2023 Separate Financial Statements of PCC SE per IFRS

Local. Global. Integrated.

Contents

Gender advisory

For the sake of readability and gender equity, we make use of the neutral singular "they" / "them" / "their" in reference to roles that may be both masculine and feminine. References to persons in general apply equally to all genders. All readers should feel equally addressed by the content of this report.

We thank you for your understanding.

Statement of comprehensive income

T_A_01

Figures in € k	(Note)	2023	2022
Income from participating interests and affiliated companies [1]	(4)	45,750	21,989
Other operating income	(5)	11,533	14,195
Other operating expenses	(6)	19,335	23,700
Depreciation and amortization	(7)	621	443
Interest result	(8)	–12,342	–9,739
Other financial income (+) / expenses (–)	(9)	–379	5,750
Earnings before taxes (EBT)		**24,606**	8,052
Taxes on income	(10)	1,977	–285
Net income result		**22,629**	8,337
Change in the fair value of financial investments in equity instruments measured through other comprehensive income [2]		78,280	188,534
Deferred taxes on items recognized in OCI [3]		–1,174	–2,828
Total income and expenses recognized in equity		**77,105**	185,706
Total comprehensive income		**99,734**	194,043

1 Income from participating interests and affiliated companies primarily contains dividend income and impairments / write-ups of financial investments.

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

3 Other comprehensive income

Balance sheet

T_A_02

Assets in € k	(Note)	**Dec. 31, 2023**	Dec. 31, 2022
Non-current assets		**1,428,696**	1,297,437
Intangible assets	(11)	319	280
Property, plant and equipment	(11)	1,620	5,360
Right-of-use assets	(11)	19,666	393
Non-current financial assets	(12)	1,407,091	1,291,404
Current assets		**47,441**	24,423
Other receivables and other assets	(13)	18,834	19,431
Cash and cash equivalents	(23)	28,607	4,992
Total assets		**1,476,137**	1,321,860

Equity and liabilities in € k	(Note)	**Dec. 31, 2023**	Dec. 31, 2022
Equity	(14)	**888,156**	800,750
Non-current provisions and liabilities		**339,874**	362,340
Deferred tax liabilities	(19)	6,873	5,230
Financial liabilities	(17)	333,001	357,110
Current provisions and liabilities		**248,107**	158,770
Other provisions	(15)	1,195	6,388
Trade accounts payable	(16)	1,847	1,402
Tax liabilities		1,700	–
Financial liabilities	(17)	220,777	138,709
Other liabilities	(18)	22,588	12,272
Total equity and liabilities		**1,476,137**	1,321,860

Statement of changes in equity

T_A_03

Figures in €k	Subscribed capital	Capital reserve	Revenue reserves / Other reserves	Other equity items / OCI	Equity
Jan. 1, 2022	**5,000**	**56**	**572,405**	**34,495**	**611,956**
Dividends paid to shareholder and owner	–	–	–4,750	–	–4,750
Merger of CATCH66 GmbH	–	–	–499	–	–499
Total comprehensive income	**–**	**–**	**8,337**	**185,706**	**194,043**
Net income result	–	–	8,337	–	8,337
Other income and expenses recognized in equity	–	–	–	185,706	185,706
– Change in fair value of financial investments in equity instruments	–	–	–	188,534	188,534
– Deferred taxes recognized in OCI	–	–	–	–2,828	–2,828
Dec. 31, 2022	**5,000**	**56**	**575,492**	**220,202**	**800,750**

T_A_04

Figures in €k	Subscribed capital	Capital reserve	Revenue reserves / Other reserves	Other equity items / OCI	Equity
Jan. 1, 2023	**5,000**	**56**	**575,492**	**220,202**	**800,750**
Dividends paid to shareholder and owner	–	–	–14,050	–	–14,050
Merger of PCC Renewables GmbH			–	1,718	1,718
Other changes	–	–	4	–	4
Total comprehensive income	**–**	**–**	**22,629**	**77,105**	**99,734**
Net income result	–	–	22,629	–	22,629
Other income and expenses recognized in equity	–	–	–	77,105	77,105
– Change in fair value of financial investments in equity instruments	–	–	–	78,280	78,280
– Deferred taxes recognized in OCI	–	–	–	–1,174	–1,174
Dec. 31, 2023	**5,000**	**56**	**584,076**	**299,025**	**888,156**

Statement of cash flows (condensed)

T_A_05

Figures in € k	2023	2022
Net income result	22,629	8,337
Depreciation and amortization	621	443
Write-ups of non-current financial assets	–	219
Write-downs of non-current financial assets	5,514	487
Increase (+) /decrease (–) in provisions	–5,193	3,476
Dividend result	–51,263	–22,257
Dividends received	51,263	22,257
Interest result	–12,342	–9,739
Interest received	318	600
Income taxes paid	–89	–6,141
Increase (+) / decrease (–) in value adjustments for receivables and other assets	1,462	1,972
Gains (–) / losses (+) from disposal of non-current assets	–29	–2,276
Other non-cash changes	33,493	31,608
Changes in working capital	13,527	–1,751
Cash flow from operating activities	**59,912**	**27,236**
Net change from the sale (+) / acquisition (–) of intangible assets	–78	–67
Net change from the sale (+) / acquisition (–) of property, plant, equipment and right-of-use assets	–16,116	3,785
Net change from the sale (+) / acquisition (–) of financial assets	–42,892	–37,032
Cash flow from investing activities	**–59,086**	**–33,314**
Dividends paid to shareholder and owner	–14,050	–4,750
Proceeds from issuance of bonds	87,806	95,366
Payments for redemption of bonds	–83,737	–90,228
Net change in receipts from banks (+) / payments to banks (–) and payments in respect of leases	15,373	–3,260
Net change from receipts (+) / payments (–) in respect of financial liabilities to affiliated companies	38,517	29,491
Interest paid	–21,139	–18,798
Cash flow from financing activities	**22,770**	**7,821**
Changes in cash and cash equivalents due to cash transactions	23,596	1,743
Changes in cash and cash equivalents due to foreign currency translation	19	0
Cash and cash equivalents at the beginning of the period	4,992	3,250
Cash and cash equivalents at the end of the period	**28,607**	**4,992**

Notes to the financial statements

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Summary of significant accounting and valuation policies

(1) General disclosures

PCC Societas Europaea (PCC SE) is a non-listed corporation under European law headquartered in Duisburg, Germany. 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, the company PCC SE supports its affiliated businesses in their entrepreneurial 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 is primarily on high-growth regions such as Eastern Europe, Southeast Asia and also the USA.

The separate financial statements of PCC SE have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC), which had been adopted by the European Commission for use in the EU by the reporting date and whose application was mandatory as of December 31, 2023. The financial statements have been prepared on the basis of the going concern principle.

The closing date for preparation of the separate financial statements is December 31, 2023. PCC SE's fiscal year corresponds to the calendar year. The separate financial statements of PCC SE have been prepared with the euro as the reporting currency. Unless otherwise indicated, all amounts are stated in thousands of euros (€ k), as a result of which rounding differences may therefore arise.

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 appended. 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 financial report is published in the electronic Federal Gazette.

The Executive Board of PCC SE finalized these financial statements in their meeting of April 29, 2024, whereupon they were presented to the Supervisory Board for examination and approval, and then released for publication.

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

Mandatory standards and interpretations applied for the first time

The new standard IFRS 17 Insurance Contracts replaces the previous standard of the same name, IFRS 4, and contains principles for the identification, recognition, measurement and presentation of insurance contracts in the financial statements of insurance providers, as well as disclosures in the notes. The amendments published with respect to IFRS 17 supplement the existing new regulations for first-time adopters of IFRS 17 and IFRS 9 concerning the presentation of comparative information.

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

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

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

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

As of the reporting date, PCC SE has begun an initial indicative analysis in order to determine the fundamental future impact and jurisdictions from which it is exposed to possible effects in connection with Pillar Two. On the basis of the ongoing indicative analysis, a possible top-up tax is applicable at the level of PCC SE as PCC SE qualifies as the ultimate parent company

Mandatory standards and interpretations applied for the first time T_A_06

Standard / Interpretation	Application mandatory per IASB as of	Application mandatory in the EU as of
IFRS 17 Insurance Contracts	January 1, 2023	January 1, 2023
Amendments to IAS 1 Presentation of Financial Statements, and to IFRS Practice Statement 2: Disclosure of Accounting Policies	January 1, 2023	January 1, 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	January 1, 2023	January 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	January 1, 2023
Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules	January 1, 2023	January 1, 2023
Amendments to IFRS 17 Insurance Contracts: Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	January 1, 2023

within the meaning of the regulation. The extent to which PCC SE would be affected by the primary top-up tax and which jurisdictions are planning or will introduce a national top-up tax are among the aspects under investigation. PCC SE is closely monitoring the progress of the legislative process in each country in which the PCC Group operates.

