



2021 Separate Financial Statements of PCC SE per IFRS

PCC. Creating value together



Contents

Gender advisory

For the sake of readability, this report may occasionally make reference to people using masculine or feminine pronouns. The neutral singular “they” and “them” may also be used. 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.

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Statement of comprehensive income

Figures in € k	(Note)	2021	2020
Result from participating interests and affiliated companies ¹	(4)	619	-20,920
Other operating income	(5)	7,880	6,947
Other operating expenses	(6)	19,052	12,768
Depreciation and amortization	(7)	802	802
Interest result, net	(8)	-3,776	-3,389
Other financial income (+), expenses (-)	(9)	-518	-1,550
Earnings before taxes (EBT)		-15,649	-32,482
Taxes on income	(10)	295	-2,111
Net result		-15,945	-30,370
Remeasurement of financial assets ²		88	-63,364
Deferred taxes on items recognized in OCI ³		-1	-1,351
Total income and expenses recognized in equity		87	-64,715
Total comprehensive income		-15,858	-95,085

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

2 In accordance with IFRS 9, all financial investments are classified at fair value through other comprehensive income (FVtOCI). Of these, two listed indirect subsidiaries have been measured using the Level 1 approach (based on 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

Figures in € k	(Note)	Dec. 31, 2021	Dec. 31, 2020
Assets			
Non-current assets			
Intangible assets	(11)	233	244
Property, plant and equipment	(11)	3,578	1,966
Right-of-use assets	(21)	6,384	6,862
Non-current financial assets	(12)	1,057,957	1,015,781
Current assets			
Other receivables and other assets	(13)	17,072	18,688
Current financial assets	(12)	6,311	3,927
Cash and cash equivalents	(23)	3,250	4,241
Total assets		1,094,784	1,051,711
Equity and liabilities			
Equity			
Equity	(14)	611,956	630,563
Non-current provisions and liabilities			
Deferred tax liabilities	(19)	2,730	2,305
Non-current financial liabilities	(17)	348,467	338,293
Current provisions and liabilities			
Other provisions	(15)	2,912	1,424
Trade accounts payable	(16)	1,081	1,713
Tax liabilities		484	484
Current financial liabilities	(17)	115,983	72,326
Other liabilities	(18)	11,173	4,601
Total equity and liabilities		1,094,784	1,051,711

Statement of changes in equity

Figures in € k	Subscribed capital	Capital reserve	Revenue reserves/ Other reserves	Other equity items/ OCI	Equity
Jan. 1, 2020	5,000	56	619,738	99,123	723,917
Dividends paid to shareholder and owner	–	–	–3,150	–	–3,150
Reclassifications to equity	–	–	4,882	–	4,882
Total comprehensive income	–	–	–30,370	–64,715	–95,085
Net result	–	–	–30,370	–	–30,370
Other income and expenses recognized in equity	–	–	–	–64,715	–64,715
– Fair value measurement of financial assets	–	–	–	–63,364	–63,364
– Deferred taxes recognized in OCI	–	–	–	–1,351	–1,351
Dec. 31, 2020	5,000	56	591,099	34,408	630,563
Jan. 1, 2021	5,000	56	591,099	34,408	630,563
Dividends paid to shareholder and owner	–	–	–2,750	–	–2,750
Total comprehensive income	–	–	–15,945	87	–15,858
Net result	–	–	–15,945	–	–15,945
Other income and expenses recognized in equity	–	–	–	87	87
– Fair value measurement of financial assets	–	–	–	88	88
– Deferred taxes recognized in OCI	–	–	–	–1	–1
Dec. 31, 2021	5,000	56	572,405	34,495	611,956

Statement of cash flows (condensed)

