

- **PCC Group again posts significant year-on-year increases in sales and earnings in the fourth quarter, making 2022 the best trading year in the company's history**
- **Group sales for the year exceed the billion euro threshold, rising 35% versus 2021 to €1,322.4 million**
- **EBITDA recorded at €93.6 million in the fourth quarter, making €290.3 million for the full year, an increase of 47% versus fiscal 2021**
- **Operating profit (EBIT) for full fiscal 2022 hits €217.5 million, 74% higher year on year**
- **Redemption of maturing bond**

Overall Business Development

The fourth quarter of 2022 saw a further continuation of the highly positive business performance recently posted by the PCC Group. Consolidated sales amounted to €328.0 million, on a par with the previous quarter's figure of €326.3 million. By the end of the year, Group sales had clearly surpassed the billion euro threshold, with the total at €1,322.4 million. Compared to fiscal 2021 (consolidated sales of €979.6 million), the PCC Group thus achieved a growth in revenues of 35.0% in the course of 2022. The sales expectations for the past fiscal year were also far exceeded. The main reason for this positive development was that average selling prices were well above our predictions – for the chlorine by-products caustic soda, hydrochloric acid and other chlorine derivatives in particular, but also for a slew of other products such as surfactants. In some business units, too, sales volumes in 2022 significantly outstripped our expectations. While in certain cases average selling prices declined from their all-time highs in the course of the fourth quarter, they largely remained at an elevated level. Moreover, most

of our input raw material purchase prices tended to track downward. At the gross profit level, the PCC Group was therefore able to achieve a record result of €143.0 million in Q4 2022. By the end of the year, gross profit had accumulated to €505.3 million, showing an improvement of 42.0% compared to the previous year (€355.9 million). Earnings before interest/financial result, taxes, depreciation and amortization (EBITDA) and at the operating level (EBIT) for the fourth quarter of 2022 also significantly exceeded the already very good figures of each of the previous three quarters. EBITDA increased by €93.6 million in Q4 to €290.3 million for the full fiscal year, almost 1.5 times the corresponding figure of the previous year (€197.5 million). EBIT in the fourth quarter of 2022 amounted to €75.5 million, with operating profit for full fiscal 2022 coming in at €217.5 million. Compared to prior year (€125.3 million), this represents an increase of 73.5%. Earnings before taxes (EBT) in the fourth quarter of 2022 were lower than in the previous three quarters, partly due to negative currency effects and a higher interest burden. At €40.9 million, however, this figure was also well above our high expectations. By the end of 2022, EBT had

accumulated to €184.5 million, more than doubling the already very good prior-year figure of €91.7 million. Operating cash flow improved since September 30, 2022 by €102.8 million to €222.5 million for the full year (previous year: €129.9 million).

Segment Performance



Polyols & Derivatives

The sales and earnings performance posted by the Polyols & Derivatives segment remained positive through the fourth quarter of 2022. However, demand for polyether polyols from the furniture and mattress industries continued to weaken through Q4. In addition, many customers showed a preference for the generally lower-priced standard grades over the higher-quality specialty products. At the same time, there was a further increase in competitive pressure emanating in the standard products segment from China and other Asian countries. Manufacturers there benefited from, among other things, the significantly lower raw material purchase prices compared to Europe and from the recent

sharp decline in ship freight rates, a trend that continued beyond the turn of the year. Despite this challenging market environment, the Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), performed well, closing both the fourth quarter of 2022 and the full fiscal year with a clearly positive overall earnings result that exceeded expectations. Performance in the Polyester Polyols business unit also weakened in the fourth quarter due to declining demand from the construction industry. By contrast, the Polish systems house PCC Prodex Sp. z o.o., Brzeg Dolny, which supplies, products such as spray foams for the interior insulation of roofs, was able in the fourth quarter to further improve on its previously good performance. Sharply rising prices for mineral wool as an alternative insulating material were one of the reasons for this positive development. PCC Prodex Sp. z o.o. was also able to significantly expand its market position in, among others, the Czech Republic. This affiliate therefore closed the fourth quarter and also 2022 as a whole with an extremely successful set of figures. The two business units Thermal Insulation Panels and Specialty Foam Blocks & Polishing Pads, meanwhile, remained in loss-making territory in Q4 2022. The sales and earnings of PCC Synteza S.A., Kędzierzyn-Koźle (Poland), were again down in the fourth quarter of 2022 due to continued weak demand for alkylphenols. Sales of polyol-derived specialty chemicals produced since April 2022 by PCC Synteza S.A. in cooperation with Oberhausen-based PolyU GmbH also declined in the fourth quarter – due, among other things, to deliveries being postponed until the new year. Having had a very strong start to the year, however, PCC Synteza S.A. nevertheless ended fiscal 2022 on an extremely positive note overall, with key financials above those of the previous record year of 2021. PolyU GmbH, on the other hand, remained in deficit for 2022

as a whole. However, due to the – in all likelihood – increasing demand for the aforementioned specialty chemicals, this affiliate should be able to achieve a turnaround in 2023 – a development which would also benefit PCC Synteza S.A.