PCC SE applies the exception per IAS 12 whereby no deferred tax assets and liabilities are recognized in connection with income taxes from Pillar Two of the OECD regulations and no disclosures are made in this regard.

Other than as previously explained, the accounting standards to be applied for the first time do not have any material impact on the separate financial statements of PCC SE.

Standards and interpretations for which application is not yet mandatory

The IASB has published the following standards and interpretations or amendments thereto that were not yet applicable in fiscal 2023. Some of these standards and interpretations have not yet been adopted into EU law endorsement mechanism and are not applied by PCC SE. The company is currently examining the extent to which new standards and interpretations that are not yet mandatory will have an impact on the separate financial statements. With the exception of IFRS 18, it is currently expected that the standards and interpretations listed as not yet mandatory will have no material impact on the company's separate financial statements.

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

Standards and interpretations for which application is not yet mandatory T_A_07

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

(3) Explanatory notes to the accounting and valuation methods

Impact of the war in Ukraine and economic factors influencing the financial statements

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

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

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

Intangible assets

Acquired intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. If the requirements for capitalization of internally generated intangible assets are met, these are also capitalized. Intangible assets are generally amortized on a straight-line basis over their estimated useful lives. Useful lives of between three and 44 years are assumed. The intangible assets of PCC SE mainly comprise the naming rights to the PCC Stadium of VfB Homberg e.V. and IT licenses.

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. Scheduled depreciation is based on the following useful lives:

Useful lives of property, plant and equipment

T_A_08

in years	2023	2022
Buildings and structures	17	17
Other facilities, factory and office equipment	1 – 15	1 – 15

For the useful lives of right-of-use assets, please refer to Note (11).

An item of property, plant and equipment is derecognized either upon disposal or when no further economic benefit is expected from its continued use. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statement of income in the period the asset is derecognized. Reversals of impairment losses are recognized in other operating income. Residual values, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Borrowing costs
Directly attributable borrowing costs incurred in the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. They are capitalized until the asset is ready for its intended use. The relevant borrowing costs are recognized using the relevant interest rate. All other borrowing costs are expensed in the period in which they are incurred.

Financial instruments
Financial assets and financial liabilities are recognized in the balance sheet once PCC SE becomes a party to a financial instrument. Financial assets are derecognized once the contractual rights to cash flows from the financial assets expire or the financial assets are transferred with all material risks and rewards. Financial liabilities are derecognized when the contractual obligations are discharged, canceled or expire. Regular-way purchases and sales of financial instruments are generally recognized on the transaction date, which is the date the company commits to purchase or sell the instrument.

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

(a) Financial instruments measured at amortized cost (aC)
Financial assets are classified as aC if they are held within a business model that is designed to collect the contractual cash flows (strict business model condition). In addition, the asset must be structured in such a way that it only leads to fixed-term cash flows that represent interest and principal payments on the outstanding nominal amount (cash flow condition). Financial liabilities are generally classified as aC unless they are financial instruments held exclusively for trading purposes, derivatives or liabilities for which the fair value option has been exercised. 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 PCG PCC Oxyalkylates Sdn. Bhd., Kuala Lumpur (Malaysia), and certain other affiliates are also measured at amortized cost. Cash and cash equivalents are likewise included in this measurement category. All financial liabilities, with the exception of derivatives that are measured at fair value through profit or loss, are also measured at amortized cost. Financial assets and liabilities are initially measured at fair value, which is generally the nominal value of the receivable or the loan amount granted. Non-interest-bearing or low-interest-bearing non-current receivables and loans are carried at their present value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of the financial assets or financial liabilities. Subsequent measurement of financial instruments classified as aC is at amortized cost using the effective interest method. Changes in value are recognized in the statement of income.

(b) Financial assets measured at fair value through other comprehensive income (FVtOCI)
Financial assets are classified as FVtOCI if they are held in a business model for the purpose of both collecting contractual cash flows and making sales (moderated business model condition). In addition, the asset must be structured in such a way that it only leads to fixed-term cash flows that represent interest and principal payments for a capital transfer (cash flow condition). Equity instruments never satisfy the cash flow condition, but may be voluntarily measured at FVtOCI. At PCC SE, this option is exercised, with shares in subsidiaries being assigned to the FVtOCI measurement category, as are securities. In principle, financial liabilities cannot be allocated to the FVtOCI category. They are initially recognized at fair value, which in most cases corresponds to cost. Transaction costs directly attributable to the acquisition or issuance of financial assets are added to the fair value of the financial assets. Changes in fair value on subsequent measurement are deferred directly in equity and only recognized in profit or loss on disposal (recycling). Conversely, amounts recognized for equity instruments remain in equity upon disposal of the financial instrument (no recycling).

(c) Financial instruments measured at fair value through profit or loss (FVtPL)
All financial instruments that do not meet the conditions for inclusion in the first two categories are generally allocated to the FVtPL category. These include equity instruments, unless they have been voluntarily allocated to the FVtOCI category, derivatives and all other financial instruments held for trading purposes. In addition, in certain cases, the fair value option for the classification of financial instruments can be exercised voluntarily, but then irrevocably. The initial and subsequent measurement of financial instruments in the FVtPL category is at fair value. Changes in value are recognized in the statement of income. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are immediately recognized through profit or loss.

Financial assets and liabilities are offset and presented as a net amount in the balance sheet only when there is the intention and a legally enforceable right to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets
An accounting provision for expected impairment losses is required in respect of financial assets measured at amortized cost. For trade accounts receivable, expected default rates are deter-

mined for this purpose on the basis of historical defaults and future estimates (Stage 2 of the impairment model). If there is objective evidence that trade receivables or other financial assets measured at amortized cost are impaired, they are tested individually for impairment (Stage 3 of the impairment model). This is the case, for example, if insolvency proceedings have been opened against the debtor of a receivable or there is other substantial evidence of impairment, such as a significant deterioration in creditworthiness. Impairment losses are recognized in an allowance account on the asset side of the balance sheet. The gross value and the allowance (value adjustment) are not derecognized until the receivable is uncollectible.

Impairment losses at PCC SE on trade accounts receivable and on other financial assets are no more than minor. Hence, for reasons of materiality, no expected impairment losses have been recognized in respect of either line item.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank credit balances with an original maturity of up to three months, as well as highly liquid short-term financial investments. They are measured at amortized cost.

Trade accounts payable; bank overdrafts

Trade accounts payable, bank overdrafts and other liabilities are stated at their repayment amount.

Provisions

Provisions are recognized when PCC SE has a present legal or constructive obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Non-current provisions are recognized at the present value of future outflows of resources and accrue interest over the period until the expected claim is made.

Taxes on income

The income tax expense comprises the current tax expense and deferred taxes. The current tax expense is calculated on the basis of taxable income.

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 and deferred tax assets are essentially recognized for all taxable temporary differences. Deferred tax assets are recognized on unused tax losses carried forward only to the extent that it is probable that taxable profit will be available against which such claims can be utilized. The carrying amount of deferred income tax assets is examined on each closing date and reduced to the extent that it is no longer probable that sufficient income will be available against which the deferred tax asset can be wholly or partially realized. Deferred income tax claims not recognized in an earlier period are reassessed at each closing date and recognized to the extent that it currently appears probable that future taxable profits will allow realization of the deferred tax asset.

Deferred tax liabilities and deferred tax assets are netted where there is a legally enforceable right to do so and where they involve the same tax jurisdiction. Current taxes are calculated on the basis of the taxable income of the company for the reporting period, 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 specified period of time in return for payment of a consideration. Leases in which PCC SE is the lessee are accounted for using the rights-of-use model. For leases with a term of less than twelve months (short-term leases) and for leases involving low-value assets, the exemption per IFRS 16.5 is applied. The right-of-use asset and lease liability are not recognized for these leases. Instead, the payments are recognized as an expense in the statement of income on a straight-line basis.

All contractually agreed payment obligations are included in the measurement of lease liabilities. Application of the exemption allowed under IFRS 16.15 eliminates the need to distinguish between lease payments and payments for non-lease components. The existing payment obligations are discounted at the incremental borrowing rate where it is not possible to determine the implicit interest rate, and the present value thus determined is recognized as a lease liability. The corresponding right-of-use asset is recognized in the same amount. Initial direct costs and advance payments increase the acquisition value of the right-of-use asset, while lease incentives received reduce it. Subsequently, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The lease liability is amortized using the effective interest method.