Figures in € k	2021	2020
Net result	-15,945	-30,370
Depreciation and amortization	802	802
Write-ups of financial assets	-	-1
Write-downs of financial assets	875	72,310
Changes in provisions	1,487	566
Dividend result	-1,494	-17,034
Dividends received	1,494	17,034
Interest result	3,776	3,389
Interest received	796	1,071
Income taxes paid	-264	-269
Increase (+), decrease (-) in value adjustments for receivables and other assets	2,941	71
Gains (-), losses (+) from disposal of non-current assets	-	-34,356
Other non-cash changes	10,988	18,174
Changes in working capital	7,979	-7,222
Cash flow from operating activities	13,436	24,164
Net change from the sale (+)/acquisition (-) of intangible assets	-5	-15
Net change from the sale (+)/acquisition (-) of property, plant and equipment, right-of-use assets and investment property	-1,919	-355
Net change from the sale (+)/acquisition (-) of financial assets	-45,346	-16,635
Cash flow from investing activities	-47,270	-17,005
Dividends paid to shareholder and owner	-2,750	-3,150
Net change in receipts from banks (+)/payments to banks (-) and payments in respect of leases	2,992	-576
Net change from receipts (+)/payments (-) in respect of bonds	31,452	-5,792
Net change from receipts (+)/payments (-) in respect of financial liabilities to affiliated companies	19,386	5,864
Interest paid	-18,238	-17,554
Cash flow from financing activities	32,842	-21,207
Changes in cash and cash equivalents due to cash transactions	-991	-14,048
Cash and cash equivalents at the beginning of the period	4,241	18,289
Cash and cash equivalents at the end of the period	3,250	4,241

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Summary of the main accounting and valuation principles

(1) General disclosures

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

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

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

IFRS Interpretations Committee (IFRS IC), where these were adopted by the European Commission for application in the EU as of the reporting date and where application was mandatory as of December 31, 2021. The financial statements have been prepared on the basis of the going concern principle.

The closing date for preparation of the separate financial statements was December 31, 2021. PCC SE's fiscal year corresponds to the calendar year. The currency employed in the preparation of the separate financial statements of PCC SE is the euro as the reporting currency. Unless otherwise indicated, all amounts are given in thousand euros (€ k), as a result of which rounding differences may occur.

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

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

The Executive Board of PCC SE finalized these financial statements in its meeting of April 28, 2022, whereupon they were presented to the Supervisory Board for examination and approval, and then released for publication.

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

Mandatory standards and interpretations applied for the first time

The Phase 2 amendments to the IASB's Reference Rate Benchmark Reform project facilitate the presentation of changes to contractual cash flows and hedging relationships required by IBOR reform. They thus relate to the actual change of benchmark interest rates.

The amendments to IFRS 16 Leases grant the lessee the option of simplified accounting for concessions, such as the deferral of rental payments or rental discounts granted in connection with the coronavirus pandemic. The lessee may elect not to present the lease concession as a lease modification.

The accounting standards to be applied for the first time as listed in the table have not had any material impact on the separate financial statements of PCC SE.

Standards and interpretations to be applied for the first time Standard/Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
Amendments to IFRS 4 Insurance Contracts: Postponement of IFRS 9 Implementation	January 1, 2021	January 1, 2021
Amendments to IFRS 9 Financial Instruments, IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments – Disclosures, IFRS 16 Leases and IAS 39 Financial instruments – Recognition and Measurement: Interest Rate Benchmark Reform (Phase 2)	January 1, 2021	January 1, 2021
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions after June 30, 2021	April 1, 2021	April 1, 2021

Standards and interpretations for which application is not yet mandatory

The IASB has published standards and interpretations and/or amendments thereto as listed in the following, application of which is not yet mandatory as of fiscal 2021. Some of these standards and interpretations have not yet been adopted into EU law (endorsement mechanism), and have therefore

not been applied by PCC SE. PCC SE is currently determining the extent to which new, not yet mandatory standards and interpretations will influence the separate financial statements. The current expectation is that the standards and interpretations listed as pending application will not have any material impact on the separate financial statements.