Surfactants & Derivatives

The Surfactants & Derivatives segment likewise ended the fourth quarter of 2022 with an extremely successful set of figures. This positive development continued to be driven by the segment's largest affiliate, PCC Exol SA, Brzeg Dolny. Demand for raw materials for the detergents and personal care products industries remained at a high level in the fourth quarter, as did the need for specialty products for industrial applications. In addition, lower raw material purchase prices, based on declining quotations for the basic commodities ethylene and propylene, also had a positive impact on the earnings performance of this affiliate in the fourth quarter. PCC Exol SA consequently closed Q4 on a very successful note, achieving in fiscal 2022 the best overall earnings result in its corporate history. It also benefited from its 10,000 metric ton expansion of oxyalkylate production capacity. The reactor concerned was taken on stream in 2021. The sales and earnings performance of our US subsidiary PCC Chemax, Inc., Piedmont (SC), was extremely positive as a result of continuing strong demand in the USA, and exceeded both the previous year's financials and our expectations. The increasing focus on specialty products for customer-specific applications and the associated diversification of this affiliate's customer portfolio also served to boost earnings. This successful strategy is thus set to continue into 2023. In the Consumer Products business, now in-

tegrated into the Surfactants & Derivatives segment, sales and earnings performance again improved compared to the two previous quarters. The largest affiliate in this business unit, PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny, achieved a positive result in the fourth quarter thanks to the improved contract terms agreed with its largest customer in the previous quarter. On a cumulative basis, this affiliate still remained in loss-making territory in 2022; however, there are signs of a turnaround in 2023. The earnings trend in the fourth quarter of 2022 was also positive at PCC Consumer Products Navigator, Grodno, Belarus. This affiliate likewise closed fiscal 2022 successfully overall and is therefore planning to pay a dividend for the first time in its history.

Chlorine & Derivatives

The Chlorine & Derivatives segment even surpassed the extraordinarily good performance of the three previous quarters, achieving record figures in the fourth quarter of 2022. Accordingly, this segment represented by some considerable distance the main revenue and earnings generator within the PCC Group in 2022. Once again, the Chlorine business unit of PCC Rokita SA made by far the largest contribution to this outcome. The main reason behind this successful development was the continued high level of average selling prices for all chlorine products in the fourth quarter, particularly for caustic soda and hydrochloric acid. The Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA also continued to perform extremely well in Q4. While declining demand meant selling prices in the fourth quarter dipped below the previous – in some cases – historic highs for some phosphorus derivatives, most products sustained a high average price lev-

Key financials by segment (per IFRS)	Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
	Q4/2022	2022	2021	Q4/2022	2022	2021	Q4/2022	2022	2021	Q4/2022	2022	2021
Sales ¹ € million	61.9	259.6	257.6	55.1	231.5	159.1	121.2	387.7	208.9	15.7	111.0	48.7
EBITDA ² € million	5.3	36.4	80.7	7.4	38.6	19.1	86.1	203.7	67.8	-10.9	-2.7	10.0
EBIT ³ € million	4.6	31.6	75.2	6.3	34.3	15.2	81.3	184.9	47.2	-15.4	-20.2	-5.9
EBT ⁴ € million	3.6	30.3	73.8	4.6	30.0	12.3	78.1	182.0	44.1	-36.9	-30.6	-22.0
Employees (at Dec. 31)	363	363	344	512	512	512	461	461	504	223	223	212

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/financial result, taxes, depreciation and amortization) | 3 EBIT (earnings before interest/financial result and taxes) = Operating profit = EBITDA – depreciation and amortization | 4 EBT (earnings before taxes) = Pre-tax profit = EBIT – interest/financial result



In the record year that has been 2022, the Chlorine & Derivatives segment was the main revenue and earnings generator of the PCC Group. One pillar of the segment is our plant for the production of high-purity monochloroacetic acid (MCAA), pictured here at our Brzeg Dolny site in Poland.

