

2020 Separate Financial Statements of PCC SE per IFRS



Cover photo

Tank farm of advanced sulfonation plant No. 2 of PCC Exol SA for the manufacture of surfactants at the PCC chemicals site in Brzeg Dolny (Poland).

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Gender advisory

For the sake of readability, this report may occasionally make reference to people using masculine or feminine pronouns. All references to persons apply equally to all genders. All readers should feel equally addressed by the content of this report.

We thank you for your understanding.

Statement of comprehensive income

Figures in € k	(Note)	2020	2019 ⁴
Result from participating interests and affiliated companies ¹	(4)	-20,920	38,036
Other operating income	(5)	6,947	7,559
Other operating expenses	(6)	12,768	14,155
Depreciation and amortization	(7)	802	827
Interest result, net	(8)	-3,389	-4,558
Other financial income (+), expenses (-)	(9)	-1,550	-1,721
Earnings before taxes (EBT)		-32,482	24,334
Taxes on income	(10)	-2,111	436
Net result		-30,370	23,898
Remeasurement of financial assets ²		-63,364	-65,780
Deferred taxes on items recognized in OCI ³		-1,351	987
Total income and expenses recognized in equity		-64,715	-64,793
Total comprehensive income		-95,085	-40,895

1 Result from participating interests and affiliated companies primarily contains book gains/losses from disposal of financial assets, dividend earnings, and impairments on investments.

2 In accordance with IFRS 9, all financial investments are classified at fair value through other comprehensive income (FVtOCI). Of these in fiscal 2020, two listed indirect subsidiaries have been measured using the Level 1 approach (based on market prices). All other subsidiaries were measured according to the Level 3 approach based on valuation models, as there are neither market prices nor related transactions from the recent past.

3 OCI (Other Comprehensive Income)

4 Prior-year figures after amendment. For details, please refer to the notes to financial statements, Note (3) and Note (19).

Balance sheet

Figures in €k	(Note)	Dec. 31, 2020	Dec. 31, 2019 *	Jan. 1, 2019 *
Assets				
Non-current assets				
Intangible assets	(11)	244	256	308
Property, plant and equipment	(11)	1,966	2,153	2,550
Right-of-use assets	(21)	6,862	7,094	7,507
Non-current financial assets	(12)	1,015,781	1,087,068	1,065,875
Current assets				
Other receivables and other assets	(13)	18,688	19,461	17,988
Current financial assets	(12)	3,927	17,323	18,366
Cash and cash equivalents	(23)	4,241	18,289	22,562
Assets held for sale	(11)	–	–	2,291
Total assets		1,051,711	1,151,646	1,137,447
Equity and liabilities				
Equity	(14)	630,563	723,917	768,812
Non-current provisions and liabilities				
Deferred tax liabilities	(19)	2,305	8,701	9,381
Non-current financial liabilities	(17)	338,293	330,957	279,680
Current provisions and liabilities				
Other provisions	(15)	1,424	858	836
Trade accounts payable	(16)	1,713	2,430	1,621
Tax liabilities		484	–	–
Current financial liabilities	(17)	72,326	80,166	66,020
Other liabilities	(18)	4,601	4,618	10,349
Liabilities associated with assets held for sale	(11)	–	–	748
Total equity and liabilities		1,051,711	1,151,646	1,137,447

* Prior-year figures after amendment. For details, please refer to the notes to financial statements, Note (3) and Note (19).

Statement of changes in equity

Figures in €k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/ OCI	Equity
Jan. 1, 2019 before amendment	5,000	56	450,673	106,600	562,329
Amendment per IAS 8	–	–	149,167	57,316	206,483
Jan. 1, 2019*	5,000	56	599,840	163,916	768,812
Dividends paid to shareholder and owner	–	–	–4,000	–	–4,000
Total comprehensive income	–	–	23,898	–64,793	–40,895
Net result	–	–	23,898	–	23,898
Other income and expenses recognized in equity	–	–	–	–64,793	–64,793
– Fair value measurement of financial assets	–	–	–	–65,780	–65,780
– Deferred taxes recognized in OCI	–	–	–	987	987
Dec. 31, 2019*	5,000	56	619,738	99,123	723,917
Jan. 1, 2020*	5,000	56	619,738	99,123	723,917
Dividends paid to shareholder and owner	–	–	–3,150	–	–3,150
Reclassifications to equity	–	–	4,882	–	4,882
Total comprehensive income	–	–	–30,370	–64,715	–95,085
Net result	–	–	–30,370	–	–30,370
Other income and expenses recognized in equity	–	–	–	–64,715	–64,715
– Fair value measurement of financial assets	–	–	–	–63,364	–63,364
– Deferred taxes recognized in OCI	–	–	–	–1,351	–1,351
Dec. 31, 2020	5,000	56	591,099	34,408	630,563

* Prior-year figures after amendment. For details, please refer to the notes to financial statements, Note (3) and Note (19).

Statement of cash flows (condensed)

Figures in € k	2020	2019
Net result	-30,370	23,898
Depreciation and amortization	802	827
Write-ups of financial assets	-1	-16
Write-downs of financial assets	72,310	133
Changes in provisions	566	22
Dividend result	-17,034	-37,874
Dividends received	17,034	37,874
Interest result	3,389	4,558
Interest received	1,071	1,113
Income taxes paid	-269	-262
Increase (+), decrease (-) in value adjustments for receivables and other assets	71	-124
Gains (-), losses (+) from disposal of non-current assets	-34,356	-295
Other non-cash changes	18,174	10,562
Changes in working capital	-7,222	-6,089
Cash flow from operating activities	24,164	34,329
Net change from the sale (+)/acquisition (-) of intangible assets	-15	-
Net change from the sale (+)/acquisition (-) of property, plant and equipment, right-of-use assets and investment property	-355	2,133
Net change from the sale (+)/acquisition (-) of financial assets	-16,635	-85,753
Cash flow from investing activities	-17,005	-83,620
Dividends paid to shareholder and owner	-3,150	-4,000
Net change in receipts from banks (+) / payments to banks (-) and payments in respect of leases	-576	-604
Net change from receipts (+) / payments (-) in respect of bonds	-5,792	66,218
Net change from receipts (+) / payments (-) in respect of financial liabilities to affiliated companies	5,864	-
Interest paid	-17,554	-16,596
Cash flow from financing activities	-21,207	45,018
Changes in cash and cash equivalents due to cash transactions	-14,048	-4,273
Cash and cash equivalents at the beginning of the period	18,289	22,562
Cash and cash equivalents at the end of the period	4,241	18,289

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Summary of the main accounting and valuation principles

1) General disclosures

PCC Societas Europaea (PCC SE) is a non-listed corporation under European law, headquartered in Duisburg. Its address is Moerser Strasse 149, 47198 Duisburg, Germany. PCC SE is recorded in the Commercial Register of Duisburg District Court under reference HRB 19088.

At the core of the business activities undertaken by PCC SE is a commitment to the long-term engagement in and development of its portfolio business investments. One of the primary objectives in this regard is to create and continuously increase enterprise value. As a growth-led investor predominantly aligned to the long term, PCC SE supports its affiliated companies in their development and in the expansion of their various specific strengths. Aside from the active management of the investment portfolio, the main tasks of PCC SE include the strategic management and control of its affiliates at home and abroad. A further major responsibility lies in cross-group financing activities together with market observation and advisory services. The purpose of such activities lies in further developing the PCC Group through competence-related diversification, and particularly through acquiring positions in less competitive submarkets and market niches. The investment focus lies in the higher-growth regions of Eastern and Southeast Europe and also Asia.

The separate financial statements of PCC SE have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) and the interpretations of the IFRS

Interpretations Committee (IFRIC), where these were adopted by the European Commission for application in the EU as of the reporting date and where application was mandatory as of December 31, 2020. The separate financial statements are generally prepared on the basis of amortized cost, with the exception of those financial assets and liabilities that are measured at fair value.

The closing date for preparation of the separate financial statements was December 31, 2020. PCC SE's fiscal year corresponds to the calendar year.

The currency employed in the preparation of the separate financial statements of PCC SE is the euro. Unless otherwise indicated, all amounts are given in thousand euros (€ k). Rounding differences may occur in the accounting calculations.

Individual items of the balance sheet and the statement of income have, in part, been aggregated for better clarity of presentation. These items are explained in the notes. The statement of income is structured according to the nature-of-expense method.

Aside from its separate financial statements, PCC SE also prepares consolidated financial statements for the largest scope of consolidation. This is published in the electronic Federal Gazette.

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

Mandatory standards and interpretations applied for the first time

The following newly applicable standards and interpretations, and amendments thereto have no material impact on the separate financial statements of PCC SE.

Standards and interpretations to be applied for the first time Standard / Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of "Material"	January 1, 2020	January 1, 2020
Amendments to IFRS 3 "Business Combinations": Definition of a Business	January 1, 2020	January 1, 2020
Amendments to IFRS 9 "Financial Instruments", IFRS 7 "Financial Instruments: Disclosures" and IAS 39 "Financial instruments: Recognition and Measurement": Interest Rate Benchmark Reform (Phase 1)	January 1, 2020	January 1, 2020
Amendments to IFRS 16 "Leases": Covid-19-Related Rent Concessions	June 1, 2020	June 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	January 1, 2020

Standards and interpretations for which application is not yet mandatory

The IASB has published standards and interpretations and/or amendments thereto as listed in the following, application of

which is not yet mandatory as of fiscal 2020. Some of these standards and interpretations have not yet been adopted into EU law (endorsement mechanism), and have therefore not been applied by the PCC Group.

Standards and interpretations yet to be applied Standard / Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
Amendments to IFRS 4 "Insurance Contracts": Postponement of IFRS 9 Implementation	January 1, 2021	January 1, 2021
Amendments to IFRS 9 "Financial Instruments", IFRS 4 "Insurance Contracts", IFRS 7 "Financial Instruments – Disclosures", IFRS 16 "Leases" and IAS 39 "Financial instruments – Recognition and Measurement": Interest Rate Benchmark Reform (Phase 2)	January 1, 2021	January 1, 2021
IFRS 17 "Insurance Contracts"	January 1, 2023	Not yet known
Amendments to IFRS 3 "Business Combinations": References to the Conceptual Framework	January 1, 2022	Not yet known
Amendments to IFRS 16 "Leases": Covid-19-Related Rent Concessions after June 30, 2021	April 1, 2021	Not yet known
Amendments to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current	January 1, 2023	Not yet known
Amendments to IAS 1 "Presentation of Financial Statements" and to IFRS Practice Statement 2: Disclosure of Accounting Policies	January 1, 2023	Not yet known
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates	January 1, 2023	Not yet known
Amendments to IAS 12 "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	Not yet known
Amendments to IAS 16 "Property, Plant and Equipment": Proceeds Before Intended Use	January 1, 2022	Not yet known
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	Not yet known
Annual Improvements Project Cycle 2018 – 2020	January 1, 2022	Not yet known
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016	No EU endorsement

PCC SE is currently determining the extent to which new, not yet mandatory standards and interpretations will influence the separate financial statements. The current expecta-

tion is that the standards and interpretations listed above as pending application will not have any material impact on the separate financial statements.