Contractually defined renewal, extension, purchase and termination options ensure future operational flexibility for 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 renewal option will be exercised, the imputed term also includes such additional periods. Changes of term are considered where, over time, a change occurs in the assessment of the likelihood that the existing option will be exercised or not exercised.

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 likewise measured at the year-end rate of exchange.

Use of assumptions and estimates

The preparation of the separate financial statements for the year ended December 31, 2023 in conformity with IFRSs requires management to make a number of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and also the reported amounts of income and expenses during the reporting period. The main areas in which assumptions and estimates are used are in determining the useful lives of non-current assets and in the recognition and measurement of other provisions and corporate income taxes. 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. In addition, discretionary decisions, estimates and assumptions are subject to increased uncertainty, particularly due to the fluctuating and sometimes erratic development of inflation and interest rates, as well as considerable volatility on the energy markets resulting from the war in Ukraine. Unforeseeable supply chain disruptions, for example due to blockades of sea routes and militant attacks on merchant ships, also contribute to this uncertainty. Estimates are based on empirical values and other assumptions that are deemed appropriate under the given circumstances. They are reviewed on an ongoing basis, but may deviate from the actual values. Regarding the war in Ukraine and other trouble spots, particularly in the Middle East – and the associated effects on the economy – it is difficult to predict the duration and extent of possible effects on the net assets, financial position, results of operations and cash flows of the business. The carrying amounts of the items affected by estimates can be found in the following sections of these Notes or in the balance sheet.

Notes to the individual items of the statement of income

(4) Income from participating interests and affiliated companies

The income from participating interests and affiliated companies amounted to € 45,750 k in fiscal 2023 (previous year: € 21,989 k) and mainly includes impairments on financial assets and income from profit distributions. Impairment losses on financial assets amounted to € 5,514 k (previous year: € 487 k) and mainly resulted from the impairment of loans to affiliated companies due to lower repayment expectations. Income from profit distributions amounted to € 51,263 k (previous year: € 22,257 k) and is attributable to the respective investments as follows:

Income from profit distributions T_A_09

Figures in € k	2023	2022
PCC Chemicals GmbH	50,000	19,000
PCC Energetyka Blachownia Sp. z o.o.	679	291
PCC Trade & Services GmbH	500	1,000
PCC IT S.A.	84	73
PCC Synteza S.A.	–	1,893
Income from profit distributions	**51,263**	22,257

(5) Other operating income

Other operating income T_A_10

Figures in € k	2023	2022
Income from costs recharged	7,751	10,826
Income from mergers	3,034	484
Income from investment grants	303	6
Income from release of other provisions	183	217
Income from the disposal of property, plant and equipment	29	2,277
Sundry other operating income	234	385
Other operating income	**11,533**	**14,195**

Other operating income decreased by € 2, 662 k from € 14,195 k in the previous year to € 11,533 k in the year under review. As in the previous year, the largest single item was income from costs recharged, although this fell by € 3,075 k from € 10,826 k in the previous year to € 7,751 k in the reporting year. This item mainly relates to revenue-based license fees and cost allocations from service charges. The merger of PCC Renewables GmbH, Duisburg, into PCC SE resulted in a merger gain of € 3,034 k. In the previous year, this item included the merger result of CATCH66 GmbH, Duisburg. As in the previous year, the sundry other operating expenses heading covers various items which, taken individually, are not material.

(6) Other operating expenses

Other operating expenses T_A_11

Figures in € k	2023	2022
Personnel expenses	8,634	12,722
Legal, consultancy and audit expenses	3,184	4,160
Other taxes incl. VAT and other excise duties	1,713	107
Increase in individual value adjustments and ECL on receivables	1,466	2,136
Travel and hospitality expenses	1,194	1,208
Marketing, selling and distribution expenses	1,064	1,004
General business expenses	488	591
IT and telecommunication expenses	354	356
License fees and similar Group charges	227	163
Rent and similar expenses	56	77
Maintenance and repair expenses	32	44
Sundry other operating expenses	924	1,132
Other operating expenses	**19,335**	**23,700**

Other operating expenses decreased by € 4,365 k from € 23,700 k in the previous year to € 19,335 k in fiscal 2023. As in the previous year, personnel expenses were the largest single item under other operating expenses. The personnel expenses total decreased by € 4,088 k from € 12,722 k in the previous year to € 8,634 k. This is mainly the result of lower performance-related variable remuneration components due to the lower Group net income result in fiscal 2023 compared to the previous year. The individual valuation adjustments of € 1,466 k (previous year: € 2,136 k) in both the reporting year and the previous year were mainly due to impaired receivables from AO PCC Rail, Moscow (Russia). As in the previous year, the sundry other operating expenses heading covers various items which, taken individually, are not material.

(7) Depreciation and amortization

Depreciation and amortization T_A_12

Figures in € k	2023	2022
Amortization of intangible assets	39	20
Depreciation of property, plant and equipment	174	178
Depreciation of right-of-use assets	409	246
Depreciation and amortization	**621**	443

Depreciation and amortization of intangible assets, property, plant and equipment and right-of-use assets amounted to € 621 k in fiscal 2023 (previous year: € 443 k). The increase in depreciation of right-of-use assets is mainly due to the conclusion of a lease agreement for the company aircraft as part of a replacement investment. No impairment losses were recognized on intangible assets, property, plant and equipment or right-of-use assets in either fiscal 2023 or the previous year.

(8) Interest result

Interest result T_A_13

Figures in € k	2023	2022
Interest and similar income	**9,926**	9,453
Interest income on bank credit balances	8	1
Interest income on loans to affiliated companies	8,463	8,024
Other interest income	1,456	1,428
Interest and similar expenses	**22,268**	19,192
Interest expenses on bearer bonds	18,382	16,639
Interest expenses on bank liabilities	211	211
Interest expenses on leases	528	24
Interest income on loans from affiliated companies	3,147	2,318
Interest result	**–12,342**	–9,739

The result from interest income and interest expenses declined by € 2,602 k from €–9,739 k in the previous year to €–12,342 k in the year under review. As in the previous year, the largest single item was interest expenses on bearer bonds which at € 18,382 k were € 1,742 k higher than in the previous year. PCC SE issues bonds, among other things, to finance capital expenditure and to refinance maturing liabilities. Note (17) Financial Liabilities contains a detailed presentation of the liabilities arising from bonds and their respective maturities. Interest expenses from loans received from affiliated companies mainly result from interest-bearing loans and cash pool liabilities. Interest income from loans granted to affiliated companies amounted to € 8,463 k in fiscal 2023 and was therefore only slightly higher than the previous year's figure of € 8,024 k.

(9) Other financial income and expenses

Other financial income and expenses T_A_14

Figures in € k	2023	2022
Currency translation gains	163	7,574
Currency translation losses	469	1,780
Other financial expenses	73	44
Other financial income and expenses	**–379**	5,750

Income and expenses from currency translation are reported under financial result. Both income and expenses from currency translation decreased significantly compared to the previous year. The main reason for the high income from currency translation in the previous year was currency gains resulting from the restructuring of the financing of PCC BakkiSilicon hf, Húsavík (Iceland), and a resulting one-off currency effect of € 6,489 k. Other financial expenses increased only slightly by € 29 k to € 73 k. The net effect on earnings was € –379 k (previous year: € 5,750 k).

(10) Taxes on income / Tax expense

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. Other taxes include property taxes, wealth taxes and other comparable types of taxes. They 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 € 122 million (previous year: € 134 million).

The relationship between the actual and expected tax expense and tax income based on the IFRS net income result for the year is shown in the following table. As in the previous year, the expected tax expense or income is based on a simplified income tax rate of 30 %.

Taxes on income T_A_15

Figures in € k	2023	2022
Current taxes on income (Germany)	–340	–
Taxes on income (Abroad)	75	43
Current income tax expense	**–265**	**43**
Expenses (+) / income (–) from deferred taxes	2,242	–328
Taxes on income	**1,977**	**–285**
Other taxes incl. VAT and other excise duties	1,713	107
Tax expense (+) / income (–)	**3,690**	**–178**

Tax reconciliation statement T_A_16

Figures in € k	2023	2022
Earnings before taxes (EBT)	**24,606**	**8,052**
Anticipated income tax	8,329	2,416
Permanent non-taxable income	–48,701	–40,813
Permanent non-deductible expenses	20,345	16,605
Withholding taxes	75	43
Income (–) / expenses (+) from deferred taxes	2,242	–328
Other effects	15,733	22,362
Effective income tax	**–1,977**	**285**

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.