el over the period. Only phosphorus-based flame retardants saw a sharper decline, a consequence of increasing competition from China coupled with significantly lower demand from the construction industry. Overall, 2022 for the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA was the most successful year in its corporate history, with results therefore coming in much better than expected. The growing share of higher-value specialty chemicals in the product portfolio of this business unit also contributed to this outcome. Sales volumes at our monochloroacetic acid (MCAA) producer PCC MCAA Sp. z o.o., Brzeg Dolny, again exceeded our expectations. Taking all four quarters together, the affiliate was able for the first time in 2022 to push output not just close to but actually beyond the 50,000 metric ton mark. The average selling prices achieved likewise remained at a high level. The increase in hydrochloric acid production volumes exerted a further positive effect. As a consequence, PCC MCAA Sp. z o.o. closed the fourth quarter of 2022 and also the past fiscal year as a whole with a very successful set of figures and above the already exceptionally good levels of the previous year. Gratifyingly, the framework

agreements expiring with some customers at the end of 2022 have now been extended beyond the end of 2023, thus providing a good basis for the coming quarters.

Silicon & Derivatives

The sales and earnings performance of the Silicon & Derivatives segment weakened further in the fourth quarter of 2022. Demand for silicon metal was again at a low level in the three months under review. At the same time, competitive pressure from China and also from Brazil remained persistently high. In some cases, the prices for the volumes offered from there were even lower than the production costs in Europe, these having been driven up in 2022 by sharply rising energy and raw material prices, not least as a result of the Ukraine war. Although the Húsvík site of PCC BakkiSilicon hf. in Iceland offers advantages on the electricity purchasing side compared to some other European plants, this affiliate nevertheless shut down one of its two furnaces at the end of the fourth quarter of 2022 in order initially to reduce the stock of finished product that had accumulated. The second furnace, meanwhile, continues

producing with good operational stability and with quality at a consistently high level. The standstill period is being used for maintenance activities. Meanwhile, work is being done on further optimizing the production process and improving the input factors. Encouragingly the purchase prices for coal, among other raw materials, are now showing a clear downward trend. And there are indications that, after the end of the Chinese New Year celebrations, demand for silicon metal in China will increase again, which should lead to a decline in the supply of Chinese product in Europe and hence to an upturn in selling prices. In the fourth quarter of 2022, however, PCC BakkiSilicon hf. slipped significantly into the red as a result of the aforementioned developments. This also applies to PCC Silicium S.A., Zagórze (Poland), which, in addition to supplying quartzite to PCC BakkiSilicon hf., also sells to ferroalloy producers in Poland and Slovakia. And sales to this industry fell again in the fourth quarter. The main reason for this decline, apart from the continuing weakness of the steel industry, is the resumption of deliveries by the Ukrainian competitor of PCC Silicium S.A. to its Slovakian customer.

Trading & Services

The Trading & Services segment generated sales proceeds amounting to €36.6 million in the fourth quarter of 2022. The main revenue generator in this segment remained the commodity trading company PCC Trade & Services GmbH, Duisburg (Germany). Compared to the three previous quarters, however, the sales and earnings performance of this affiliate weakened significantly due to EU sanctions against Russia preventing the import of commodities from there since summer 2022. In the fourth quarter, therefore, the remaining volume of solid fuels in the port of Kalin-

Key financials by segment (per IFRS)	Trading & Services			Logistics			Holding & Projects			PCC Group totals		
	Q4/2022	2022	2021	Q4/2022	2022	2021	Q4/2022	2022	2021	Q4/2022	2022	2021
Sales ¹ € million	36.6	193.3	187.1	37.1	137.9	117.2	0.4	1.4	1.2	328.0	1,322.4	979.6
EBITDA ² € million	-0.8	-9.8	5.7	10.1	30.2	23.3	-3.8	-6.2	-11.6	93.6	290.3	197.5
EBIT ³ € million	-4.0	-21.8	-5.0	6.6	15.9	9.1	-4.1	-7.5	-13.2	75.5	217.5	125.3
EBT ⁴ € million	-5.9	-23.1	-10.6	4.3	14.5	7.9	-6.6	107.6	2.4	40.9	184.5	91.7
Employees (at Dec. 31)	1,087	1,087	1,035	653	653	617	90	90	87	3,389	3,389	3,311