(3) Notes to the accounting and valuation principles

Impact of the coronavirus pandemic on the accounting process

Fiscal 2020 was heavily impacted by the coronavirus crisis, during which PCC SE regarded safeguarding the health and safety of its employees as its highest priority. Operationally, the focus was on continuing and maintaining the activities of the business units within the constraints imposed by the pandemic. PCC SE and the companies included in its investment portfolio temporarily suspended investment activities, partly as a Covid-19 safeguarding measure. Investment projects not yet started were postponed and will only be resumed once a renewed profitability analysis has been conducted.

Global economic output declined as a result of the pandemic, with consumption, commerce and international trade in goods collapsing, particularly in the second quarter, accompanied by a significant increase in unemployment in many parts of the world. It was only through the expansive fiscal policies implemented in many countries that the economic situation was again stabilized in the third and fourth quarters.

The impact of the pandemic on the diversified portfolio of PCC SE's affiliates was very mixed. Following a brief slump in the second quarter, the business performance of the affiliates assigned to the Chemicals division proved extremely robust as the year progressed, with the coronavirus crisis generating consistently high demand accompanied by correspondingly high capacity utilization. However, the massive collapse in commodity prices resulted in decreased revenues, particularly in the Commodity Trading business unit. Conversely, demand for surfactants and personal care products increased. Demand for household and industrial cleaners (including disinfectants and sanitizers) rose so rapidly, particularly in the second quarter of 2020, that it could not be fully met. Meanwhile, the decline in commodity prices also meant that companies of the Chemicals division were able to procure feedstocks and raw materials for production at lower prices. The business performance of the affiliates involved in intermodal transport picked up again after the slump in the second quarter and generally supported supply chain stability in Europe. The affiliate PCC BakkiSilicon hf., Húsavík (Iceland), had to temporarily suspend production at its silicon metal plant in Iceland due to a huge decline in prices coupled with customer plant shutdowns. This cessation of operations was accompanied by reductions in personnel numbers.

As part of a review of the commercial viability of its investment portfolio, PCC SE merged the activities of two subsidiaries in Germany and eliminated duplicate structures. Hence, the online chemical commodities trading business, previously operated under the name of distripark GmbH, Oberhausen, was merged with PCC Trade & Services GmbH, Duisburg. Secondly, the business of PCC Specialties GmbH, Oberhausen, comprising the development, production and marketing of high-quality products for applications in the paints, coatings and dispersions sectors, was transferred to PolyU GmbH, Oberhausen. PCC Consumer Products Czechowice S.A. i.L. (in liquidation), Czechowice-Dziedzice (Poland), an indirect subsidiary of PCC SE, discontinued its activities in the Matches business unit due to insufficient future viability. The company was subsequently put into ordinary liquidation.

Some PCC SE affiliates in Germany and also abroad were able to benefit from pandemic-related government support measures, such as short-time working (furlough scheme) allowances and deferrals of payments to the public sector. However, neither PCC SE nor the companies in its investment portfolio availed themselves of state financial assistance from the various coronavirus aid packages.

The development of the coronavirus pandemic remains dynamic, potentially giving rise to uncertainties with respect to assumptions and estimates, as well as generating increased risk in relation to the value and business performance of the affiliates and shareholdings of PCC SE. The uncertainty that continues to prevail in the global economy could put a strain on suppliers, customers and other business partners and, for example, lead to a disruption of supply chains, payment defaults or operational changes. PCC SE will continue, in close consultation with its affiliates, to carefully monitor the ensuing effects of the coronavirus pandemic.

Amendment to prior-year figures

In Germany, income from the sale of investments is taxed in accordance with Section 8b KStG (Corporation Tax Act). This states that a flat rate of 5 % of the capital gain realized must be treated as non-deductible business expenditure, making it subject to taxation. At a corporate income tax rate of 30 %, this corresponds to an effective tax burden of 1.5 %. The fair values of the companies in the investment portfolio of PCC SE have hitherto been recognized on a lump-sum basis using the generally applicable tax rate of 30 %, without taking into

account the tax exemption pursuant to Section 8b KStG. In these financial statements, said treatment has been applied retrospectively in accordance with IAS 8. A liability swap was implemented between the deferred tax liabilities and the corresponding equity item. The line item “Deferred taxes on

items recognized in OCI” has been amended accordingly. In addition, deferred tax liabilities from fair value measurements relating to companies already disposed of from the investment portfolio have been reclassified to equity. The relevant figures are shown in the following table.

Figures in €k	Dec. 31, 2019	Jan. 1, 2019
Equity before amendment	536,181	562,329
Amendment	187,735	206,483
Equity after amendment	723,917	768,812
Deferred tax liabilities before amendment	196,436	215,863
Amendment	-187,735	-206,483
Deferred tax liabilities after amendment	8,701	9,381
Deferred taxes on items recognized in OCI before amendment	19,734	4,610
Amendment	-18,747	-4,380
Deferred taxes on items recognized in OCI after amendment	987	230

Income recognition

PCC SE is the ultimate parent company of the PCC Group and, as a holding company, does not generate any sales revenue of its own. Interest income is recognized pro rata temporis using the effective interest method. Dividend income is recognized once the right to collect payment arises.

Intangible assets

Acquired intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses. Where the prerequisites for capitalization of internally generated intangible assets are satisfied, such assets are duly recognized. Intangible assets are amortized on a straight-line basis over their estimated useful lives. These range from three to 44 years. The intangible assets of PCC SE mainly comprise IT licenses and the naming rights to the PCC stadium of VfB Homberg e.V.

Property, plant and equipment

In accordance with IAS 16, property, plant and equipment are carried at historical cost and – except for land – depreciated using the straight-line method over their estimated useful economic lives. The initial cost recognized includes all expenses directly attributable to acquisition, construction or manufacture. The scheduled straight-line depreciation amounts are based on the following useful lives:

in years	2020	2019
Buildings and structures	9–17	9–17
Other facilities, factory and office equipment	3–15	2–15

For information on the useful lives of assets under lease, please refer to Note (11).

An item of property, plant and equipment is derecognized either on disposal or when the further use of the asset is no longer expected to generate economic benefit. The gains or losses arising from the derecognition of the asset are determined as the difference between the net proceeds and the carrying amount of the asset, and recognized through profit or loss in the period in which the asset is derecognized. Value write-ups arising from impairment reversals are recognized in other operating income.

The residual values, useful lives and depreciation methods are regularly reviewed and, where required, adapted at the end of each fiscal year.

Borrowing costs

Directly attributable borrowing costs incurred as part of the acquisition, construction or manufacture of a qualifying asset are capitalized as part of the initial cost. They remain capitalized until the asset is ready for its envisaged use, with the relevant cost-of-debt interest rate being duly applied. 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 balance sheet once PCC SE becomes a contractual party to a financial instrument. Financial assets are derecognized once the contractual rights to payments from the financial assets expire or the financial assets are transferred to another party together with all material risks and rewards. Financial liabilities are derecognized once the contractual obligations are settled, canceled or have expired. Regular-way purchases and sales of financial instruments are recognized as of the transaction date, that is to say the date on which the company commits to the purchase or sale of the asset.

Classification and measurement of financial instruments per IFRS 9

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

(a) Financial instruments measured at amortized cost (aC)

Financial assets are classified in the aC category if they are held within the framework of a business model geared to the collection of contractual cash flows (strict business model condition). In addition, the asset value 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, derivatives or liabilities held exclusively for trading and for which the fair value option has been exercised. At PCC SE, "Other receivables and other assets" as well as receivables and loans reported under "Non-current financial assets" and "Current financial assets" are allocated to the aC measurement category. The shares in the joint ventures OOO DME Aerosol, Pervomaysky (Russia), and PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur (Malaysia), and certain other affiliates are also measured at amortized cost. "Cash and cash equivalents" likewise fall under 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. Additions to financial assets and liabilities are measured at fair value, which generally corresponds to the nominal value of the receivable or the loan amount granted. Non-interest-bearing or low-interest-bearing non-current loans and receivables

are carried at their present value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of those financial assets or financial liabilities. Financial instruments in the aC category are subsequently measured at amortized cost using the effective interest method. The changes in value are recognized through profit or loss in the statement of income.

(b) Financial assets measured at fair value through other comprehensive income (FVtOCI)

Financial assets are classified in the FVtOCI category if they are held in a business model both to collect contractually agreed cash flows and to make sales (moderated business model condition). In addition, the asset must be structured in such a way that it only results in fixed-term cash flows that represent interest and principal payments in respect of a capital transfer (cash flow condition). Equity instruments never fulfill the cash flow condition, but can be voluntarily measured at FVtOCI. At PCC SE, this option is exercised with shares in subsidiaries being assigned to the FVtOCI measurement category, as are securities held as financial investments. In principle, financial liabilities cannot be allocated to the FVtOCI category. Initial recognition is at fair value, which in the majority of cases corresponds to the cost of acquisition. Transaction costs directly attributable to the acquisition or issue of financial assets are added to the fair value of those financial assets. Changes in fair value on subsequent measurement are recognized directly in equity and only recognized in profit or loss on disposal (recycling). Conversely, amounts recognized in respect of equity instruments on disposal of the financial instrument remain in equity (no recycling).

c) Financial instruments recognized at fair value through profit or loss (FVtPL)

All financial instruments that do not meet the entry requirements of the first two categories are generally assigned to the FVtPL category. This includes equity instruments not voluntarily assigned to the FVtOCI category, plus derivatives and all other financial instruments held for trading. In addition, in certain cases the fair value option for the classification of financial instruments may be exercised voluntarily, but irrevocably. Financial instruments in the FVtPL category are measured at fair value both initially and subsequently. The changes in value are recognized through profit or loss 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 only offset and disclosed as a netted amount in the balance sheet where there is a legal entitlement to do so and the intention is to settle on a net basis or to discharge the associated liability simultaneously with realization of the associated asset.