Development in non-current assets

T_A_17

Figures in €k	Balance at Jan. 1, 2023	Historical cost: Additions	Historical cost: Disposals	Historical cost: Reclassifications	Balance at Dec. 31, 2023	Balance at Jan. 1, 2023	Depreciation and amortization: Additions	Depreciation and amortization: Disposals	Balance at Dec. 31, 2023	Net carrying amount at Dec. 31, 2023
Intangible assets										
Industrial property rights and similar rights	910	26	–	–	935	634	39	–	673	263
Payments on account for intangible assets	4	52	–	–	56	–	–	–	–	56
Total	**914**	**78**	**–**	**–**	**991**	**634**	**39**	**–**	**673**	**319**
Property, plant and equipment										
Land and buildings	3,470	–	–	–	3,470	2,269	54	–	2,323	1,148
Other facilities, factory and office equipment	1,097	222	91	–	1,227	714	120	79	755	472
Payments on account and assets under construction	3,776	–	–	−3,776	–	–	–	–	–	–
Total	**8,342**	**222**	**91**	**−3,776**	**4,697**	**2,983**	**174**	**79**	**3,077**	**1,620**
Right-of-use assets										
Right-of-use assets	588	15,907	11	3,776	20,259	195	409	11	592	19,666
Total	**588**	**15,907**	**11**	**3,776**	**20,259**	**195**	**409**	**11**	**592**	**19,666**

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T_A_18

Figures in €k	Balance at Jan. 1, 2022	Historical cost: Additions	Historical cost: Disposals	Historical cost: Reclassifications	Balance at Dec. 31, 2022	Balance at Jan. 1, 2022	Depreciation and amortization: Additions	Depreciation and amortization: Disposals	Balance at Dec. 31, 2022	Net carrying amount at Dec. 31, 2022
Intangible assets										
Industrial property rights and similar rights	847	63	–	–	910	614	20	–	634	276
Payments on account for intangible assets	–	4	–	–	4	–	–	–	–	4
Total	**847**	**67**	**–**	**–**	**914**	**614**	**20**	**–**	**634**	**280**
Property, plant and equipment										
Land and buildings	3,470	–	–	–	3,470	2,213	56	–	2,269	1,201
Other facilities, factory and office equipment	1,171	72	146	–	1,097	703	121	110	714	383
Payments on account and assets under construction	1,852	1,923	–	–	3,776	–	–	–	–	3,776
Total	**6,493**	**1,995**	**146**	**–**	**8,342**	**2,915**	**178**	**110**	**2,983**	**5,360**
Right-of-use assets										
Right-of-use assets	6,677	109	6,199	–	588	293	246	345	195	393
Total	**6,677**	**109**	**6,199**	**–**	**588**	**293**	**246**	**345**	**195**	**393**

Intangible assets include licenses and similar rights, primarily for software and for the naming rights to the PCC Stadium in Duisburg. The net carrying amounts increased from € 280 k in the previous year to € 319 k as of the 2023 reporting date. The change is due to software additions and scheduled amortization.

The net carrying amount of property, plant and equipment decreased from € 5,360 k in the previous year to € 1,620 k in the reporting year. The decline is mainly due to the reclassification of advance payments made for property, plant and equipment to right-of-use assets.

Leases held by PCC SE fall under the headings "Land & buildings" and "Other equipment, factory & office equipment, incl. vehicle fleet". Extension and termination options are agreed in some cases to ensure flexibility. When determining the term of the lease, all circumstances and facts are considered which, based on the current state of knowledge, have an influence on the exercise of a renewal or extension option or the non-exercise of a termination option. In determining lease liabilities and corresponding right-of-use assets, all sufficiently assured cash outflows are taken into account. The net carrying amounts of the right-of-use assets as of the balance sheet date are broken down by type of underlying asset as follows:

Net carrying amounts, right-of-use assets T_A_19

Figures in € k	**Dec. 31, 2023**	Dec. 31, 2022
Land and buildings	264	285
Other facilities, factory and office equipment, incl. vehicle fleet	19,403	108
Net carrying amounts, right-of-use assets	**19,666**	393

The net carrying amounts of the right-of-use assets increased by € 19,274 k from € 393 k in the previous year to € 19,666 k as of the balance sheet date. The increase is mainly due to the conclusion of the lease agreement for the company aircraft as part of a replacement investment. The underlying contract term for leases for land & buildings is ten years. Other equipment, operating and office equipment, incl. vehicle fleet are leased for three to five years. Classified by underlying asset type, the depreciation of right-of-use assets recognized in fiscal 2023 in the amount of € 409 k (previous year: € 246 k) breaks down as follows:

Depreciation of right-of-use assets T_A_20

Figures in € k	**2023**	2022
Land and buildings	42	39
Other facilities, factory and office equipment, incl. vehicle fleet	367	207
Depreciation of right-of-use assets	**409**	246

(12) Financial assets

Non-current financial assets essentially comprise shares in affiliated companies, the shares in the joint ventures OOO DME Aerosol (Russia) and PCG PCC Oxyalkylates Sdn. Bhd. (Malaysia) and, to a minor extent, other securities. Also included in non-current financial assets are loans to individual companies within the investment portfolio, and to third parties. There are no current financial assets with a term of one year or less.

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.

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 after allowing for the deduction of net debt. As in the previous year, the growth rate assumed was 1.0 %. The budget assumptions derive from empirical values and estimates of the various business managements, taking into account centrally defined global positions such as exchange rates, estimates of economic development, market growth or commodity prices, for which purpose external sources were also consulted. Local tax rates continued to be applied. These are 19 % for Polish companies in the investment portfolio and 30 % for German companies in the investment portfolio. The tax rates were unchanged from the previous year. As in the previous year, the cost of capital was

Non-current financial assets T_A_21

Figures in €k	Dec. 31, 2023	Dec. 31, 2022
Shares in affiliated companies	1,182,461	1,108,035
Shares in joint ventures	16,182	16,182
Securities	1	32
Total equities	**1,198,644**	1,124,249
Loans to affiliated companies	194,189	153,267
Loans to joint ventures	13,932	13,561
Loans to third parties	327	327
Total loans	**208,447**	167,155
Non-current financial assets	**1,407,091**	1,291,404

calculated on a region-specific basis. This was 8.6 % for Poland (previous year: 7.4 %) and 7.5 % for Germany (previous year: 6.1 %). Changes in the valuation of companies in the investment portfolio are recognized per IFRS in equity under other comprehensive income.

The adjacent table shows the fair values of the investment portfolio of PCC SE. In total, the investment portfolio of PCC SE, consisting of affiliated companies, joint ventures and securities, had a fair value of € 1,198,644 k as of December 31, 2023 (previous year: € 1,124,249 k). Of this amount, € 471,039 k (39.3 %) 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. The adjacent table shows the entire investment portfolio of PCC SE.

Fair value of the investment portfolio of PCC SE T_A_22

Figures in € k	Dec. 31, 2023	Dec. 31, 2022	Absolute change	Relative change
Shares in listed companies[1]	**471,039**	443,651	27,388	6.2 %
PCC Rokita SA	**369,695**	341,667	28,028	8.2 %
PCC Exol SA	**101,344**	101,984	−640	−0.6 %
Shares in non-listed companies	**727,605**	680,598	47,006	6.9 %
PCC Intermodal SA	**330,633**	270,732	59,901	22.1 %
PCC MCAA subgroup[2]	**219,010**	203,144	15,866	7.8 %
PCC Consumer Products S.A.	**34,387**	15,686	18,701	> 100 %
PCC BakkiSilicon hf.	**27,787**	27,787	–	–
PCC Trade & Services GmbH	**18,370**	21,861	−3,490	−16.0 %
PCC Silicium S.A.	**16,864**	18,992	−2,129	−11.2 %
PCG PCC Oxyalkylates Sdn. Bhd.	**16,054**	16,054	–	–
PCC Thorion GmbH	**10,856**	10,556	300	2.8 %
PolyU GmbH	**8,000**	7,500	500	6.7 %
PCC Organic Oils Ghana Ltd.	**7,646**	8,636	−990	−11.5 %
PCC Energetyka Blachownia Sp. z o.o.	**7,142**	4,260	2,882	67.6 %
PCC Prodex GmbH	**4,283**	1,900	2,383	> 100 %
distripark.com Sp. z o.o.	**3,957**	9,135	−5,178	−56.7 %
PCC Morava-Chem s.r.o.	**3,301**	6,786	−3,485	−51.4 %
PCC IT S.A.	**3,264**	4,188	−924	−22.1 %
PCC Insulations GmbH	**3,027**	4,623	−1,596	−34.5 %
PCC Seaview Residences ehf.	**2,592**	2,592	–	–
PCC Synteza S.A.	**876**	29,016	−28,140	−97.0 %
Other investments[3]	**9,556**	17,151	−7,595	−44.3 %
Total	**1,198,644**	1,124,249	74,395	6.6 %

1 Only the shares held indirectly by PCC SE via PCC Chemicals GmbH as of the reporting date; 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 venture OOO DME Aerosol and other shares in affiliated companies, including project companies in the renewable energy sector.