Standards and interpretations yet to be applied Standard/Interpretation	Mandatory first-time adoption per IASB as of	Mandatory first-time adoption in the EU as of
IFRS 17 Insurance Contracts	January 1, 2023	January 1, 2023
Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework	January 1, 2022	January 1, 2022
Amendments to IAS 16 Property, Plant and Equipment: Proceeds Before Intended Use	January 1, 2022	January 1, 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	January 1, 2022
Annual Improvements Project Cycle 2018 – 2020	January 1, 2022	January 1, 2022
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 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	January 1, 2023	unknown
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	unknown
Amendments to IFRS 17 Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	unknown
IFRS 14 Regulatory Deferral Accounts	January 1, 2016	no endorsement by EU

(3) Notes to the accounting and valuation principles

Impact of the coronavirus pandemic on the accounting process

Fiscal 2021 was overshadowed by the ongoing coronavirus pandemic. The rising vaccination rate and easing of restrictions triggered by the pandemic in the course of the second quarter led to an interim recovery in the global economy. Companies were able to return to normal operations and, generally, resume full-scale business activities. Government incentives provided an additional boost to the economy. In the second half of the year, another rise, steep in parts, in the number of infections and the associated restrictions dissipated this upward trend. This was compounded by persistent transport and supply bottlenecks and a number of extreme weather phenomena, which impacted economic development worldwide. The economic upturn in 2021 was therefore ultimately not quite as strong as had been forecasted at the end of 2020, but was nevertheless a key factor in the overall development of the past fiscal year.

In 2021, PCC SE and the companies in its investment portfolio focused on continuing the operating activities of the business units within the scope of the coronavirus restrictions, and on resuming activities that had been suspended in 2020 as part of Covid-19 safeguarding measures. These included in particular investments that had been deferred or postponed in the previous year. Among other things, new production capacities in the Surfactants segment for the manufacture of ethoxylates were duly completed and commissioned in 2021.

The impact of the pandemic on the affiliates in PCC SE's diversified investment portfolio was very mixed. The chemicals business proved to be extremely robust overall thanks to high demand leading to correspondingly high capacity utilization of production facilities and significant price increases for many chemical basestocks. The Chemicals division benefited in particular from the resurgence in demand, which had initially declined sharply in the previous year as a result of the Covid-19-related lockdown of entire industrial sectors. Average selling prices increased significantly compared to the previous year. Coupled with rising demand, this upward trend was boosted by partial supply shortfalls due to a lack of import volumes from China, as well as by weather-related production outages in the USA. On the raw material procurement front, however, price levels for intermediate products likewise increased. Nevertheless, the high level of demand prevailing meant that these price increases on the purchasing side could be largely passed on to our own customers, with a correspondingly positive impact on the earnings trend in the Chemicals division ensuing.

Against a backdrop of massive price drops and with plant shutdowns on the part of customers, the silicon metal plant of PCC BakkiSilicon hf., Húsavík (Iceland), resumed production at the beginning of the second quarter of 2021 following a shutdown of its own – implemented partly due to the pandemic. Silicon metal prices rose rapidly in 2021 and peaked at the beginning of the fourth quarter. Toward the end of the year, the selling prices declined again somewhat. However, lower global production capacities including reduced export volumes from China generally meant that the higher price level was sustained.

In the European market for polyether polyols, local plant shutdowns and force majeure-related production interruptions meant our competitors suffered from capacity shortages. This led to selling prices in 2021 rising to a high level. The third quarter also saw a strong increase in selling prices for the chlorine co-products caustic soda lye and caustic soda flakes, with the upward trend further steepening in the fourth quarter of 2021. The rise in commodity prices and the increase in demand also stimulated sales in the trading business of the PCC affiliates.

Conditions in the intermodal transport business, particularly in the container market, remained challenging in 2021. The main reasons for this were the blockade of the Suez Canal caused by a damaged container ship, and temporary closures of container ports due to the pandemic. Despite these disruptions to the market environment, the Intermodal Transport business unit of PCC nevertheless performed outstandingly well.

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

Income recognition

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

Intangible assets

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

Property, plant and equipment

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

in years	2021	2020
Buildings and structures	9–17	9–17
Other facilities, factory and office equipment	3–15	3–15

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

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

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

Borrowing costs

Directly attributable borrowing costs incurred as part of the acquisition, construction or manufacture of a qualifying asset are capitalized as part of the initial cost. They remain capitalized until the asset is ready for its envisaged use, with the relevant cost-of-debt interest rate being duly applied. All other borrowing costs are expensed in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet once PCC SE becomes a contractual party to a financial instrument. Financial assets are derecognized once the contractual rights to payments from the financial assets expire or the financial assets are transferred to another party together with all material risks and rewards. Financial liabilities are derecognized once the contractual obligations are settled, canceled or have expired. Regular-way purchases and sales of financial instruments are recognized as of the transaction date, that is to say the date on which the company commits to the purchase or sale of the asset.