Impairment of financial assets

For financial assets measured at amortized cost, a provision for expected impairment must be recognized in the balance sheet. For trade accounts receivable, expected default rates (Stage 2 of the impairment model) must be calculated on the basis of historical defaults and future-aligned estimates. If there are objective indications that trade accounts receivable or other financial assets measured at amortized cost may be impaired, they are individually tested 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 if there are other substantial indications of impairment, such as a significant deterioration in credit-worthiness. The allowances are recorded via a value adjustment account on the assets side. The gross value and the allowance (value adjustment) are only derecognized when the receivable becomes uncollectible.

For reasons of materiality, PCC SE does not determine expected impairment in respect of trade accounts receivable or other financial assets.

Cash and cash equivalents

Cash and cash equivalents encompass cash balances and checks, credit balances at banks with an initial term of up to three months, and also highly liquid financial assets available at short notice. These items are recognized at amortized cost.

Assets held for sale and associated liabilities

Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Scheduled depreciation/amortization is suspended. Assets held for sale and associated liabilities are shown separately in the balance sheet.

Trade accounts payable; overdrafts

Trade accounts payable, overdraft liabilities and other liabilities are recognized at their repayable or settlement amount.

Provisions

Provisions are created where a past event has given rise to a legal or constructive obligation toward third parties that is likely to lead in the future to an outflow of funds, and where the amount involved can be reliably estimated. Non-current provisions are recognized at the present value of the future outflow of resources and accrue interest over the period until the expected claim is made.

Taxes on income

PCC SE 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 are essentially recognized on all taxable temporary differences, while deferred tax assets are only recognized where it is probable that taxable profits will be available to enable their monetization. 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 at least partially monetized. Deferred income tax assets 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 monetization of the deferred tax asset.

Deferred tax liabilities and deferred tax assets are netted where there is a right to do so and where they involve the same tax authority.

Current taxes are calculated on the basis of the taxable income of the company for the reporting period, with the tax rate prevailing as of the balance sheet date being applied.

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 fixed period of time, and where a consideration is paid in return.

Leases in which PCC SE acts as lessee are accounted for at the beginning of their term using the rights-of-use model. For leases with a term of less than twelve months (short-term leases) and for low-value asset leases, the exemption per IFRS 16.5 is applied, thus eliminating recognition of the right-of-use asset and the lease liability. 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 valuation of lease liabilities. Application of the exemption allowed under IFRS 16.15 eliminates the need to distinguish between lease payments and any payments for non-lease components. Where it is not possible to determine the implicit interest rate, the existing payment obligations are discounted at the incremental borrowing 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 made increase the acquisition value of the right-of-use asset, while lease incentives received reduce it. In subsequent measurement, the right-of-use asset is depreciated or amortized on a straight-line basis over the shorter of the lease term and the useful economic life of the underlying asset. The lease liability is rolled forward using the effective interest method.

Contractually defined renewal, purchase and termination options ensure future operational flexibility for PCC SE 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 extension 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. Leases in which PCC SE acts as lessor are classified as operating or finance leases, depending on the distribution of risks and rewards. Under operating leases, PCC SE recognizes the asset and collects the lease payments as income on a straight-line basis over the term of the lease. On classification as a finance lease, PCC SE recognizes a receivable in the amount of the net investment in the identified asset and treats the payments made by the lessee as principal or interest income.

Foreign currency translation

The currency employed in the preparation of the separate financial statements of PCC SE is the euro.

Accounts receivable and payable in foreign currencies are measured at the exchange rate prevailing at the time of the transaction. Current foreign currency receivables or payables with a remaining term of one year or less are measured at the year-end rate of exchange.

Foreign currency credit balances are measured at the year-end rate of exchange.

Use of assumptions and estimates

Preparation of the separate financial statements as of December 31, 2020 in compliance with IFRSs requires certain estimates and assumptions to be made by the management that influence the amounts attributed to recognized assets, liabilities, contingent assets and contingent liabilities as of the reporting date, and also the income and expenses generated during the fiscal year. The main areas of application for assumptions, estimates and the exercise of discretionary scope are encountered in determining the useful lives of non-current assets, the recognition and measurement of other provisions, and also that of taxes on income. Estimates are also used in determining lease terms and in calculating the discount rate in accounting for leases. In addition, calculation of the fair values of investments for which no market prices are publicly available is based on assumptions and estimates. They are continuously reviewed and may deviate from the actual values and figures that come to light. The carrying amounts of items affected by estimates can be found in the following notes and also in the balance sheet.

Notes to the individual items of the statement of comprehensive income

(4) Result from participating interests and affiliated companies

The result from participating interests and affiliated companies in fiscal 2020 amounted to €–20,920 k (previous year: €38,036 k). The negative result is mainly due to the following write-downs on financial assets:

- Due to reduced earnings prospects, the loans to the following affiliates were impaired: to PCC Specialties GmbH in the amount of €3,000 k, to PCC Consumer Products Czechowice S.A. i.L. in the amount of €2,714 k, and to PCC Insulations GmbH, Duisburg, in the amount of €2,863 k.
- As loan repayments on the part of PCC BakkiSilicon hf., Húsavík (Iceland), have shifted further into the future and have thus become more uncertain from today's perspec-

tive, the loans to this affiliate have been impaired in the amount of €63,690 k.

Also included in this line item is income of €35,702 k. This stems from the contribution in kind of the shares in PCC Rokita SA, Brzeg Dolny (Poland), and the shares in PCC Exol SA, Brzeg Dolny (Poland), to PCC Chemicals GmbH, Duisburg, a company newly established in the past fiscal year. This restructuring was undertaken to raise hidden reserves and thus strengthen equity. A further objective of PCC SE is to create additional financing opportunities and increased development prospects for these core affiliates through this new structure. The dividend income of €17,034 k (previous year: €37,874 k), which is also included in this item, is attributable to the respective affiliates as follows:

Figures in € k	2020	2019
PCC Rokita SA	12,520	32,484
PCC Exol SA	1,637	3,103
PCC Synteza S.A.	1,494	1,506
PCC Trade & Services GmbH	1,000	500
PCC Energetyka Blachownia Sp. z o.o.	225	178
PCC IT S.A.	157	104
Total	17,034	37,874

(5) Other operating income

Figures in €k	2020	2019
Income from costs recharged	6,296	7,007
Income from the reversal of other provisions	442	26
Income from the reversal of individual value adjustments on accounts receivable	1	124
Rent and similar income	–	202
Sundry other operating income	207	200
Total other operating income	6,947	7,559

Other operating income decreased by €612 k from €7,559 k in the previous year to €6,947 k in the fiscal year under review. As in the previous year, the largest single item was income from costs recharged, which decreased by €711 k from €7,007 k in the previous year to €6,296 k in the reporting year. This item comprises primarily revenue-based license fees and cost allocations from service charges.

Income from the reversal of other provisions increased by €416 k to €442 k in the reporting year. At €400 k, the majority of this increase resulted from the voluntary waiver of bonus and royalty payments during the 2020 coronavirus crisis.

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

(6) Other operating expenses

Figures in €k	2020	2019
Personnel expenses	5,441	6,258
Legal, consultancy and auditing expenses	3,086	3,618
Marketing, selling and distribution expenses	1,143	1,063
Travel and hospitality expenses	688	1,355
General business expenses	342	355
IT and telecommunication expenses	327	311
License expenses and similar holding company charges	151	209
Maintenance and repair expenses	65	360
Rent and similar expenses	52	106
Sundry other operating expenses	1,473	520
Total other operating expenses	12,768	14,155

Other operating expenses decreased by €1,388 k from €14,155 k in the previous year to €12,768 k in the year under review.

As in the previous year, personnel expenses were the biggest single item under other operating expenses. Personnel expenses fell by €817 k year on year, from €6,258 k to

€5,441 k. This is mainly the result of reduced bonus and royalty payments due to the negative Group net earnings result in fiscal 2020.

Legal, consultancy and auditing costs decreased by €532 k year on year to €3,086 k. Travel and hospitality expenses

amounted to €688 k in the reporting year, around half the figure for the previous year. The decreases are mainly due to the fact that projects were postponed or put on hold as a result of the coronavirus pandemic, with business trips largely absent in 2020 for the same reason.

(7) Depreciation and amortization

Figures in €k	2020	2019
Amortization of intangible assets	27	52
Depreciation of property, plant, and equipment	732	747
Depreciation and amortization of right-of-use assets	43	28
Depreciation and amortization	802	827

Depreciation and amortization in respect of intangible assets, property, plant and equipment and of right-of-use assets decreased only marginally from €827 k in the previous year to €802 k in the year under review. While amortization of intangible assets and depreciation of property, plant and equipment decreased, depreciation and amortization of

right-of-use assets increased by €15 k to €43 k, mainly due to the capitalization of rights of use in connection with the conclusion of new lease agreements. No impairment losses were recognized on intangible assets, property, plant and equipment or right-of-use assets either in fiscal 2020 or in the previous year.

(8) Interest result

Figures in €k	2020	2019
Interest and similar income	14,248	12,093
Interest income on bank balances	1	4
Interest income on loans to affiliated companies	12,835	10,958
Other interest income	1,413	1,132
Interest and similar expenses	17,637	16,652
Interest payable on bonds	17,298	16,584
Interest payable on bank liabilities	–	18
Interest payable on leases	32	41
Interest expense from discounting	19	–
Interest payable on loans received from affiliated companies	288	9
Interest result	–3,389	–4,558

The net result from interest income and interest expenses improved versus the previous year by €1,169 k or 25.7 %, from €–4,558 k to €–3,389 k in the year under review. As in the previous year, the largest single item was interest payable on bonds, which increased year on year by €715 k to €17,298 k. PCC SE issues bonds in order, among other things, to fund investments and refinance maturing liabilities. Under Note (17) “Financial liabilities” can be found a detailed breakdown of bond liabilities and their tenors.

Interest income from loans granted to affiliated companies increased from €10,958 k in the previous year to €12,835 k in the year under review. The rise of €1,877 k is mainly due to the higher level of loans granted to affiliated companies in the course of the year.