Schedule of shareholdings

T_A_23

Name of company	Registered office of company	Direct	Indirect	2023	2022	Equity in local currency ('000)	Net result in local currency ('000)
		PCC SE participating interest in %					
AO NOVOBALT Terminal	Kaliningrad (Russia)	–	100.00	**100.00**	100.00	335,230.0	173,420.0
AO PCC Rail (formerly: ZAO PCC Rail)	Moscow (Russia)	100.00	–	**100.00**	100.00	–558,873.7	–199,059.0
Aqua Łososiowice Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	2,879.9	1,564.0
Brama Pomorza Sp. z o.o.	Gdańsk (Poland)	7.41	–	**7.41**	7.41	6,064.3	34.4
Chemia-Profex Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	78.5	6.8
Chemia-Serwis Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	266.8	100.8
ChemiPark Technologiczny Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	4,448.4	75.5
CWB "Partner" Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	1,020.39	716.85
distripark.com Sp. z o.o.	Brzeg Dolny (Poland)	50.00	50.00	**100.00**	100.00	–2,996.0	–805.1
Ekologistyka Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	54,549.7	23,452.7
Elpis Sp. z o.o. i.L.	Brzeg Dolny (Poland)	–	–	**–**	100.00	–	–
Gaia Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	3,182.6	–461.9
GRID BH d.o.o.	Sarajevo (Bosnia and Herzegovina)	85.62	–	**85.62**	85.62	82.3	0.2
IRPC Polyol Company Ltd.	Bangkok (Thailand)	–	50.00	**50.00**	50.00	177,755.5	12,371.1
LabAnalityka Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	1,762.0	775.8
LabMatic Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	4,634.5	2,570.2
LocoChem Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	107.7	75.2
Logoport Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	389.3	180.5
MCAA SE	Brzeg Dolny (Poland)	100.00	–	**100.00**	100.00	82,331.1	–119.8
OOO DME Aerosol	Pervomaysky (Russia)	50.00	–	**50.00**	50.00	–1,298,803.0	–614,354.0
OOO PCC Consumer Products	Moscow (Russia)	–	100.00	**100.00**	100.00	unknown	unknown
OOO PCC Consumer Products Navigator	Grodno (Belarus)	–	100.00	**100.00**	100.00	7,624.4	924.9
PCC Apakor Sp. z o.o.	Brzeg Dolny (Poland)	–	99.59	**99.59**	99.59	19,154.4	9,111.8
PCC Autochem Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	24,760.8	3,569.9
PCC BakkiSilicon hf.	Húsavík (Iceland)	65.40	–	**65.40**	65.40	80,020.3	–70,389.0
PCC BD Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	98,488.2	–453.7
PCC Bulgaria EOOD	Sofia (Bulgaria)	100.00	–	**100.00**	100.00	–147.4	–68.1
PCC Chemax, Inc.	Piedmont, SC (USA)	–	100.00	**100.00**	100.00	8,978.0	283.9
PCC Chemicals Corporation	Wilmington, DE (USA)	100.00	–	**100.00**	100.00	–584.9	–435.8
PCC Chemicals GmbH	Duisburg (Germany)	100.00	–	**100.00**	100.00	378,543.6	82,570.4
PCC ChloroSilanes Sp. z o.o.	Brzeg Dolny (Poland)	100.00	–	**100.00**	–	10,538.5	–60.4
PCC Consumer Products Czechowice S.A. i.L.	Czechowice-Dziedzice (Poland)	–	99.74	**99.74**	99.74	–18,366.2	–1,507.8
PCC Consumer Products Kosmet Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	31,856.9	19,244.8
PCC Consumer Products S.A.	Brzeg Dolny (Poland)	100.00	–	**100.00**	100.00	–40,496.5	–7,889.9
PCC Energetyka Blachownia Sp. z o.o.	Kędzierzyn-Koźle (Poland)	84.46	–	**84.46**	84.46	16,521.5	1,236.4
PCC Exol Kimya Sanayi ve Ticaret Limited Şirketi	Istanbul (Türkiye)	–	100.00	**100.00**	100.00	12,024.1	6,936.6

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		PCC SE participating interest in %					
Name of company	Registered office of company	Direct	Indirect	**2023**	2022	Equity in local currency ('000)	Net result in local currency ('000)
PCC Exol SA	Brzeg Dolny (Poland)	–	87.09	**87.09**	87.03	438,371.6	49,990.1
PCC HYDRO DOOEL Skopje	Skopje (North Macedonia)	100.00	–	**100.00**	100.00	–585,381.2	–57,378.2
PCC Insulations GmbH	Duisburg (Germany)	100.00	–	**100.00**	100.00	3,774.0	–22.7
PCC Integrated Chemistries GmbH	Duisburg (Germany)	100.00	–	**100.00**	100.00	5,599.1	–42.3
PCC Intermodal GmbH	Duisburg (Germany)	–	100.00	**100.00**	100.00	303.6	–116.7
PCC Intermodal S.A.	Gdynia (Poland)	99.10	–	**99.10**	99.09	252,939.2	5,033.8
PCC IT S.A.	Brzeg Dolny (Poland)	100.00	–	**100.00**	100.00	8,021.5	503.4
PCC Izvorsko EOOD	Sofia (Bulgaria)	100.00	–	**100.00**	100.00	–3,211.5	–1,828.4
PCC MCAA Sp. z o.o.	Brzeg Dolny (Poland)	58.46	40.42	**98.88**	98.88	229,084.0	14,932.5
PCC MORAVA-CHEM s.r.o.	Český Těšín (Czech Republic)	98.00	2.00	**100.00**	100.00	38,064.2	–6,989.4
PCC NEW HYDRO DOOEL Skopje	Skopje (North Macedonia)	100.00	–	**100.00**	100.00	–161,342.8	–31,669.3
PCC Organic Oils Ghana Ltd.	Accra (Ghana)	100.00	–	**100.00**	100.00	–12,918.2	–10,843.4
PCC Prodex GmbH	Essen (Germany)	100.00	–	**100.00**	100.00	499.5	–421.3
PCC Prodex Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	1,795.4	4,143.1
PCC PU Sp. z o.o.	Brzeg Dolny (Poland)	–	–	**–**	100.00	–	–
PCC Renewables GmbH	Duisburg (Germany)	–	–	**–**	100.00	–	–
PCC Rokita SA	Brzeg Dolny (Poland)	–	84.26	**84.26**	84.26	1,305,335.0	247,655.0
PCC Seaview Residences ehf.	Húsavík (Iceland)	100.00	–	**100.00**	100.00	341,892.7	–54,274.6
PCC Silicium S.A.	Zagórze (Poland)	99.99	–	**99.99**	99.99	5,702.7	2,008.0
PCC Synteza S.A.	Kędzierzyn-Koźle (Poland)	100.00	–	**100.00**	100.00	18,856.2	–5,694.7
PCC Therm Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	–1,125.1	–2,537.6
PCC Thorion GmbH	Duisburg (Germany)	100.00	–	**100.00**	100.00	4,003.5	–783.9
PCC Trade & Services GmbH	Duisburg (Germany)	100.00	–	**100.00**	100.00	10,575.6	–3,096.6
PCG PCC Oxyalkylates Sdn. Bhd.	Kuala Lumpur (Malaysia)	50.00	–	**50.00**	50.00	124,287.2	–10,972.2
PolyU GmbH	Oberhausen (Germany)	100.00	–	**100.00**	100.00	1,345.3	–1,741.9
Rail Wagon Management Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	–	–1.8	–1.8
S.C. EURO-Urethane S.R.L.	Râmnicu Vâlcea (Romania)	58.72	–	**58.72**	58.72	3,788.6	–166.3
S.C. Oltchim S.A. i.L.	Râmnicu Vâlcea (Romania)	32.34	–	**32.34**	32.34	unknown	unknown
Technochem Sp. z o.o.	Brzeg Dolny (Poland)	–	85.80	**85.80**	85.80	–43.1	–11.7
Terra 77 Sp. z o.o.	Brzeg Dolny (Poland)	–	100.00	**100.00**	100.00	0.5	–4.5
TRANSGAZ S.A.	Rybnik (Poland)	9.64	–	**9.64**	9.64	unknown	unknown
TzOW Petro Carbo Chem	Lviv (Ukraine)	92.32	–	**92.32**	92.32	9,170.3	483.9
ZAO Exol	Nizhny Novgorod (Russia)	100.00	–	**100.00**	100.00	10.0	–994.0

Loans

As of December 31, 2023, loans totaling € 208,447 k (previous year: € 167,155 k) were granted mainly to affiliated companies in the amount of € 194,189 k (previous year: € 153,267 k) and have terms of between one and 18 years. The € 40,922 k increase in loans to affiliated companies is mainly due to newly granted loans and capitalized interest, including to PCC Bakki-Silicon hf. in the amount of € 37,661 k. Loan claims against PCC Prodex GmbH in the amount of € 2,500 k were converted into equity. Loan repayments were made, among others, by PCC MCAA Sp. z o.o. in the amount of € 6,000 k and by AO PCC Rail in the amount of € 1,320 k.