Classification and measurement of financial instruments per IFRS 9

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

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

Financial assets are classified in the aC category if they are held within the framework of a business model geared to the collection of contractual cash flows (strict business model condition). In addition, the asset value must be structured in such a way that it only leads to fixed-term cash flows that represent interest and principal payments on the outstanding nominal amount (cash flow condition). Financial liabilities are generally classified as aC unless they are financial instruments, derivatives or liabilities held exclusively for trading and for which the fair value option has been exercised. At PCC SE, other receivables and other assets as well as receivables and loans reported under non-current financial assets and current financial assets are allocated to the aC measurement category. The shares in the joint ventures OOO DME Aerosol, Pervomaysky (Russia), and PCG PCC Oxyalkylates Sdn. Bhd., Kuala Lumpur (Malaysia), and certain other affiliates are also measured at amortized cost. Cash and cash equivalents likewise fall under this measurement category. All financial liabilities, with the exception of derivatives that are measured at fair value through profit or loss, are also measured at amortized cost. Additions to financial assets and liabilities are measured at fair value, which generally corresponds to the nominal value of the receivable or the loan amount granted. Non-interest-bearing or low-interest-bearing non-current loans and receivables are carried at their present value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of those financial assets or financial liabilities. Financial instruments in the aC category are subsequently measured at amortized cost using the effective interest method. The changes in value are recognized through profit or loss in the statement of income.

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

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

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

All financial instruments that do not meet the entry requirements of the first two categories are generally assigned to the FVtPL category. This includes equity instruments not voluntarily assigned to the FVtOCI category, plus derivatives and all other financial instruments held for trading. In addition, in certain cases the fair value option for the classification of financial instruments may be exercised voluntarily, but irrevocably. Financial instruments in the FVtPL category are measured at fair value both initially and subsequently. The changes in value are recognized through profit or loss in the statement of income. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are immediately recognized through profit or loss.

Financial assets and liabilities are only offset and disclosed as a netted amount in the balance sheet where there is a legal entitlement to do so and the intention is to settle on a net basis or to discharge the associated liability simultaneously with realization of the associated asset.

Impairment of financial assets

For financial assets measured at amortized cost, a provision for expected impairment must be recognized in the balance sheet. For trade accounts receivable, expected default rates (Stage 2 of the impairment model) must be calculated on the basis of historical defaults and future-aligned estimates. If there are objective indications that trade accounts receivable

or other financial assets measured at amortized cost may be impaired, they are individually tested for impairment (Stage 3 of the impairment model). This is the case, for example, if insolvency proceedings have been opened against the debtor of a receivable or if there are other substantial indications of impairment, such as a significant deterioration in creditworthiness. The allowances are recorded via a value adjustment account on the assets side. The gross value and the allowance (value adjustment) are only derecognized when the receivable becomes uncollectible.

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

Cash and cash equivalents

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

Trade accounts payable; overdrafts

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

Provisions

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

Taxes on income

PCC SE recognizes deferred taxes in accordance with IAS 12 for differences between the carrying amounts of assets and liabilities in the balance sheet, and their tax base. Deferred tax liabilities and deferred tax assets are generally 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 at least partially monetized. Deferred income tax assets not recognized in an earlier period are reassessed at each closing date and recognized to the extent that it currently appears probable that future taxable profits will allow monetization of the deferred tax asset.

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

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

Leases

Lease agreements are accounted for in accordance with IFRS 16 Leases. A lease exists if a contract entitles the holder to use an identified asset for a fixed period of time, and where a consideration is paid in return.

Leases in which PCC SE acts as lessee are accounted for using the rights-of-use model. For leases with a term of less than twelve months (short-term leases) and for low-value asset leases, the exemption per IFRS 16.5 is applied, thus eliminating recognition of the right-of-use asset and the lease liability in respect of such contracts. Instead, the payments are recognized as an expense in the statement of income on a straight-line basis.