(9) Other financial income and expenses

Figures in €k	2020	2019
Foreign exchange rate gains	1,208	167
Foreign exchange rate losses	2,690	1,794
Sundry other financial expenses	68	93
Other financial result	–1,550	–1,721

Gains and losses arising from currency translation differences are recognized under financial result. Both income and expenses from currency translation increased year on year.

Other financial expenses decreased by €25 k to €68 k. The net effect on earnings was €–1,550 k, slightly less than the prior-year figure of €–1,721 k.

(10) Taxes on income/Tax expense

Figures in €k	2020	2019
Corporation tax, solidarity surcharge and trade tax (Germany)	652	–
Foreign income taxes	101	130
Current income tax expense	753	130
Expenses (+)/income (–) from deferred taxes	–2,865	307
Taxes on income	–2,111	436
Other taxes and excise duties	35	50
Tax expenses (+)/income (–)	–2,076	486

Taxes on income include the income taxes paid or owed and also deferred taxes recognized through profit or loss. This item exclusively comprises German (domestic) and non-German (foreign) taxes on income. Due to the negative taxable income of PCC SE, no corporate income tax, no solidarity surcharge and no trade taxes were due in the previous year. Other taxes include property taxes, wealth taxes and other comparable tax classes. These are allocated to other operating expenses. PCC SE is subject to the German corporate income tax rate of 15 % plus the solidarity surcharge.

PCC SE has tax loss carry-forwards for which no deferred taxes have been recognized. These can be carried forward indefinitely and amount to €106.3 million (previous year: €108.9 million).

The difference between the overall income tax rate of 30 % applicable in Germany for 2020, unchanged versus the prior year, and the effective tax rate is indicated in the following reconciliation statement:

Figures in €k	2020	2019
Earnings before taxes (EBT)	–32,482	24,334
Anticipated tax expense	–9,745	7,300
Permanently non-taxable income	–40,923	–48,074
Permanently non-deductible expenses	108,106	16,562
Withholding taxes	101	130
Income (–)/expenses (+) from deferred taxes	–2,865	307
Other effects	–20,082	–995
Effective income tax	2,111	–436

Notes to the individual items of the balance sheet

(11) Non-current assets

For reasons of materiality, intangible assets, property, plant and equipment, and right-of-use assets, are explained in aggregate in this section.

Figures in €k	Jan. 1, 2020	Historical cost			Dec. 31, 2020
		Additions	Disposals	Reclassifications	
Intangible assets					
Industrial property rights and similar rights	826	15	–	–	842
Total	826	15	–	–	842
Property, plant and equipment					
Land and buildings	3,470	–	–	–	3,470
Other facilities, factory and office equipment	1,144	188	169	–	1,163
Total	4,614	188	169	–	4,633
Right-of-use assets					
Right-of-use assets	8,506	206	–	–	8,713
Total	8,506	206	–	–	8,713

Figures in €k	Jan. 1, 2019	Historical cost			Dec. 31, 2019
		Additions	Disposals	Reclassifications	
Intangible assets					
Industrial property rights and similar rights	826	–	–	–	826
Total	826	–	–	–	826
Property, plant and equipment					
Land and buildings	3,474	–	4	–	3,470
Other facilities, factory and office equipment	9,660	221	432	–8,304	1,144
Total	13,134	221	436	–8,304	4,614
Right-of-use assets					
Right-of-use assets	8,495	11	–	–	8,506
Total	8,495	11	–	–	8,506

CONTINUED

Figures in €k	Jan. 1, 2020	Depreciation and amortization			Dec. 31, 2020	Net carrying amount on Dec. 31, 2020
		Additions	Disposals	Reclassifications		
Intangible assets						
Industrial property rights and similar rights	570	27	–	–	597	244
Total	570	27	–	–	597	244
Property, plant and equipment						
Land and buildings	1,811	201	–	–	2,012	1,458
Other facilities, factory and office equipment	650	132	127	–	655	508
Total	2,461	333	127	–	2,667	1,966
Right-of-use assets						
Right-of-use assets	1,412	438	–	–	1,850	6,862
Total	1,412	438	–	–	1,850	6,862

Figures in €k	Jan. 1, 2019	Depreciation and amortization			Dec. 31, 2019	Net carrying amount on Dec. 31, 2019
		Additions	Disposals	Reclassifications		
Intangible assets						
Industrial property rights and similar rights	518	52	–	–	570	256
Total	518	52	–	–	570	256
Property, plant and equipment						
Land and buildings	1,610	202	1	–	1,811	1,659
Other facilities, factory and office equipment	1,659	150	170	–989	650	494
Total	3,269	352	171	–989	2,461	2,153
Right-of-use assets						
Right-of-use assets	989	423	–	–	1,412	7,094
Total	989	423	–	–	1,412	7,094

Intangible assets include licenses and similar rights, mainly for IT software and in respect of the naming rights to the PCC stadium of VfB Homberg e.V. The total net carrying amounts here decreased from €256 k in the previous year to €244 k as of the 2020 balance sheet date. The change is the result of minor additions and the effect of scheduled amortization.

The net carrying amount of property, plant and equipment decreased from €2,153 k in the previous year to €1,966 k in the year under review. The decline is mainly due to scheduled depreciation.

PCC SE holds leases under the headings "Land and buildings" and "Other facilities, factory and office equipment, incl. vehicle fleet". To ensure flexibility, extension and termination options are sometimes agreed. When determining the term of the agreement, all circumstances and facts are taken into account which, to the best of our current knowledge, have an influence on the exercise of an extension option or the non-exercise of a termination option. When determining lease liabilities and corresponding right-of-use assets, all sufficiently assured cash outflows are taken into account. Classified by underlying asset type, the net carrying amounts of the right-of-use assets totaling €6,862 k (previous year: €7,094 k) break down as of year-end as follows:

Figures in €k	Dec. 31, 2020	Dec. 31, 2019
Land and buildings	330	157
Other facilities, factory and office equipment, incl. vehicle fleet	6,532	6,937
Right-of-use assets, net carrying amount	6,862	7,094

The underlying contractual term for leased land and buildings is ten years. Other facilities, factory and office equipment, including the vehicle fleet, are leased for between two and 21 years. The company airplane operated by PCC SE is

also included under this heading. Classified by underlying asset type, the depreciation charges totaling €438 k (previous year: €423 k) on right-of-use assets in fiscal 2020 break down as follows:

Figures in €k	2020	2019
Land and buildings	33	19
Other facilities, factory and office equipment, incl. vehicle fleet	405	405
Right-of-use assets, depreciation	438	423

(12) Financial assets

The non-current financial assets essentially comprise shares in affiliated companies, the shares in the joint ventures OOO DME Aerosol and PCC Oxyalkylates Malaysia Sdn. Bhd. and, to a minor extent, other securities classified as financial investments. Also included in non-current financial assets are

loans to individual companies within the investment portfolio, and to third parties. Loans to affiliated companies and third parties with a term of one year or less are reported under current financial assets.

Figures in € k	Dec. 31, 2020		Dec. 31, 2019	
	Non-current	Current	Non-current	Current
Shares in affiliated companies	891,343	–	895,624	–
Shares in joint ventures	3,333	–	37	–
Securities held as financial investments	32	–	34	–
Total shares and securities	894,708	–	895,696	–
Loans to affiliated companies	110,273	106	182,804	5,716
Loans to joint ventures	10,473	–	8,224	–
Loans to third parties	327	3,822	344	11,607
Total loans	121,073	3,927	191,372	17,323
Financial assets	1,015,781	3,927	1,087,068	17,323

Investment portfolio

PCC SE is the holding company of the PCC Group. Its operational focus is on the sustainable management and growth-aligned optimization of its investment portfolio comprising majority and minority shareholdings. Its primary aims in this regard include that of generating and continuously growing enterprise value.

In the fourth quarter of 2020, PCC SE contributed its shares in the two companies PCC Rokita SA and PCC Exol SA, which are listed on the Warsaw Stock Exchange (GPW), to the newly established company PCC Chemicals GmbH as a capital increase with an in-kind premium. The resulting shareholding in PCC Chemicals GmbH has been capitalized as an addition. The valuation of PCC Chemicals GmbH in its function as an intermediate holding company derives directly from the fair values of PCC Rokita SA and PCC Exol SA, for which market prices are regularly available by virtue of their stock exchange listing. In the case of investments for which there are no publicly available market prices, the valuation basis is provided either by recent transactions or valuation models. The annual company valuations are carried out in the fourth quarter of each fiscal year using the discounted cash flow method (DCF), with the three-year operational planning of the companies being duly taken into account. This horizon is extended by two further years by means of iteration, with calculation of the perpetual annuity being

based on the fifth year. Over- and under-fulfillment of the planning is additionally simulated on the basis of probabilities. The fair value is derived with the aid of weighting factors. The achievable amount was ascertained on the basis of value-in-use ignoring the deduction of loans. As in the previous year, the growth rate assumed was 1.0%. Due to the complex financing structure of PCC BakkiSilicon hf., Húsavík (Iceland), its valuation is based on a more comprehensive model that takes account of the business case over the entire project term. At the time of preparation of this report, the first furnace had been recommissioned to schedule. The second furnace was restarted at the beginning of July. Production has remained stable within the recommissioning schedule. The market price level of silicon metal is significantly above that of the previous year.

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. Local tax rates of 19% were applied to the Polish companies in the investment portfolio, with rates of 30% being applied to the German companies in the investment portfolio. The tax rates remained unchanged year on year. As in the previous year, the weighted average cost of capital (WACC) was determined on a regional basis.

This was 6.9% for Poland (previous year: 7.0%) and 5.9% for Germany (previous year: 5.7%). Changes in the valuation of companies in the investment portfolio are recognized per IFRS in equity under other comprehensive income. In the

case of investments that are newly established or have only recently commenced operations, the acquisition costs – usually in the form of capital measures implemented – are regarded as a realistic estimate of their fair values.