(13) Other receivables and other assets

Other receivables and other assets T_A_24

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable from affiliated companies	8,113	10,384
Claims for rebates on corporate income tax, VAT and other duties	6,691	6,117
Payment claim from the sale of shares in an affiliated company	2,603	2,413
Receivables from joint ventures	716	132
Prepaid expenses and deferred charges	302	241
Receivables from sole shareholder	290	46
Sundry other assets	119	97
Other receivables and other assets	**18,834**	19,431

As in the previous year, other receivables and other assets all had a remaining term of up to one year as of December 31, 2023. The largest single item is receivables from affiliated companies, which decreased by € 2,271 k from € 10,384 k on the previous year's reporting date to € 8,113 k as of December 31, 2023. As in the previous year, this item also includes tax receivables from dividend distributions received in the amount of € 5,275 k. The purchase price receivables from the sale of company shares amounting to € 2,603 k (previous year: € 2,413 k) are due from an international investment fund from the sale of shares in PCC Exol SA. The claim is collateralized against the shares sold. The change compared to the previous year results exclusively from exchange rate differences, as the amount receivable is denominated in Polish złoty. Also included is an amount of € 290 k (previous year: € 46 k) from a clearing account against the sole shareholder and Chairman of the Supervisory Board of PCC SE. This clearing account bears interest at a rate of 6.0 % p.a. As in the previous year, the sundry other assets indicated consisted of various individual items that were not in themselves material, and again no impairment losses were recognized on other assets or on receivables from affiliated companies.

(14) Equity

The subscribed capital of PCC SE is unchanged from the previous year, amounts to € 5,000 k and is fully paid up. It is divided into 5,000,000 no-par-value shares with a nominal value of € 1 per share. Revenue reserves / other reserves include the net income of PCC SE generated in the period under review amounting to € 22,629 k (previous year: € 8,337 k). In fiscal 2023, € 14,050 k was distributed to the sole shareholder from the retained earnings of PCC SE (previous year: € 4,750 k). This corresponds to a dividend per share of € 2.81 (previous year: € 0.95). Other equity items mainly include the market valuation of financial investments in equity instruments and the related deferred taxes.

(15) Other provisions

Other provisions decreased by € 5,193 k compared to the previous year to € 1,195 k as of December 31, 2023. This reduction is mainly due to lower provisions for personnel expenses in the form of bonuses and vacation entitlements amounting to € 1,008 k (previous year: € 6,211 k). In addition, other provisions include provisions for year-end accounting and audit costs in the amount of € 187 k (previous year: € 178 k). As in the previous year, other provisions are current in the reporting year. The table provided shows the development of other provisions in fiscal 2023.

Statement of changes in provisions T_A_25

Figures in € k	**Jan. 1, 2023**	Utilized	Released	Additions	**Dec. 31, 2023**
Provisions for personnel expenses	6,211	5,523	142	461	1,008
Provisions for year-end accounting and audit costs	178	173	4	187	187
Other provisions	**6,388**	**5,696**	**146**	**649**	**1,195**

(16) Trade accounts payable

Trade accounts payable increased by € 446 k from € 1,402 k as of December 31, 2022 to € 1,847 k as of December 31, 2023. They consist of trade payables to third parties in the amount of € 430 k (previous year: € 357 k) and to affiliated companies in the amount of € 1,417 k (previous year: € 1,044 k).

(17) Financial liabilities

The financial liabilities of PCC SE in the reporting year comprised non-current and current liabilities arising from bonds, leases and amounts owed to affiliated companies.

Financial liabilities T_A_26

Figures in €k	Dec. 31, 2023 Non-current	Dec. 31, 2023 Current	Dec. 31, 2022 Non-current	Dec. 31, 2022 Current
Bond liabilities	318,236	126,004	356,434	83,737
Lease liabilities	14,415	1,366	326	82
Financial liabilities to affiliated companies	350	93,407	350	54,890
Financial liabilities	**333,001**	**220,777**	357,110	138,709

The remaining terms of the financial liabilities of PCC SE as of the reporting date are shown opposite.

Remaining terms of financial liabilities T_A_27

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2023
Bond liabilities	126,004	318,236	–	**444,240**
Lease liabilities	1,366	14,354	61	**15,781**
Financial liabilities to affiliated companies	93,407	350	–	**93,757**
Financial liabilities	220,777	332,940	61	**553,778**

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2022
Bond liabilities	83,737	356,434	–	**440,171**
Lease liabilities	82	221	104	**407**
Financial liabilities to affiliated companies	54,890	350	–	**55,240**
Financial liabilities	138,709	357,005	104	**495,819**

The relevant factors when presenting the maturities of contractual cash flows from financial liabilities are interest payments and redemption of principal. The 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.

Remaining terms of cash outflows for financial liabilities

T_A_28

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	**Dec. 31, 2023**
Bond liabilities	126,155	373,991	–	**500,146**
Lease liabilities	2,297	17,059	63	**19,419**
Financial liabilities to affiliated companies	96,240	385	–	**96,625**
Cash outflows for financial liabilities	**224,692**	**391,435**	**63**	**616,189**

Figures in €k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2022
Bond liabilities	86,668	410,897	–	497,565
Lease liabilities	98	258	109	465
Financial liabilities to affiliated companies	54,890	399	–	55,289
Cash outflows for financial liabilities	**141,656**	**411,554**	**109**	**553,320**

The financial liabilities were not collateralized in either the reporting year or the previous year. Liabilities from bonds result from issuances by PCC SE. The bonds are issued in euros and carry coupons of between 2.0 % and 6.0 % per annum, as indicated in tabular form in the adjacent chart.

In relation to liabilities arising from bonds, PCC SE repaid a total of four bonds in full and on schedule in the course of 2023: the bond ISIN DE000A2TSTW0 in the amount of € 18,447 k on February 1, the bond ISIN DE000A2G8670 in the amount of € 21,802 k on April 1, the bond ISIN DE000A3H2VT6 in the amount of € 14,705 k on July 1 and the bond ISIN DE000A2LQZH9 in the amount of € 28,783 k on October 1. This resulted in a total redemption volume of € 83,737 k for 2023 (previous year: € 90,228 k). Three new bonds were issued in the reporting year. The issue volume placed from these amounted to € 85,596 k as of December 31, 2023. The volume of bonds already in circulation increased by € 2,210 k. These funds were used in the past fiscal year for investments in existing affiliates and ongoing projects, as well as for the partial refinancing of liabilities due in 2023.

Bond liabilities

T_A_29

Figures in € k	Issue date	Maturity date	Coupon	Issue volume	Dec. 31, 2023	Dec. 31, 2022
DE000A30VS56	09/01/2022	10/01/2027	5.00 %	40,000	**35,178**	35,168
DE000A3510Z9	10/02/2023	10/01/2020	6.00 %	35,000	**35,000**	–
DE000A254TZ0	04/01/2020	12/01/2024	4.00 %	35,000	**34,503**	34,503
DE000A2TSEM3	07/01/2019	10/01/2024	4.00 %	30,000	**29,946**	29,946
DE000A3H2VU4	11/02/2020	10/01/2025	4.00 %	30,000	**29,653**	29,653
DE000A3E5S42	05/17/2021	07/01/2026	4.00 %	30,000	**29,293**	29,293
DE000A2YN1K5	10/22/2019	02/01/2025	4.00 %	30,000	**29,133**	29,133
DE000A351K90	04/03/2023	07/01/2028	5.00 %	35,000	**28,796**	–
DE000A3MQEN8	11/15/2021	12/01/2026	4.00 %	30,000	**26,926**	26,926
DE000A2NBJL3	01/01/2019	07/01/2024	4.00 %	25,000	**24,985**	24,985
DE000A2YPFY1	12/02/2019	07/01/2025	4.00 %	30,000	**23,818**	23,818
DE000A30VR40	02/01/2023	04/01/2028	5.00 %	30,000	**21,800**	–
DE000A2NBFT4	10/01/2018	04/01/2024	4.00 %	25,000	**21,104**	21,104
DE000A3MQZM5	05/02/2022	04/01/2026	4.00 %	30,000	**20,991**	20,991
DE000A30V2U2	12/01/2022	12/01/2027	5.00 %	20,000	**19,858**	17,658
DE000A3MP4P9	10/01/2021	10/01/2026	4.00 %	10,000	**10,000**	10,000
DE000A3E5MD5	07/01/2021	01/01/2024	3.00 %	10,000	**9,545**	9,545
DE000A3MQEM0	11/15/2021	04/01/2025	3.00 %	10,000	**7,790**	7,790
DE000A2YPFX3	12/02/2019	01/01/2024	3.00 %	20,000	**4,511**	4,511
DE000A3MQA80	03/01/2022	02/01/2024	2.00 %	5,000	**1,410**	1,410
DE000A2LQZH9	07/01/2018	10/01/2023	4.00 %	30,000	**–**	28,783
DE000A2G8670	01/01/2018	04/01/2023	4.00 %	25,000	**–**	21,802
DE000A2TSTW0	03/01/2019	02/01/2023	3.00 %	25,000	**–**	18,447
DE000A3H2VT6	11/02/2020	07/01/2023	3.00 %	15,000	**–**	14,705
Bond liabilities					**444,240**	440,171