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

Contractually defined renewal, purchase and termination options ensure future operational flexibility for PCC SE when entering into lease agreements, but also require discretionary decision-making. All current knowledge and future expectations that support the exercise or non-exercise of the options are taken into account when determining the lease term. If it can be assumed with reasonable certainty that the extension option will be exercised, the imputed term also includes such additional periods. Changes of term are considered where, over time, a change occurs in the assessment of the likelihood that the existing option will be exercised or not exercised.

Foreign currency translation

The currency employed in the preparation of the separate financial statements of PCC SE is the euro. Accounts receivable and payable in foreign currencies are measured at the exchange rate prevailing at the time of the transaction. Current foreign currency receivables or payables with a remaining term of one year or less are measured at the year-end rate of exchange. Foreign currency credit balances are measured at the year-end rate of exchange.

Use of assumptions and estimates

Preparation of the separate financial statements as of December 31, 2021 in compliance with IFRSs requires certain estimates and assumptions to be made by the management that influence the amounts attributed to recognized assets, liabilities, contingent assets and contingent liabilities as of the reporting date, and also the income and expenses generated during the fiscal year. The main areas of application for assumptions, estimates and the exercise of discretionary scope are encountered in determining the useful lives of non-current assets, the recognition and measurement of other provisions, and also that of taxes on income. Estimates are also used in determining lease terms and in calculating the discount rate in accounting for leases. In addition, calculation of the fair values of investments for which no market prices are publicly available is based on assumptions and estimates. They are continuously reviewed and may deviate from the actual values and figures that come to light. The carrying amounts of items affected by estimates can be found in the following notes and also in the balance sheet.

Notes to the individual items of the statement of comprehensive income

(4) Result from participating interests and affiliated companies

The result from participating interests and affiliated companies in fiscal 2021 amounted to €619 k (previous year: €-20,920 k). The significant improvement in this income from investments is mainly attributable to two exceptional items in the previous year. Firstly, the loans to PCC BakkiSilicon hf., Húsavík (Iceland), had been impaired in the previous year in the amount of €63,690 k due to uncertain loan repayments. In all, the impairment write-downs on individual financial assets in the investment portfolio amounted to €72,310 k in the previous year. In the year under review, the total was substantially smaller at €875 k. On the other hand, this item in the previous year had included income of €35,702 k resulting from the contribution in

kind of the shares in PCC Rokita SA, Brzeg Dolny (Poland), and the shares in PCC Exol SA, Brzeg Dolny (Poland), to PCC Chemicals GmbH, Duisburg.

Income from participating interests and affiliated companies includes dividend income of €1,494 k (previous year: €17,034 k). The significant decline compared to the previous year is due to the aforementioned intra-Group restructuring of the shares in PCC Rokita SA and PCC Exol SA, which now make their distributions to PCC Chemicals GmbH. For its part, PCC Chemicals GmbH makes its distributions in the following year. The dividend income from the individual affiliates is as follows:

Figures in € k	2021	2020
PCC Trade & Services GmbH	1,000	1,000
PCC Synteza S.A.	221	1,494
PCC IT S.A.	172	157
PCC Energetyka Blachownia Sp. z o.o.	101	225
PCC Rokita SA	-	12,520
PCC Exol SA	-	1,637
Total	1,494	17,034

(5) Other operating income

Figures in € k	2021	2020
Income from costs recharged	7,622	6,296
Income from release of other provisions	37	442
Sundry other operating income	221	208
Total other operating income	7,880	6,947

Other operating income increased by €933 k from €6,947 k in the previous year to €7,880 k in the fiscal year under review. As in the previous year, the largest single item was income from costs recharged, which increased by €1,327 k from €6,296 k in the previous year to €7,622 k this time. This item comprises primarily revenue-based license fees and cost allocations from service charges. Income from the release of other provisions de-

creased by €406 k to €37 k in the reporting year. At €400 k, the greatest portion of this decrease emanates from the voluntary waiver of bonus and royalty payments in the previous year in response to the coronavirus crisis.