Figures in €k	Dec. 31, 2020	Dec. 31, 2019	Absolute change	Relative change
Shares in listed companies¹	299,102	255,982	43,120	16.8 %
PCC Rokita SA	189,827	191,951	-2,124	-1.1 %
PCC Exol SA	109,275	64,031	45,244	70.7 %
Shares in non-listed companies	595,606	639,714	-44,108	-6.9 %
PCC Intermodal S.A.	250,589	224,033	26,556	11.9 %
PCC MCAA Group ²	143,709	109,637	34,072	31.1 %
PCC BakkiSilicon hf.	40,919	117,159	-76,240	-65.1 %
PCC Consumer Products S.A.	33,256	41,471	-8,214	-19.8 %
PCC Silicium S.A.	23,879	12,196	11,683	95.8 %
PCC Trade & Services GmbH	14,983	30,382	-15,399	-50.7 %
PCC Synteza S.A.	13,660	14,181	-521	-3.7 %
ZAO PCC Rail	11,469	34,527	-23,058	-66.8 %
PCC Energetyka Blachownia Sp. z o.o.	7,738	5,435	2,303	42.4 %
PCC Insulations GmbH	6,771	4,479	2,292	51.2 %
PCC Prodex GmbH	6,422	6,493	-71	-1.1 %
PCC IT S.A.	4,130	5,362	-1,232	-23.0 %
PCC Morava-Chem s.r.o.	5,552	2,448	3,103	>100 %
PCC Seaview Residences ehf.	2,592	2,860	-268	-9.4 %
Other investments ³	29,937	29,051	886	3.0 %
Total	894,708	895,696	-988	-0.1 %

1 Relates exclusively to the proportion of shares held directly by PCC SE as of the reporting date of the previous year and indirectly via PCC Chemicals GmbH as of the reporting date of the year under review; translated at the closing rate.

2 PCC MCAA Group comprises MCAA SE and PCC MCAA Sp. z o.o.

3 The other investments include the shares in the joint ventures OOO DME Aerosol and PCC Oxyalkylates Malaysia Sdn. Bhd., as well as sundry shareholdings measured at amortized cost. Particularly in the case of investments that are newly established or have only recently commenced operations, the acquisition costs – usually in the form of capital measures implemented – are regarded as a realistic fair value estimates. Also included is a holding company.

The table above shows the fair values of the investment portfolio of PCC SE. In all, the investment portfolio of PCC SE comprising affiliated companies, joint ventures and securities held as financial investments had a fair value of €894,708 k as of December 31, 2020 (previous year: €895,696 k). Of this figure, €299,102 k (33.4%) was attributable to the shares held by PCC SE in PCC Chemicals GmbH, which holds the shares in the two listed companies PCC Rokita SA and PCC Exol SA.

As part of the commercial viability review of the investment portfolio of PCC SE, the operations of two subsidiaries in Germany were combined and duplicate structures eliminated. The online chemical commodities trading business previously operated under the name of distripark GmbH was merged with PCC Trade & Services GmbH. In addition, the business activities of PCC Specialties GmbH were incorporated within PolyU GmbH. PCC Consumer Products Czechowice S.A. i.L., Czechowice-Dziedzice (Poland),

an indirect subsidiary of PCC SE, discontinued its activities in the Matches business unit due to insufficient future viability. The company was subsequently put into ordinary liquidation.

The following table shows the entire investment portfolio of PCC SE.

Name and head office of company	Currency	Exchange rate as of Dec. 31, 2020 1 euro =	PCC SE participating interest in %		2020	2019	Equity in local currency ('000)	Net result in local currency ('000)
			Direct	Indirect				
Abwicklungsgesellschaft TEC artec valves GmbH & Co. KG, Oranienburg	EUR	1.0000	68.85	–	68.85	68.85	unknown	unknown
AO „NOVOBALT” Terminal, Kaliningrad	RUB	91.4671	–	100.00	100.00	100.00	153,252.0	41,060.0
Aqua Łososiowice Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	2,011.4	695.5
BiznesPark Rokita Sp. z o.o. i.L., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	1,083.0	–55.8
Brama Pomorza Sp. z o.o., Gdańsk	PLN	4.5597	7.41	–	7.41	7.41	–287.8	297.6
CATCH66 GmbH, Duisburg	EUR	1.0000	100.00	–	100.00	100.00	–107.8	–114.4
Chemia-Profex Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	56.2	16.1
Chemia-Serwis Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	147.0	59.6
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	5,033.2	–258.8
Chemi-Plan S.A. i.L., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–22.1	–17.1
CWB Partner Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	693.9	390.4
distripark GmbH, Oberhausen	EUR	1.0000	–	–	–	100.00	–	–
distripark.com Sp. z o.o., Brzeg Dolny	PLN	4.5597	50.00	50.00	100.00	100.00	–4,538.3	–1,672.8
Ekologistyka Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	18,511.4	–187.4
Elpis Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	10,047.6	184.4
Fate Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–50.2	–14.9
Gaia Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	62.9	–7.3
GEKON S.A. i.L., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	unknown	unknown
GRID BH d.o.o., Sarajevo	BAM	1.9558	–	85.62	85.62	85.62	78.7	0.0
Hebe Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–95.3	–13.0
IRPC Polyol Company Ltd., Bangkok	THB	36.7270	–	50.00	50.00	50.00	49,846.9	13,633.0
LabAnalytika Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	164.4	339.5
LabMatic Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	4,977.9	2,913.6
Locochem Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–33.7	152.1
Logoport Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	95.5	54.5
MCAA SE, Brzeg Dolny	PLN	4.5597	100.00	–	100.00	100.00	82,636.5	–87.6
New Better Industry Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–34.4	–7.7
Novi Energii OOD, Sofia	BGN	1.9558	–	–	–	60.00	–	–
OOO DME Aerosol, Pervomaysky	RUB	91.4671	50.00	–	50.00	50.00	–799,487.9	–632,551.2
OOO PCC Consumer Products Navigator, Grodno	BYN	3.1680	–	100.00	100.00	100.00	5,086.2	3.6
OOO PCC Consumer Products, Moscow	RUB	91.4671	–	100.00	100.00	100.00	–85,689.3	–3,791.6
Pack4Chem Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–550.3	–166.9
PCC ABC Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–22.1	–7.5
PCC Apakor Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	99.59	99.59	99.59	13,488.4	3,447.7
PCC Autochem Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	9,551.5	2,522.5
PCC BakkiSilicon hf., Húsavík	USD	1.2271	86.50	–	86.50	86.50	–20,841.0	–50,242.2
PCC Bulgaria EOOD, Sofia	BGN	1.9558	–	100.00	100.00	100.00	50.3	–101.5
PCC Chemax, Inc., Piedmont, SC	USD	1.2271	–	100.00	100.00	100.00	9,052.4	912.9
PCC Chemicals GmbH, Duisburg	EUR	1.0000	100.00	–	100.00	0.00	294,331.6	–18.7
PCC Consumer Products Czechowice S.A. i.L., Czechowice-Dziedzice	PLN	4.5597	–	99.74	99.74	99.74	–13,871.3	–5,340.0
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	43,495.6	5,421.9
PCC Consumer Products S.A., Brzeg Dolny	PLN	4.5597	100.00	–	100.00	100.00	–20,662.2	–62,330.2
PCC DEG Renewables GmbH, Duisburg	EUR	1.0000	60.00	–	60.00	60.00	17,156.6	493.2
PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle	PLN	4.5597	84.46	–	84.46	84.46	15,822.0	537.3
PCC Envolt Sp. z o.o. i.L., Brzeg Dolny	PLN	4.5597	–	–	–	100.00	–	–
PCC EXOL Kimya Sanayi ve Ticaret Limited Şirketi, Istanbul	TRY	9.1131	–	100.00	100.00	100.00	2,131.2	1,545.8
PCC Exol Philippines Inc. i.L., Batangas	PHP	59.1250	–	99.99	99.99	99.99	unknown	unknown
PCC Exol SA, Brzeg Dolny	PLN	4.5597	–	87.45	87.45	85.80	285,900.2	37,607.7

CONTINUED

Name and head office of company	Currency	Exchange rate as of Dec. 31, 2020 1 euro =	PCC SE participating interest in %		2020	2019	Equity in local currency ('000)	Net result in local currency ('000)
			Direct	Indirect				
PCC HYDRO DOOEL Skopje, Skopje	MKD	61.6940	–	100.00	100.00	100.00	–414,584.4	–65,023.9
PCC Insulations GmbH, Duisburg	EUR	1.0000	100.00	–	100.00	100.00	1,140.4	–2,848.4
PCC Integrated Chemistries GmbH, Duisburg	EUR	1.0000	100.00	–	100.00	100.00	6,000.0	5.9
PCC Intermodal GmbH, Duisburg	EUR	1.0000	–	100.00	100.00	100.00	541.9	306.2
PCC Intermodal S.A., Gdynia	PLN	4.5597	98.80	–	98.80	98.80	149,049.0	6,991.9
PCC IT S.A., Brzeg Dolny	PLN	4.5597	100.00	–	100.00	100.00	8,226.5	837.7
PCC Izvorsko EOOD, Sofia	BGN	1.9558	–	100.00	100.00	100.00	–1,377.7	–3.6
PCC MCAA Sp. z o.o., Brzeg Dolny	PLN	4.5597	58.46	40.42	98.88	98.00	114,691.4	–7,089.5
PCC MORAVA-CHEM s.r.o., Český Těšín	CZK	26.2420	98.00	2.00	100.00	100.00	45,466.8	–14,583.3
PCC NEW HYDRO DOOEL Skopje, Skopje	MKD	61.6940	–	100.00	100.00	100.00	–64,293.5	–11,364.6
PCC Organic Oils Ghana Ltd., Accra	GHS	7.0643	100.00	–	100.00	100.00	–3,347.7	–1,107.3
PCC Oxyalkylates Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.9340	50.00	–	50.00	100.00	21,199.5	–1,915.2
PCC Packaging Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–6,148.6	–2,077.1
PCC Power Sp. z o.o. i.L., Brzeg Dolny	PLN	4.5597	–	–	–	100.00	–	–
PCC Prodex GmbH, Essen	EUR	1.0000	100.00	–	100.00	100.00	–1,049.3	–577.8
PCC Prodex Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–8,811.8	–1,849.4
PCC PU Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–24,043.9	–11,984.8
PCC Rokita SA, Brzeg Dolny	PLN	4.5597	–	84.17	84.17	84.17	820,613.5	97,227.9
PCC Seaview Residences ehf., Húsavík	ISK	156.1000	100.00	–	100.00	100.00	230,107.8	–26,379.3
PCC Silicium S.A., Zagórze	PLN	4.5597	99.99	–	99.99	99.99	2,624.7	–1,558.1
PCC Slovakia s.r.o. i.L., Košice	EUR	1.0000	–	100.00	100.00	100.00	unknown	unknown
PCC Specialties GmbH, Oberhausen	EUR	1.0000	100.00	–	100.00	100.00	–3,158.5	–1,071.3
PCC Synteza S.A., Kędzierzyn-Koźle	PLN	4.5597	100.00	–	100.00	100.00	17,152.7	1,077.1
PCC Therm Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	100.00	100.00	100.00	–8,419.7	–4,036.0
PCC Trade & Services GmbH, Duisburg	EUR	1.0000	100.00	–	100.00	100.00	14,704.7	654.1
PolyU GmbH, Oberhausen	EUR	1.0000	100.00	–	100.00	100.00	192.1	–1,046.3
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	RON	4.8683	58.72	–	58.72	58.72	4,104.9	–76.4
S.C. Oltchim S.A. i.L., Râmnicu Vâlcea	RON	4.8683	32.34	–	32.34	32.34	unknown	unknown
Technochem Sp. z o.o., Brzeg Dolny	PLN	4.5597	–	85.80	85.80	85.80	–15.8	–3.9
TRANSGAZ S.A., Rybnik	PLN	4.5597	9.64	–	9.64	9.64	unknown	unknown
TzOW Petro Carbo Chem, Lviv	UAH	34.7396	92.32	–	92.32	92.32	8,446.9	–207.1
Valcea Chemicals S.R.L. i.L., Bucharest	RON	4.8683	–	100.00	100.00	100.00	–20.6	–32.7
ZAO Exol, Nizhny Novgorod	RUB	91.4671	100.00	–	100.00	100.00	–4,478.5	–1,628.5
ZAO PCC Rail, Moscow	RUB	91.4671	100.00	–	100.00	100.00	–573,787.8	–242,746.7