(18) Other liabilities

Other liabilities T_A_30

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Bond liabilities	14,076	–
Liabilities from interest payment obligations	4,811	4,177
Liabilities from resolutions to increase capital	3,515	7,325
Liabilities from VAT and similar duties	–	452
Liabilities from wage tax and similar duties	138	192
Sundry other liabilities	48	125
Other liabilities	**22,588**	**12,272**

Other liabilities increased by € 10,316 k from € 12,272 k as of December 31, 2022 to € 22,588 k as of December 31, 2023. The increase is mainly due to bond liabilities of € 14,076 k, which are attributable to payments received for bonds that will be issued in fiscal 2024. As of the reporting date, liabilities from interest obligations were roughly at the previous year's level and mainly included interest on bonds that were due at the beginning of the following quarter. The item also includes liabilities for capital increases at affiliated companies in the amount of € 3,515 k (previous year: € 7,325 k).

(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. At PCC SE, a tax rate of 30 % was applied for this purpose, as in the previous year.

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 tax reduction pursuant to Section 8b KStG has been applied in recognition of the fair values of the entities in the investment portfolio of PCC SE. Within PCC SE, deferred tax assets and liabilities are offset and disclosed as netted balances where they relate to the same tax jurisdiction and where there is an enforceable right to the netting of tax liabilities and tax receivables. Like in the previous year, there was an overall surplus of deferred tax liabilities of € 6,873 k for fiscal 2023 (previous year: € 5,230 k).

Of the deferred taxes, € 8,199 k is attributable to deferred taxes arising from the initial 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 conglomerate 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, in order both to secure enterprise value over the long term and to maintain the Group's earning power and thus extensively cushion the negative impact of fluctuations in cash flow and earnings.

PCC SE as the Group holding company and the individual subsidiaries cooperate in the management of interest rate and currency risks, and also default risks. 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 cash flows 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 złoty of 10 % would affect the equity and annual net earnings of the Group to the tune of € 1,484 k (previous year: € 1,923 k). A change in the exchange rate of the US dollar of likewise 10 % would result in these financials experiencing a change of € 50 k (previous year: € 1 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 € 2,861 k (previous year: € 4,239 k).

Default or credit risks

Default or credit risks arise when contractual partners are unable to meet their contractual obligations. Contractual partners are primarily 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 cash flow 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 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. In addition, we are constantly engaged in partially replacing the liquidity loans granted to our affiliated companies with bank loans.

Financial instruments by class and category

In the case of 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. The fair values indicated in this section correspond to the market quotations or model-based valuation estimates.

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

T_A_31

Figures in €k	Carrying amounts Dec. 31, 2023	Categories[1] FAaC	FLaC	FVtOCI	Fair value
Financial assets					
Shares in affiliated companies	1,182,461	–	–	1,182,461	1,182,461
Shares in joint ventures	16,182	16,182	–	–	16,182
Securities	1	–	–	1	1
Loans	208,447	208,447	–	–	208,447
Cash and cash equivalents	28,607	28,607	–	–	28,607
Financial liabilities					
Bond liabilities	444,240	–	444,240	–	444,240
Lease liabilities	15,781	–	15,781	–	15,781
Financial liabilities to affiliated companies	93,757	–	93,757	–	93,757
Trade accounts payable	1,847	–	1,847	–	1,847

Figures in €k	Carrying amounts Dec. 31, 2022	Categories[1] FAaC	FLaC	FVtOCI	Fair value
Financial assets					
Shares in affiliated companies	1,108,035	–	–	1,108,035	1,108,035
Shares in joint ventures	16,182	16,182	–	–	16,182
Securities	32	–	–	32	32
Loans	167,155	167,155	–	–	167,155
Cash and cash equivalents	4,992	4,992	–	–	4,992
Financial liabilities					
Bond liabilities	440,171	–	440,171	–	440,171
Lease liabilities	407	–	407	–	407
Financial liabilities to affiliated companies	55,240	–	55,240	–	55,240
Trade accounts payable	1,402	–	1,402	–	1,402

1 FAaC = Financial assets measured at amortized cost
FLaC = Financial liabilities measured at amortized cost
FVtOCI = Fair value through other comprehensive income

Net gains and losses from financial instruments

T_A_32

Figures in €k	2023	2022
Financial assets at amortized cost (FAaC)	8,034	12,579
Financial liabilities at amortized cost (FLaC)	−22,782	−16,351
Fair value through other comprehensive income (FVtOCI)	77,105	185,706

Net gains and net losses from financial instruments include valuation results, the amortization of premiums and discounts, the recognition and reversal of impairment losses, results from foreign currency translation, as well as interest, dividends and all other effects on earnings from financial instruments. Financial instruments at fair value through profit or loss only include results from those instruments that are not designated as hedging instruments in a hedging relationship in accordance with IFRS 9. The net gains and losses from financial assets measured at amortized cost include net interest income of €9,926 k (previous year: €9,453 k). The net gains and losses from financial liabilities measured at amortized cost include a net interest expense of €–22,340 k (previous year: €–19,236 k). The net gains and losses include a currency result of €–306 k (previous year: €5,794 k), which is almost entirely attributable to financial assets.

Financial assets measured at fair value are shown in the adjacent 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.

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 € 134,495 k or €–106,620 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 adjacent table.

The additions to affiliated companies relate in particular to capital measures. The disposals relate to the merger of PCC Renewables GmbH into PCC SE. The gains / losses recognized in OCI relate to the annual fair value adjustment.

Financial instruments measured at fair value T_A_33

Figures in € k	Based on quoted market prices (Level 1)	Derived from market data (Level 2)	Determined using valuation models (Level 3)	**Dec. 31, 2023**
Financial assets measured at fair value through other comprehensive income	471,039	–	711,423	**1,182,462**

Figures in € k	Based on quoted market prices (Level 1)	Derived from market data (Level 2)	Determined using valuation models (Level 3)	Dec. 31, 2022
Financial assets measured at fair value through other comprehensive income	443,651	–	664,416	1,108,067

Reconciliation statement, fair value level 3 T_A_34

Figures in € k	Jan. 1, 2023	Additions	Disposals	Gains / losses in OCI	**Dec. 31, 2023**
Affiliated companies	664,384	6,161	10,015	50,891	711,421
Joint ventures	16,182	–	–	–	16,182
Securities	32	–	31	–	1
	680,598	6,161	10,046	50,891	**727,605**

(21) Leases

Leases in which PCC SE is the lessee are accounted for using the rights-of-use model in accordance with IFRS 16. A tabular presentation of the right-of-use assets for the year under review can be found in Note (11) Non-current Assets. Right-of-use assets amounting to € 19,666 k were countervailed by lease liabilities of € 15,781 k as of the reporting date. The latter are reported under financial liabilities. Please refer to Note (17) Financial Liabilities. The maturity structure of payment obligations under leases is shown in the adjacent table.

Remaining terms of lease liabilities

T_A_35

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2023
Minimum lease payments	2,297	17,059	63	19,419
Interest component	931	2,705	2	3,638
Present value	1,366	14,354	61	15,781

Figures in € k	Remaining term up to 1 yr	Remaining term 1 to 5 yrs	Remaining term more than 5 yrs	Dec. 31, 2022
Minimum lease payments	98	258	109	465
Interest component	16	37	5	58
Present value	82	221	104	407

Compliant with the exemptions allowed, no right-of-use assets have been recognized in the balance sheet where the underlying leased asset is of minor value or where the contractual term is less than twelve months. Instead, the lease is expensed. The following amounts related to leases were recognized in the statement of income in the year under review:

There were no significant expenses from variable lease payments, nor was there any income from subleases. The total cash outflow from leases in the year under review amounted to €880 k (previous year: €233 k). The increase is mainly due to the conclusion of the lease agreement for the company aircraft.