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ingrad had to be written down in full, as a result of which the quarterly earnings result slipped marginally into the red. Overall, however, PCC Trade & Services GmbH closed fiscal 2022 on a clearly positive note, up on the good performance of the previous year and also significantly better than expected. At the same time, commodity deliveries from Poland to Ukraine remained at a high level in the fourth quarter and also beyond the turn of the year. Sales in the MENA region likewise continued successfully. Encouragingly, the fourth quarter of 2022 also saw the conclusion of the first orders for the supply in 2023 of Polish coke to long-standing customers of PCC Trade & Services GmbH. The Turkish sales company PCC Exol Kimya, Istanbul, and the online trading platform distripark.com, Brzeg Dolny, also ended both the fourth quarter and the fiscal year on a positive note overall, with results coming in better than expected. The same applies to the commodity trading business operated by Czech affiliate PCC Morava-Chem s.r.o., Český Těšín. The Trading & Services segment also includes various companies that mainly provide internal Group services in areas such as energy supply, information technology, environmental protection, site management, engineering and maintenance, and finance. At these companies, earnings were adversely affected by, among other things, higher personnel costs and increased charges for externally sourced labor, as well as for materials and transport. Added to this were the losses incurred by the Energy business unit of PCC Rokita SA resulting from increased costs for CO₂ allowance certificates.

Logistics

At €37.1 million, the revenue generated by the Logistics segment in Q4 was its highest quarterly total of the past fiscal year. By year-end 2022, external net sales of this segment had ac-

cumulated to €137.9 million, significantly higher than in the previous year and also above our expectations. The dominant company in this segment remained PCC Intermodal SA, Gdynia (Poland), together with its German subsidiary PCC Intermodal GmbH, Duisburg, which operates a container terminal in Frankfurt (Oder). The market environment in international container transport remained challenging in the fourth quarter. Although demand for transport services increased significantly in the period, particularly on the domestic Polish routes, the Polish railroads continued to prioritize trains from Ukraine and also coal transports, which meant that schedules on Polish routes were frequently not adhered to. In addition, the numerous construction sites on the railroad lines in Poland and Germany, and increasingly also in the German-Dutch border region, repeatedly led to train delays, with the result that some customers even decided to switch their shipments back onto the roads. Nevertheless, PCC Intermodal SA successfully closed both the fourth quarter of 2022 and the full fiscal year in clearly positive territory overall, exceeding both the results from the previous year and our expectations. PCC Intermodal GmbH also posted positive earnings results. Due to insurance payments in connection with the major fire at its tanker truck cleaning facility in November 2021, our tanker haulage company PCC Autochem Sp. z o.o., Brzeg Dolny, recorded exceptional income in the low single-digit million euro range in the fourth quarter of 2022. The funds are to be used in 2023 for the construction of a new tanker truck cleaning station. At present, such cleaning work is being carried out in a temporary facility. In operational terms, the sales and earnings performance of PCC Autochem Sp. z o.o. in the fourth quarter of 2022 and also in the fiscal year just ended was positive overall and slightly better than expected, despite higher costs. ZAO PCC Rail, Moscow, exited entirely from

its purely domestic Russian freight car business at the end of 2022. The fleet of freight cars was sold off. The proceeds from the sale are to be used in the coming months to successively repay the loan granted to this affiliate by PCC SE.

Holding & Projects

Although remaining substantially positive, the pre-tax profit (EBT) of the Holding & Projects segment again dwindled as expected in the fourth quarter. The income reported by this segment essentially derives from dividends already received in the first half of 2022 by the holding company PCC SE and the intermediate holding company PCC Chemicals GmbH, Duisburg. This income stream is of no relevance to consolidated net income.

Publication of Annual Report 2022

The financials for full fiscal 2022 stated in this quarterly report are still subject to final review by the auditor. Its main audit began in mid-February 2023 and is scheduled to be completed by the end of April 2023. The publication of our Annual Report 2022 on our website with the final, audited figures is planned immediately following approval by the Supervisory Board.

Redemption of maturing bond

On February 1, 2023, PCC SE repaid on maturity the 3.00% bond carrying the code ISIN DE DE000A2TSTW0, which was issued in March 2019. The redemption amount was €18.4 million.

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PCC SE
Moerser Str. 149
47198 Duisburg
Germany
www.pcc.eu

Public Relations contact

Baumstr. 41, D-47198 Duisburg
Phone: +49 (0)2066 20 19 35
Fax: +49 (0)2066 20 19 72
Email: pr@pcc.eu
www.pcc-financialdata.eu

Direktinvest contact

Baumstr. 41, D-47198 Duisburg
Phone: +49 (0)2066 90 80 90
Fax: +49 (0)2066 90 80 99
Email: direktinvest@pcc.eu
www.pcc-direktinvest.eu

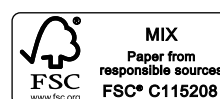


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