Loans

Non-current and current loans totaling €125,001 k (previous year: €208,696 k) as of December 31, 2020 are primarily comprised of loans to affiliated companies in the amount of €110,379 k (previous year: €188,521 k).

The decrease of €78,142 k in loans to affiliated companies is mainly the result of impairment losses of €63,690 k on loans to PCC BakkiSilicon hf. due to delayed and thus un-

certain loan repayments. Due to reduced earnings prospects, the loans to the following affiliates were impaired: to PCC Specialties GmbH in the amount of €3,000 k, to PCC Consumer Products Czechowice S.A. i.L. in the amount of €2,714 k, and to PCC Insulations GmbH in the amount of €2,863 k. Loan claims against PCC MCAA Sp. z o.o. amounting to €19,885 k were converted into equity.

(13) Other receivables and other assets

Figures in €k	Dec. 31, 2020	Dec. 31, 2019
Receivables from affiliated companies	13,984	12,797
Purchase price receivables from the sale of company shares	2,997	4,705
Amounts receivable from shareholder and owner	246	–
Receivables from VAT and other levies	514	437
Prepaid expenses and deferred charges	189	215
Sundry other assets	758	1,307
Other receivables and other assets	18,688	19,461

As in the previous year, other receivables and other assets all had a remaining term of up to one year as of December 31, 2020. The largest single item is receivables from affiliated companies, which showed a slight increase of €1,187 k, from €12,797 k as of year-end 2019 to €13,984 k as of December 31, 2020.

The purchase price receivables of €2,997 k (previous year: €4,705 k) from the sale of company shares are owed by an international investment fund in respect of shares in PCC Exol SA. These claims are secured against the sold shares in PCC Exol SA. Also included is an amount receivable

of €246 k arising from a settlement account for transactions with the sole shareholder and Chairman of the Administrative Board of PCC SE. Any settlement account balance attracts interest at the rate of 6.0 % p.a. In the previous year, the balance was on the liabilities side.

As in the previous year, the sundry other assets indicated consisted of various individual items that were not individually material. Also as in the previous year, no impairment losses were recognized on other assets or on receivables from affiliated companies.

(14) Equity

The subscribed capital of PCC SE remained unchanged year on year. It amounts to €5,000 k and is fully paid up. It is divided into 5,000,000 individual share certificates with a par value of €1 per share.

Revenue reserves/other reserves reflect the net loss of PCC SE for the year of €–30,370 k (previous year: net income of €23,898 k). In fiscal 2020, €3,150 k was distributed to the shareholder and owner out of the retained earnings of

PCC SE (previous year: €4,000 k). This corresponds to a dividend per share amounting to €0.63 (previous year: €0.80). Other equity items mainly comprise the fair value of financial investments and deferred taxes attributable to them. Due to a change in the tax treatment, the deferred tax rate was amended retrospectively, resulting in a reclassification between deferred tax liabilities and equity. The adjustment amounts can be found in the table in Note (3) "Notes to the accounting and valuation principles".

(15) Other provisions

Other provisions rose by €566 k year on year, to €1,424 k as of December 31, 2020. This increase is mainly due to provisions for restructuring obligations of €1,000 k in connection with the initiated liquidation of PCC Consumer Products Czechowice S.A. i.L.

In addition, other provisions include personnel accruals for bonus and vacation entitlements amounting to €298 k (previous year: €723 k), and provisions for year-end accounting and audit expenses amounting to €126 k (previous year: €135 k). As in the previous year, other provisions are of a short-term nature and current in respect of the year under review. The following table shows the development in other provisions for fiscal 2020.

Figures in € k	Jan. 1, 2020	Utilized	Reversed	Added	Dec. 31, 2020
Accruals for personnel expenses	723	12	435	22	298
Provisions for year-end accounting and audit expenses	135	131	4	126	126
Sundry other provisions	–	–	–	1,000	1,000
Total other provisions	858	142	440	1,148	1,424

(16) Trade accounts payable

Trade accounts payable decreased by €716 k from €2,430 k as of December 31, 2019 to €1,713 k as of December 31, 2020. They consist of trade payables to affiliated companies

of €1,326 k (previous year: €1,495 k) and to third parties of €388 k (previous year: €934 k).

(17) Financial liabilities

The financial liabilities of PCC SE in the reporting year comprise non-current and current liabilities arising from bonds

and leases, and from amounts owed to banks and to affiliated companies.

Figures in €k	Dec. 31, 2020		Dec. 31, 2019	
	Non-current	Current	Non-current	Current
Bond liabilities	337,977	65,604	329,984	79,389
Liabilities to banks	–	4	–	–
Lease liabilities	316	354	473	777
Liabilities to affiliated companies	–	6,364	500	–
Financial liabilities	338,293	72,326	330,957	80,166

The financial liabilities of PCC SE had the following maturity profile as of the balance sheet date.

Figures in €k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31,
				2020
Bond liabilities	65,604	337,977	–	403,581
Liabilities to banks	4	–	–	4
Lease liabilities	354	142	175	670
Financial liabilities to affiliated companies	6,364	–	–	6,364
Financial liabilities	72,326	338,119	175	410,620

Figures in €k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31,
				2019
Bond liabilities	79,389	286,307	43,677	409,373
Lease liabilities	777	401	72	1,250
Financial liabilities to affiliated companies	–	500	–	500
Financial liabilities	80,166	287,208	43,749	411,123

The relevant factors when presenting the maturities of contractual cash flows from financial liabilities are interest payments and redemption of principal. The following table shows non-discounted future cash flows. Trade accounts

payable are essentially non-interest-bearing and due within one year. The carrying amount of trade accounts payable therefore corresponds to the total of the future cash flows.

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2020
Bond liabilities	67,322	377,893	–	445,215
Liabilities to banks	4	–	–	4
Lease liabilities	369	187	192	748
Financial liabilities to affiliated companies	6,488	–	–	6,488
Cash outflows for financial liabilities	74,183	378,081	192	452,456

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2019
Bond liabilities	95,357	318,290	43,677	457,324
Lease liabilities	821	542	316	1,679
Financial liabilities to affiliated companies	–	510	–	510
Cash outflows for financial liabilities	96,178	319,342	43,993	459,513

In 2020, financial liabilities incurred were secured in their entirety by the assignment of claims in the amount of € 319 k (previous year: € 1,071 k).

Bond liabilities result from the issuance of bonds by PCC SE. The bonds are issued exclusively in euros and carry coupons between 2.0 % and 6.75 % p.a. The following chart provides a tabular analysis of the bonds involved.

Figures in €k	Issue date	Maturity date	Coupon	Issue volume	Dec. 31, 2020	Dec. 31, 2019
DE000A254TZ0	04/01/2020	12/01/2024	4.000 %	35,000	34,503	–
DE000A2TSEM3	07/01/2019	10/01/2024	4.000 %	30,000	29,946	29,946
DE000A2YN1K5	10/22/2019	02/01/2025	4.000 %	30,000	29,133	29,158
DE000A2LQZH9	07/01/2018	10/01/2023	4.000 %	30,000	28,783	28,783
DE000A2NBJL3	01/01/2019	07/01/2024	4.000 %	25,000	24,985	24,990
DE000A2GSSY5	10/01/2017	07/01/2022	4.000 %	25,000	24,968	24,968
DE000A162AQ4	10/01/2015	10/01/2022	6.000 %	25,000	24,860	24,860
DE000A2YPFY1	12/02/2019	07/01/2025	4.000 %	30,000	23,818	14,519
DE000A2AAY85	10/17/2016	07/01/2021	4.000 %	25,000	23,187	23,187
DE000A2G8670	01/01/2018	04/01/2023	4.000 %	25,000	21,802	21,790
DE000A2NBFT4	10/01/2018	04/01/2024	4.000 %	25,000	21,124	21,124
DE000A2E4Z04	07/01/2017	04/01/2021	4.000 %	25,000	19,927	19,927
DE000A13SH30	12/01/2014	10/01/2021	6.750 %	20,000	19,890	19,890
DE000A2TSTW0	03/01/2019	02/01/2023	3.000 %	25,000	18,447	18,452
DE000A14KJ43	05/01/2015	04/01/2022	6.500 %	35,000	16,181	16,181
DE000A254TD7	04/30/2020	05/01/2022	3.000 %	20,000	14,631	–
DE000A2G9HY2	04/01/2018	02/01/2022	3.000 %	10,000	9,588	9,588
DE000A3H2VU4	11/02/2020	10/01/2025	4.000 %	30,000	7,681	–
DE000A2YPFX3	12/02/2019	01/01/2024	3.000 %	20,000	4,511	1,921
DE000A3H2VT6	11/02/2020	07/01/2023	3.000 %	15,000	3,016	–
DE000A2YPFD5	10/01/2019	12/01/2021	2.000 %	5,000	2,600	700
DE000A162AP6	10/01/2015	10/01/2020	5.000 %	25,000	–	25,000
DE000A2E4HH0	10/01/2017	07/01/2020	3.000 %	20,000	–	19,210
DE000A14KJ35	05/01/2015	04/01/2020	6.000 %	40,000	–	18,218
DE000A2E4ZZ4	07/01/2017	02/01/2020	3.000 %	20,000	–	7,481
DE000A2NBFU2	10/01/2018	05/01/2020	2.000 %	5,000	–	5,000
DE000A2TR422	04/01/2019	12/01/2020	2.000 %	5,000	–	4,480
Bond liabilities					403,581	409,373

Of the bond liabilities in existence, PCC SE redeemed in full and on maturity a total of six bonds during 2020: bond ISIN DE000A2E4ZZ4 in the amount of €7.5 million on February 1, bond ISIN DE000A14KJ35 in the amount of €18.2 million on April 1, bond ISIN DE000A2NBFU2 in the amount of €5.0 million on May 1, bond ISIN DE000A2E4HH0 in the amount of €19.2 million on July 1, bond ISIN DE000A162AP6 in the amount of €25.0 million

on October 1, and bond ISIN DE000A2TR422 in the amount of €4.5 million on December 1. This resulted in a total repayment volume of €79.4 million for 2020 (previous year: €64.7 million). The issue volume placed by the end of the year totaled €73.6 million. In the past fiscal year, these funds were used primarily as liquidity reserves to safeguard against indeterminate developments in the coronavirus pandemic and for the partial refinancing of liabilities due in 2020.