Leases – amounts recognized in statement of income T_A_36

Figures in €k	2023	2022
Expenses for short-term leases with a term of less than twelve months	47	75
Expenses for leases of low-value-assets not included in the above-mentioned short-term leases	2	2
Interest expenses for lease liabilities	528	24

(22) Contingent liabilities

As of the reporting date, contingent liabilities amounted to € 122,564 k (previous year: € 122,991 k). These relate primarily to guarantees to third parties issued in respect of affiliated companies and joint ventures. In view of the results of operations of the individual entities and the positive development potential that exists, recourse to these guarantees is not expected.

Under an agreement dated March 13, 2023, the company guarantees, in the form of a hard letter of comfort, the future solvency and elimination of over-indebtedness of PCC Prodex GmbH, Essen (Germany). The letter of comfort has an indefinite term. From the current perspective, the company's Executive Board does not anticipate any recourse to this guarantee.

(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 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) 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 the control status, 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 that are reported as cash inflows or outflows under cash flow from financing activities.

The cash-effective changes amounted to € 42,170 k as of the reporting date (previous year: € 29,682 k).

Reconciliation statement of financial liabilities T_A_37

			Non-cash changes			
Figures in € k	Jan. 1, 2023	Cash-effective changes	Currency translation effects	Interest accrued	Other changes	Dec. 31, 2023
Bond liabilities	440,171	4,069	–	–	–	444,240
Lease liabilities	407	–416	–	–	15,790	15,781
Financial liabilities to affiliated companies	55,240	38,517	–	–	–	93,757
Financial liabilities	**495,819**	**42,170**	**–**	**–**	**15,790**	**553,778**

			Non-cash changes			
Figures in € k	Jan. 1, 2022	Cash-effective changes	Currency translation effects	Interest accrued	Other changes	Dec. 31, 2022
Bond liabilities	435,033	3,660	–	–	1,478	440,171
Lease liabilities	3,667	–3,584	–	24	301	407
Financial liabilities to affiliated companies	25,750	29,606	–116	–	–	55,240
Financial liabilities	**464,449**	**29,682**	**–116**	**24**	**1,779**	**495,819**

Capital structure management

The purpose of capital structure management is to maintain financial flexibility so that the business portfolio can be effectively further developed and strategic options exploited. The object of the financial policy of the company is to secure its liquidity and solvency, limit financial risks and optimize the cost of capital. The primary metric applied is that of the equity ratio. The gearing ratio and net debt, which comprises 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.

Reconciliation statement for net debt T_A_38

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
– Cash and cash equivalents	28,607	4,992
+ Bond liabilities	444,240	440,171
+ Lease liabilities	15,781	407
+ Financial liabilities to affiliated companies	93,757	55,240
Net debt	**525,171**	**490,827**

Net debt increased by € 34,344 k to € 525,171 k in the past fiscal year. This is due to the disproportionate increase in financial liabilities, primarily financial liabilities to affiliated companies and lease liabilities, in relation to cash and cash equivalents.

The equity ratio, which reflects the ratio of equity to total capital, changed only slightly to 60.2 % in fiscal 2023 (previous year: 60.6 %). As in the previous year, the target figure of around 50 % was clearly exceeded. The debt / equity gearing ratio changed slightly to 0.66 (previous year: 0.65).

Other disclosures

(24) Related party disclosures

Related parties are the sole shareholder and ultimate controlling party of PCC SE, Mr. Waldemar Preussner, as well as key management personnel (members of the Executive Board and Supervisory Board of PCC SE) and their family members. For compensation to Executive Board members and of the members of the Supervisory Board, please refer to the disclosures under Note (26) Corporate Bodies.

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. The outstanding items at the end of the fiscal year are not collateralized, do not bear interest and will be settled in cash. There are no guarantees for receivables from related parties or liabilities to related parties.

Other receivables and other assets include a claim against the sole shareholder of PCC SE in the amount of € 290 k (previous year: € 46 k). This receivable is short-term in nature and, as in the previous year, bears interest at 6.0 % p.a.

As of December 31, 2023, PCC SE had receivables from affiliated companies totaling € 202,302 k (previous year: € 163,651 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 2.0 % p.a. and 10.0 % p.a., with terms of one to 18 years.

As of the reporting date, there were loan receivables from the joint venture OOO DME Aerosol amounting to € 13,932 k (previous year: € 13,561 k). As in the previous year, they bear interest at 10.0 % p.a. The loans were granted for the development and construction of a dimethyl ether plant on the premises of the joint venture partner.

In fiscal 2023, individual valuation adjustments of € 1,466 k were recognized on receivables from related parties (previous year: € 2,136 k). In both the reporting year and the previous year, these resulted primarily from impaired receivables from AO PCC Rail, Moscow.

The adjacent table provides an overview of all receivables from and liabilities to related parties, as well as income and expenses generated in transactions with related parties.

Related parties T_A_39

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Receivables from related parties		
Affiliated companies	202,302	163,651
Joint ventures	14,648	13,693
Liabilities to related parties		
Affiliated companies	98,690	62,565

Figures in € k	2023	2022
Income from related parties		
Affiliated companies	70,719	48,462
Joint ventures	1,387	1,293
Expenses payable to related parties		
Affiliated companies	10,353	5,105
Joint ventures	–	2

(25) Employees

PCC SE employed an average of 72 people in fiscal 2023, of whom 71 were salaried employees and one was a temporary worker. In the previous year, the average number of employees was also 72, including 70 salaried employees and two temporary staff.

(26) Corporate bodies

The corporate bodies of PCC SE are as follows:

Executive Board:
- Dr. Peter Wenzel, CEO and Chairman of the Executive Board, Corporate and Project Development, Sustainability
- Ulrike Warnecke, Finance, Human Resources, Public Relations
- Dr. rer. oec. (BY) Alfred Pelzer, Chemicals Production, Logistics, Sales

In fiscal 2023, the Executive Board received compensation totaling €5,983 k (previous year: €3,226 k), which is made up of non-performance-related remuneration of €720 k and performance-related remuneration of €5,263 k, with the total recognized as short-term benefits.

Supervisory Board:
- Dipl.-Volkswirt Waldemar Preussner, Chairman of the Supervisory Board
- Dr. Hans-Josef Ritzert, Vice Chairman of the Supervisory Board
- Reinhard Quint

In fiscal 2023, the Supervisory Board received fixed, non-performance-related compensation totaling €312 k (previous year: €312 k), with the total recognized as short-term benefits.

(27) Events after the reporting date

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

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

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

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

Effective January 2, 2024, PCC SE issued a new bond carrying the code ISIN DE000A3511S2 with a maturity date of February 1, 2029. The bond has a coupon of 6.00%.

Effective March 1, 2024, PCC SE issued a new bond carrying the code ISIN DE000A3824R1 with a maturity date of May 1, 2029. The bond has a coupon of 6.00%.

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

Duisburg, April 29, 2024
PCC SE

The Executive Board

Dr. Peter Wenzel

Ulrike Warnecke

Dr. rer. oec. (BY) Alfred Pelzer

Independent Auditor's Report

To PCC SE, Duisburg

Auditor's opinion

We have audited the separate financial statements of PCC SE, Duisburg, which comprise the balance sheet as at 31 December 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year from 1 January 2023 to 31 December 2023, 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 2023, and of its financial performance for the financial year from 1 January 2023 to 31 December 2023.

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 Executive Directors and the Supervisory Board for the Separate Financial Statements

The executive 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 executive 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 (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the separate financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The supervisory 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 annual 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, 30 April 2024

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, May 2024

Forward-looking statements

This financial report contains forward-looking statements which are based on the current estimates and assumptions made by the management with respect to future developments. The accuracy of such statements is subject to risks and uncertainties that lie outside the control and forecasting capability of PCC SE. Examples include future changes in the market environment and underlying economic conditions, the behavior of other market participants, the success with which new acquisitions can be integrated, the realization of anticipated synergy effects, and the actions of governmental agencies. Should such factors of uncertainty or imponderables come into play, or if the assumptions upon which these statements are based prove to be incorrect, the ensuing events could differ materially from those explicitly indicated in or inferred from these statements. PCC SE neither plans nor undertakes to update any forward-looking statements in respect of developments or events occurring after the date of this financial report.