment sales thus rose by 16.9 % from € 53.6 million in

Key financials by segment (IFRS)		Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
		Q2/2025	6M/2025[5]	6M/2024	Q2/2025	6M/2025	6M/2024	Q2/2025	6M/2025	6M/2024	Q2/2025	6M/2025	6M/2024
Sales[1]	€ million	**44.9**	94.3	94.8	**62.7**	131.8	110.1	**49.0**	103.2	106.5	**14.8**	27.3	44.0
EBITDA[2]	€ million	**4.5**	6.6	9.0	**5.8**	12.7	11.6	**6.1**	12.1	20.3	**– 9.3**	– 18.8	– 16.8
EBIT[3]	€ million	**3.0**	3.6	6.1	**4.6**	10.3	9.2	**0.8**	1.4	9.9	**– 13.6**	– 27.6	– 25.7
EBT[4]	€ million	**2.7**	2.7	5.7	**3.0**	6.8	6.4	**– 0.3**	– 1.4	9.3	**– 44.4**	– 72.5	– 23.9
Employees	(at June 30)	**358**	358	327	**514**	514	498	**427**	427	436	**205**	205	238

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 the prior-year quarter to € 62.7 million in the second quarter of 2025. Half-year sales rose by 19.7 % from € 110.1 million in the prior-year period to € 131.8 million. Despite the challenging market environment, the segment improved its results at all levels, with EBITDA for the first half year increasing to € 12.7 million (previous year: € 11.6 million). The US production and sales unit for specialty surfactants ended the second quarter with growth in both sales and earnings. In the Consumer Products business, which is also allocated to this segment, sales growth resulted from both volume increases from new customers and higher sales volumes from existing customers. However, higher raw material costs pushed earnings below the previous year's level.

Chlorine & Derivatives

The Chlorine & Derivatives segment posted a decline in sales in the second quarter of 2025, with adverse developments in raw material and energy costs compared to the prior-year quarter suppressing earnings.

Although average selling prices for chlorine and chlorine by-products continued to decline, we were able to more than offset this with higher volumes in the first half year. At € 49.0 million, sales in the second quarter were 9.2 % below the previous year's level. In the first half year, sales totaled € 103.2 million, down 3.1 % on the same period last year. EBITDA fell by 49.2 % year on year to € 6.1 million in the second quarter. This decline is mainly attributable to production in Poland, which nevertheless continued to make a significantly positive contribution to earnings. Aimed at further expanding our chlorine activities, the installation of two additional electrolyzers is scheduled for completion in the third quarter of 2025. This investment will enable us to respond better to electricity price developments due to the fact that optimized plant operation will allow greater volumes to be produced during times of day when there is plenty of energy from renewable sources – a further contribution to climate protection and energy efficiency.

The Phosphorus and Naphthalene Derivatives business unit increased sales in the first half of the year and posted stable results compared to the previous year. This was mainly due to the positive decision by the EU Commission in an anti-dumping action against cheap imports from China, which we had initiated together with other European manufacturers of phosphorus-based flame retardants. Sales of monochloroacetic acid (MCAA) produced in Poland declined by 6.4 % in the second quarter compared to the prior-year quarter. However, we achieved cumulative sales growth of 4.2 % in the first half year. The business unit, which was still burdened in the previous year by unplanned maintenance expenses and force majeure-related shutdowns, gradually ramped up production volumes again in the current fiscal year and utilized its plant capacities to the full. As a result, we achieved volume growth of 29 % in the MCAA business unit in the first half of the year.

Silicon & Derivatives

The Silicon & Derivatives segment continued to operate just one of two furnaces in the second quarter of 2025, with sales declining accordingly by 34.9 % year on year. The plant has been temporarily shut down since July 20, 2025, due to the difficult market environment.

As in the previous year, the Silicon Metal business unit also had to operate at only half of its available capacity in the second quarter of 2025. A shortage in the local power supply announced in the fourth quarter of 2024 meant that production needed to be reduced accordingly in mid-December. The market situation deteriorated further in the second quarter. The complex tariffs policy of the USA toward China led to more imported goods entering Europe, which further depressed local prices. These changed market conditions do not currently allow for economic operability. PCC therefore decided in the second quarter to temporarily shut down silicon production. The plant's second furnace has therefore likewise been out of operation since July 20, 2025, and around 80 employees have been given notice. We are continuing to pursue our goal of creating market conditions and a cost situation that will allow the plant to restart. To this end, we are supporting efforts to introduce European Union (EU Safeguards) for silicon metal in order to avert damage to the local industry from a possible end to silicon production in Europe. Moreover, we initiated a review of Iceland's import tariffs on silicon metal some time ago. Decisions on both initiatives are expected in late fall.

In addition, negative exchange rate effects from the US dollar's performance on foreign currency positions had a significant impact on this segment's pre-tax earnings in the first half year. By contrast, the Polish quartzite quarry, which is also part of the Silicon & Derivatives segment, increased both its sales and earnings thanks to higher volumes and prices.