(18) Other liabilities

Figures in €k	Dec. 31, 2020	Dec. 31, 2019
Interest liabilities	4,224	4,196
Liabilities from wage tax and similar levies	108	121
Liabilities from VAT and similar levies	46	146
Liabilities to shareholder and owner	–	31
Sundry other liabilities	223	123
Total other liabilities	4,601	4,618

Other liabilities decreased marginally by €16 k from €4,618 k as of December 31, 2019 to €4,601 k as of December 31, 2020. Liabilities from interest payment obliga-

tions mainly include interest on bonds due at the beginning of the following quarter.

(19) 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. In Germany, income from the sale of investments is taxed in accordance with Section 8b KStG (Corporation Tax Act). This states that a flat rate of 5% of the capital gain realized must be treated as non-deductible business expenditure, making it subject to taxation. At a corporate income tax rate of 30%, this corresponds to an effective tax burden of 1.5%. The fair values of the companies in the investment portfolio of PCC SE have hitherto been recognized on a lump-sum basis using the generally applicable tax rate of 30%, without taking into account the tax exemption pursuant to Section 8b KStG. In these financial statements, said treatment has been applied retrospectively in accordance with IAS 8. Hence, a liability swap was implemented between the deferred tax liabilities and the corresponding equity item. The line item "Deferred

taxes on items recognized in OCI" in the statement of comprehensive income has been amended accordingly. In addition, deferred tax liabilities from fair value measurements relating to companies already disposed of from the investment portfolio have been reclassified to equity.

At PCC SE, deferred tax assets and liabilities are offset and disclosed as netted balances where they involve the same tax authority and where there is an enforceable right to the offsetting of tax liabilities and tax receivables. As in the previous year, there was an excess of deferred tax liabilities amounting to €2,305 k for fiscal 2020 (previous year: €8,701 k).

Deferred taxes of €8,199 k relate to deferred taxes from the first-time transition to IFRS in 2013. The remaining amount results primarily from the annual fair value measurement of the investment portfolio of PCC SE.

(20) Additional disclosures relating to financial instruments

PCC SE as the holding company of the PCC Group, a group of internationally active companies, and the entities in its investment portfolio, are exposed to financial risks in the ordinary course of business. A major objective of the corporate policy is to generally restrict market, default and liquidity risks, both in order to secure enterprise value over the long term and also to maintain the Group's earning power so as to extensively cushion the impact of fluctuations in cash flow and earnings.

Interest and currency risks as well as default risks are managed in cooperation between PCC SE as the Group holding company and the individual subsidiaries. Liquidity management, on the other hand, is the sole responsibility of PCC SE.

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 income streams from planned transactions. Currency risks in respect of financial instruments result from the translation at year-end of foreign-currency-denominated financial receivables, loans, cash sums and financial liabilities into the reporting currency of PCC SE. A potential change in the Polish zloty of 10% would affect equity and annual net earnings to the tune of €1,739 k (previous year: €1,333 k). A change in the exchange rate of the US dollar of likewise 10% would have an impact on these items of €8,648 k (previous year: €7,134 k).

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 PCC SE to the tune of €3,387 k (previous year: €4,099 k).

Commodity price risks: These risks resulting from changes in the market prices of raw materials and commodities purchased and sold do not affect PCC SE itself, but only the operating companies in its investment portfolio.

Default or credit risks

Default or credit risks arise when contractual partners are unable to meet their contractual obligations. The main contractual partners are affiliated and other companies in the investment portfolio as recipients of long- or short-term loans granted. Given the liquidity criteria applied and a committed regime of constantly monitoring its capital investments, PCC SE 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.

Liquidity risks

Liquidity risks result from income stream fluctuations. Current liquidity is monitored and controlled by a treasury reporting system implemented within PCC SE and the main companies in its investment portfolio 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. The possibility of obstacles within the SME bonds market 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. Work is also ongoing on using bank loans to partially replace the liquidity loans granted to the affiliated companies.

Financial instruments by class and category

In the case of cash and cash equivalents, trade accounts payable and liabilities to affiliated companies, the carrying amounts are regarded as realistic estimates of their fair values due to the short remaining terms to maturity. Assets that are not quoted on an active market and for which the fair value cannot therefore be reliably determined, are measured at cost.

The fair value indicated in this section corresponds to the market quotations or model-based valuation estimates.

Figures in €k	Carrying amounts, Dec. 31, 2020	Categories ¹			Fair value
		FAaC	FLaC	FVtOCI	
Financial assets					
Shares in affiliated companies	891,343	–	–	891,343	891,343
Shares in joint ventures	3,333	3,333	–	–	3,333
Securities held as financial investments	32	–	–	32	32
Loans	125,001	125,001	–	–	125,001
Cash and cash equivalents	4,241	4,241	–	–	4,241
Financial liabilities					
Bond liabilities	403,581	–	403,581	–	403,581
Liabilities to banks	4	–	4	–	4
Lease liabilities	670	–	670	–	670
Liabilities to affiliated companies	6,364	–	6,364	–	6,364
Trade accounts payable	1,713	–	1,713	–	1,713

Figures in €k	Carrying amounts, Dec. 31, 2019	Categories ¹			Fair value
		FAaC	FLaC	FVtOCI	
Financial assets					
Shares in affiliated companies	895,624	–	–	895,624	895,624
Shares in joint ventures	37	37	–	–	37
Securities held as financial investments	34	–	–	34	34
Loans	208,696	208,696	–	–	208,696
Cash and cash equivalents	18,289	18,289	–	–	18,289
Financial liabilities					
Bond liabilities	409,373	–	409,373	–	409,373
Lease liabilities	1,250	–	1,250	–	1,250
Liabilities to affiliated companies	500	–	500	–	500
Trade accounts payable	2,430	–	2,430	–	2,430

¹ FLaC = Financial liabilities measured at amortized cost

FAaC = Financial assets measured at amortized cost

FVtOCI = Fair value through other comprehensive income

Figures in € k	2020	2019
Financial assets at amortized cost (FAaC)	-61,978	10,614
Financial liabilities at amortized cost (FLaC)	-20,485	-15,931
Fair value through other comprehensive income (FVtOCI)	23,336	-8,168

The net gains and net losses from financial instruments comprise valuation results, the carrying amounts of premiums and discounts, the recognition and reversal of impairment losses, currency translation results, and interest, dividends and all other effects on income arising from financial instruments. Financial instruments measured at fair value through profit or loss exclusively comprise results from those that have not been designated as hedging instruments included in a hedging arrangement per IFRS 9. Net gains and losses from financial assets measured at amortized cost include net interest income of € 14,248 k (previous year: € 12,105 k). Net gains and losses from financial liabilities measured at amortized

cost include a net interest deficit of €-17,706 k (previous year: net gain of € 16,719 k). The net gains/losses include a currency result of €-1,481 k (previous year: €-1,627 k), which is almost entirely attributable to financial assets.

Financial assets measured at fair value are indicated in the following table. These relate both to shares valued on the basis of stock market prices (Level 1) and shares in affiliated companies for which fair values are determined using valuation models (Level 3). For an explanation of the valuation models, please also refer to Note (12) "Financial assets".

Figures in € k	Level 1	Level 2	Level 3	Dec. 31, 2020
Financial assets recognized at fair value through other comprehensive income	299,102	-	592,273	891,375

Figures in € k	Level 1	Level 2	Level 3	Dec. 31, 2019
Financial assets recognized at fair value through other comprehensive income	255,982	-	639,677	895,659

Interest rate risks exist due to potential changes in the WACC discount rate and can lead to a change in the fair value of fixed-interest financial instruments. A potential 10% change in the WACC would have an impact of €-91,308 k or €+113,259 k on equity and the fair values of the shareholdings measured at Level 3. The five shareholdings with the highest fair value on the valuation date have been used for this analysis.

The development of the shares in the investment portfolio, the fair values of which are determined using valuation models (Level 3), is shown in the following table. The additions in relation to the affiliated companies comprise in particular injections of capital. The gains and losses recognized through OCI relate to the annual fair value adjustment, and the gains/losses recognized in the income statement are write-downs on financial investments. See Note (4) "Result from participating interests and affiliated companies".

The disposals relate both to the merger of distripark GmbH with PCC Trade & Services GmbH, and to the sale of 50 % of the shares in PCC Oxyalkylates Malaysia Sdn. Bhd. to the

joint venture partner PETRONAS Chemicals Group Berhad. The remaining shares in the company were reclassified as shares in joint ventures.

Figures in € k	Jan. 1, 2020	Additions	Disposals	Gains/losses through P&L	Reclassifications	Gains/losses through OCI	Dec. 31, 2020
Affiliated companies	639,642	28,287	-4,276	-	-3,296	-68,116	592,241
Joint ventures	37	-	-	-	3,296	-	3,333
Securities	34	-	-	-2	-	-	32
	639,714	28,287	-4,276	-3	-	-68,116	595,606

Figures in € k	Jan. 1, 2019	Additions	Disposals	Gains/losses through P&L	Reclassifications	Gains/losses through OCI	Dec. 31, 2019
Affiliated companies	564,608	27,704	-	-	-	47,331	639,642
Joint ventures	37	-	-	-	-	-	37
Securities	3	31	-	-	-	-	34
	564,648	27,735	-	-	-	47,331	639,714

(21) Leases

Leases in which PCC acts as lessee are accounted for in accordance with the rights-of-use model set out in IFRS 16. For a tabular presentation of the rights of use for the reporting year, please refer to Note (11) "Non-current assets". Right-of-use assets in the amount of €6,862 k are offset by lease

liabilities of €670 k as of the balance sheet date. These are reported under financial liabilities. For further details, please refer to Note (17) "Financial liabilities". The maturity structure of payment obligations under leases is shown in the following table.

Figures in €k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2020
Minimum lease payments	369	187	192	748
Interest element	16	45	17	78
Present value	354	142	175	670

Figures in €k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2019
Minimum lease payments	821	542	316	1,679
Interest element	44	141	244	429
Present value	777	401	72	1,250

Compliant with the exemptions allowed, no leases have been recognized in the balance sheet where the underlying asset is of minor value or where the contractual term is less than

twelve months. Instead, the lease is expensed. The following amounts related to leases were recognized in the statement of income in the year under review:

Figures in €k	2020	2019
Expenses for short-term leases with a term of less than twelve months	49	51
Expenses for leases of assets of minor value not included in the short-term leases referred to above	2	3
Interest expenses for lease liabilities	32	41

There were no significant expenses from variable lease payments, nor was there any income from subleases. In total,

the outflow of funds from lease agreements amounted to €813 k in the past fiscal year (previous year: €824 k).

(22) Contingent liabilities

The contingent liabilities of €86,208 k (previous year: €96,171 k) as of the balance sheet date relate exclusively to affiliated companies and mainly pertain to letters of guarantee and letters of comfort. Due to the stable earnings situa-

tion and the positive development potential of the individual recipient entities, no utilization is expected as of the date of preparation of these financial statements.

(23) 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 the headings "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 received are recognized as cash flow from operating activities. Dividends paid are a component of the financing activities category. Dividends paid to the sole shareholder of PCC SE are indicated as a separate item in cash flow from financing activities.

The financial funds equate to the total of cash and cash equivalents (cash in hand, credit balances at banks, and checks) shown in the balance sheet. In the event of changes in the investment portfolio arising from the purchase or sale of entities, the purchase price paid or received, less 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 control, such transactions are disclosed as financing activities.

The conclusion of a lease agreement essentially constitutes a non-cash transaction. Payments made for investments in property, plant and equipment are netted against lease proceeds.

The following reconciliation statement shows changes in financial liabilities disclosed as cash inflows or outflows under cash flow from financing activities. In the previous year, the cash-effective changes amounted to €65,402 k; in the year under review, they amounted to €-709 k.

Figures in €k	Jan. 1, 2020	Non-cash changes			Dec. 31, 2020
		Cash-effective changes	Interest added	Other changes	
Bond liabilities	409,373	-5,792	-	-	403,581
Liabilities to banks	-	4	-	-	4
Lease liabilities	1,250	-786	32	174	670
Financial liabilities to affiliated companies	500	5,864	-	-	6,364
Financial liabilities	411,123	-709	32	174	410,620

Figures in €k	Jan. 1, 2019	Non-cash changes			Dec. 31, 2019
		Cash-effective changes	Interest added	Other changes	
Bond liabilities	343,155	66,218	-	-	409,373
Liabilities to banks	46	-46	-	-	-
Lease liabilities	1,808	-770	9	203	1,250
Financial liabilities to affiliated companies	500	-	-	-	500
Financial liabilities	345,509	65,402	9	203	411,123

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 capital costs. The primary metric applied is that of the equity

ratio. Both the gearing ratio and net financial liabilities, which comprise current and non-current financial liabilities set against cash and cash equivalents, serve as further indicators of the capital structure. They are, however, aligned to the target figures for the PCC Group and are managed accordingly at the higher Group level.

Figures in € k	Dec. 31, 2020	Dec. 31, 2019
– Cash and cash equivalents	4,241	18,289
+ Bond liabilities	403,581	409,373
+ Liabilities to banks	4	–
+ Lease liabilities	670	1,250
+ Financial liabilities to affiliated companies	6,364	500
Net financial liabilities	406,378	392,834

Net financial liabilities increased by €13,545 k to €406,378 k in the year under review. This is mainly due to the decrease in cash and cash equivalents of €14,048 k to €4,241 k as of the balance sheet date.

Due to the negative earnings result for the year, the equity ratio, i.e. equity expressed as a share of total capital, decreased to 60.0 % in the year under review (previous year: 62.9 %). However, this still significantly exceeds the preset target of 50 %. The gearing ratio, which is the ratio of debt to equity, increased year on year to 0.67 (previous year: 0.59).

Other disclosures

(24) Related party disclosures

Other receivables and other assets include a claim against the sole shareholder of PCC SE in the amount of €246 k. This is a short-term receivable on which interest is payable at a rate of 6.0 % p.a. In the previous year, there was a liability to the sole shareholder in the amount of €31 k, which was reported under other liabilities and also bore interest at 6.0 % p.a.

As of December 31, 2020, PCC SE had receivables from affiliated companies totaling €124,363 k (previous year: €201,317 k). These relate to non-current loans and current loan receivables, other receivables and other assets. The financing arrangements involving affiliated companies carry interest rates ranging between 4.0 % p.a. and 10.0 % p.a., with terms of one to 20 years.

The sole shareholder and ultimate controlling party of PCC SE, Mr. Waldemar Preussner, members of the Management Board and of the Administrative Board of PCC SE, and their families, are deemed related parties. For compensation to the Managing Directors, please refer to the disclosures un-

der Note (26) "Corporate bodies". For compensation of the Administrative Board, again please refer to the disclosures under "Corporate bodies", Note (26).

In principle, both the provision of services to related parties and the procurement of services from related parties are transacted at arm's length and at market prices. Open positions as of the end of the fiscal year are not secured, are non-interest-bearing and will be settled in cash. There are no guarantees covering receivables from related parties or entities or payables to related parties or entities.

Loan receivables from the joint venture OOO DME Aerosol amounted to €10,473 k at the reporting date (previous year: €8,224 k). As in the previous year, the interest rate charged is 10.0 % p.a. The loans were granted for the development and construction of a dimethyl ether plant on the production site of the joint venture partner.

The following table provides an overview of all receivables from and liabilities to related parties.

Figures in € k	Dec. 31, 2020	Dec. 31, 2019
Receivables from related parties		
Affiliated companies	124,363	201,317
Joint ventures	10,473	8,224
Other entities	3,822	11,607
Liabilities to related parties		
Affiliated companies	7,690	1,995

(25) Employees

In fiscal 2020, PCC SE had an average of 69 employees comprised of 67 permanent staff and two temporary employees.

The average in the previous year was 67 employees, of whom 66 were permanent staff and one was a temporary employee.

(26) Corporate bodies

The corporate bodies of PCC SE are as follows:

Managing Directors:

- Ulrike Warnecke, Finance and Human Resources, Organization and Public Relations, Trading and Consumer Products
- Dr. rer. oec. (BY) Alfred Pelzer, Chemicals Production, Logistics and Sales

The Managing Directors received remuneration totaling €456 k in fiscal 2020 (previous year: €878 k), recognized in full as short-term employee benefits.

Administrative Board:

- Dipl.-Volkswirt Waldemar Preussner, Chairman of the Administrative Board
- Dr. rer. oec. (BY) Alfred Pelzer, Vice Chairman of the Administrative Board, Managing Director of PCC SE
- Reinhard Quint, Member of the Administrative Board, Member of the Corporate Development Council of Duisburger Hafen AG, Duisburg, Germany

The Administrative Board received remuneration amounting to €145 k in fiscal 2020 (previous year: €145 k), recognized in full as short-term employee benefits.

(27) Events after the balance sheet date

The bond carrying the ISIN code DE000A2E4Z04 issued by PCC SE with a placed volume of €19.9 million was re-

deemed in full as of April 1, 2021. It was issued on July 1, 2017 with a coupon of 4.0 % p.a.

Duisburg, June 30, 2021

PCC SE



Ulrike Warnecke
Managing Director



Dr. rer. oec. (BY) Alfred Pelzer
Managing Director

Independent auditor's report*

To PCC SE, Duisburg

Auditor's opinion

We have audited the separate financial statements of PCC SE, Duisburg, which comprise the balance sheet as at 31 December 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year from 1 January 2020 to 31 December 2020, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, on the basis of the knowledge obtained in our audit, the accompanying separate financial statements comply, in all material respects, with the IFRS, as adopted by the EU, and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Company as at 31 December 2020, and of its financial performance for the financial year from 1 January 2020 to 31 December 2020.

Pursuant to section 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the separate financial statements.

Basis for the Audit Opinion

We conducted our audit of the separate financial statements 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 Separate Financial Statements" section of our auditor's report. We are independent of the Company 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 opinion on the separate financial statements.

Responsibilities of the Managing Directors and the Administrative Board for the Separate Financial Statements

The managing directors are responsible for the preparation of the separate financial statements that comply, in all material respects, with the IFRS, as adopted by the EU, and that the separate financial statements, in compliance with these requirements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company. In addition, the managing directors are responsible for such internal control as they have determined necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the managing directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing,

* Note: This document is a convenience translation of the German original. The original German language document is the authoritative version.

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 Company or to cease operations, or there is no realistic alternative but to do so.

The administrative board is responsible for overseeing the Company's financial reporting process for the preparation of the separate financial statements.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the separate financial statements.

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 separate financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the separate financial statements 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 of the Company.
- Evaluate the appropriateness of accounting policies used by the managing directors and the reasonableness of estimates made by the managing directors and related disclosures.
- Conclude on the appropriateness of the managing 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 Company'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 separate financial statements or, if such disclosures are inadequate, to modify our audit opinion. 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements present the underlying transactions and events in a manner that the separate financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with IFRS, as adopted by the EU.

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, 9 July 2021

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stefan Sinne	Marianne Reck
Wirtschaftsprüfer	Wirtschaftsprüfer
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This financial report is available in its original German version and as a convenience translation in English.

Both versions can be downloaded from www.pcc.eu.

PCC SE
Duisburg, July 2021

Forward-looking statements

This 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 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, implied 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 report.