Key financials by segment (IFRS)		Trading & Services			Logistics			Holding & Projects			PCC Group totals		
		Q2/2025	6M/2025[5]	6M/2024	Q2/2025	6M/2025	6M/2024	Q2/2025	6M/2025	6M/2024	Q2/2025	6M/2025	6M/2024
Sales[1]	€ million	**25.4**	50.9	51.8	**39.3**	79.4	76.0	**0.5**	0.9	1.6	**236.5**	487.7	484.8
EBITDA[2]	€ million	**6.0**	10.9	9.8	**6.4**	12.7	11.9	**– 2.5**	– 7.6	– 5.1	**14.0**	27.3	39.5
EBIT[3]	€ million	**2.9**	4.7	3.1	**1.7**	3.1	2.6	**– 3.3**	– 9.1	– 6.3	**– 6.9**	– 14.8	– 2.0
EBT[4]	€ million	**14.3**	14.9	9.9	**0.3**	1.5	0.8	**12.6**	2.6	12.6	**– 26.9**	– 59.2	– 17.8
Employees	(at June 30)	**1,028**	1,028	1,052	**658**	658	638	**114**	114	108	**3,304**	3,304	3,297

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A PCC locomotive with new Group logo: We have consolidated our leading position in intermodal container transport within our home market of Poland.

Trading & Services

The Trading & Services segment increased sales in the second quarter of 2025 and achieved significant earnings growth in the first half year.

At € 25.4 million, segment revenue was up 2.4 % on the same quarter of the previous year driven by volume. Due to lower commodity purchase prices in the trading business, gross margin rose by 15.1 % in the second quarter. Cumulatively for the first half year, this segment recorded a 1.7 % decline in sales to € 50.9 million, but achieved an EBITDA increase of 22.4 % to € 10.9 million. The main driver of this development was the Energy Service unit at the Polish site in Brzeg Dolny. The business development of our Polish energy utility also continued to be encouraging in the second quarter. The new customers acquired in the previous year continued to contribute to the increase in sales. Other country companies in the segment closed the second quarter with mixed results: The commodity trading business in the Czech Republic posted a slight loss, while the Turkish trading business made a profit contribution. The trading company for the Italian market was still in the developmental phase and incurred start-up losses. In addition, the Trading & Services segment includes other service companies and business units that primarily provide internal services, for example in the areas of energy supply, IT, environmental protection, site management, engineering and maintenance, and finance.

Logistics

Intermodal container logistics, the dominant business in the Logistics segment, continued its positive development in the second quarter of 2025, increasing revenue and EBITDA in the first half year and thus consolidating its leading position in its home market of Poland.

Sales in the second quarter amounted to € 39.3 million, up 2.0 % year on year. EBITDA remained at roughly the previous year's level, down just – 0.6 %. Revenue rose by 4.4 % in the second quarter to € 79.4 million. Demand for intermodal transport continued to grow, resulting in a year-on-year increase in container transshipments. Routes from the Polish seaports of Gdańsk and Gdynia were in particularly high demand. Overall, this led to a 6.6 % increase in transshipments in the first half year compared to the previous year at constant prices. Meanwhile, road haulage remains the biggest competitor to intermodal transport in Europe. The Road Haulage business unit, which includes tanker transportation services, was able to increase revenue and earnings contributions again thanks to the full resumption of operations at the cleaning facility following the fire in 2021.

Holding & Projects

The earnings performance of the Holding & Projects segment in the second quarter of 2025 was impacted by upfront costs for current investment projects.

In addition to affiliate management, this segment deals primarily with the development of new business activities, products, and production facilities. Where possible under accounting rules, the associated costs are capitalized; however, some of the costs remain as expenses. The recognition of equity-method investments played a significant role in the earnings performance for the second quarter of 2025. Due to delayed capacity utilization at the oxyalkylates plant in Malaysia, the related equity contribution in the second quarter amounted to around € – 0.3 million, accumulating to € – 3.2 million in the first half of the year. The focus in the development of new business activities during the second quarter continued to be on the USA where PCC is investigating possibilities with regard to the development, construction, and operation of its own chlor-alkali plant. In December 2024, we signed a long-term purchase agreement with US chemical producer The Chemours Company for chlorine supplies. This offtake agreement forms the commercial core of the potential investment in the construction of a plant at Chemours' site in DeLisle, Mississippi, and significantly reduces potential market and sales risks. In the second quarter, work focused primarily on engineering, financing, and the approval process. In June, the US authorities granted a preliminary construction permit. The implementation of this project is currently still in the balance, as we have not yet made a final investment decision.

Redemption of maturing bonds

Effective April 1, 2025, PCC SE redeemed the 3.00 % bond ISIN DE000A3MQEM0 issued in 2021 (repayment volume: € 7.8 million). And on July 1, the 4.00 % bond ISIN DE000A2YPFY1 issued in 2019 was redeemed on maturity. The repayment volume amounted to € 23.8 million.

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