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

(6) Other operating expenses

Figures in € k	2021	2020
Personnel expenses	8,972	5,441
Legal, consultancy and audit expenses	3,509	3,086
Increase in individual value adjustments and ECL on receivables	2,954	72
Marketing, selling and distribution expenses	1,030	1,143
Travel and hospitality expenses	942	688
General business expenses	416	342
IT and telecommunication expenses	329	327
License fees and other group charges	119	151
Rent and similar expenses	49	52
Maintenance and repair expenses	49	65
Sundry other operating expenses	682	1,400
Other operating expenses	19,052	12,768

Other operating expenses increased by €6,285 k from €12,768 k in the previous year to €19,052 k in fiscal 2021.

As in the previous year, personnel expenses were the biggest single item under other operating expenses. Personnel expenses increased by €3,531 k year on year, from €5,441 k

to €8,972 k. This is mainly the result of general salary increases, the change in the Executive Board structure, and higher bonus and profit-sharing payments due to the good Group results in fiscal 2021. Specific value adjustments increased by €2,881 k from only €72 k in the previous year to €2,954 k in the reporting year. These mainly relate to the receivable from ZAO PCC Rail, Moscow (Russia), which was written down in the amount of €2,875 k due to reduced

earnings prospects. Legal, consultancy and auditing expenses increased by €423 k year on year to €3,509 k. Travel and hospitality expenses amounted to €942 k, also an increase on the previous year. The higher expenses are mainly due to the fact that many projects were postponed or deferred in the coronavirus year 2020, with business trips being largely eliminated.

(7) Depreciation and amortization

Figures in € k	2021	2020
Amortization of intangible assets	16	27
Depreciation of property, plant and equipment	333	732
Depreciation of right-of-use assets	453	43
Total depreciation and amortization	802	802

Depreciation and amortization remained unchanged year on year at €802 k. The decrease in depreciation of property, plant and equipment and the increase in depreciation of right-of-use assets are due to the change in the presenta-

tion of depreciation of the company airplane. No impairment losses were recognized on intangible assets, property, plant and equipment or right-of-use assets either in fiscal 2021 or in the previous year.

(8) Interest result

Figures in € k	2021	2020
Interest and similar income	14,545	14,248
Interest income on bank balances	–	1
Interest income on loans to affiliated companies	13,242	12,835
Other interest income	1,303	1,413
Interest and similar expenses	18,321	17,637
Interest expenses on bearer bonds	17,544	17,298
Interest expenses on bank liabilities	1	–
Interest expenses on leases	67	32
Expenses from discounting	–	19
Interest expenses on loans to affiliated companies	709	288
Interest result	–3,776	–3,389

The net result from interest income and interest expenses declined versus the previous year by €387 k from €–3,389 k to €–3,776 k in the year under review. As in the previous year, the largest single item was interest expenses on bearer bonds, which increased year on year by €246 k to €17,544 k. PCC SE issues bonds in order, among other things, to fund investments and refinance maturing liabilities.

Under Note (17) Financial liabilities can be found a detailed breakdown of bond liabilities and their tenors.

Interest income on loans to affiliated companies increased from €12,835 k in the previous year to €13,242 k in the reporting year. The rise of €407 k is mainly due to the higher level of such intercompany loans.

(9) Other financial income and expenses

Figures in € k	2021	2020
Exchange rate gains	81	1,208
Exchange rate losses	474	2,690
Other financial expenses	125	68
Total other financial result	–518	–1,550

Gains and losses arising from foreign currency translation differences are recognized under financial result. Both income and expenses from foreign currency translation fell sharply

compared to the previous year. Other financial expenses increased by €57 k to €125 k. The net effect on earnings was €–518 k (previous year: €–1,550 k).

(10) Taxes on income / Tax expense

Figures in € k	2021	2020
Current taxes on income, Germany	- 169	652
Current taxes on income, abroad	41	101
Current income tax expenses	- 128	753
Expenses (+)/income (-) from deferred taxes	423	-2,865
Total taxes on income	295	-2,111
Other taxes incl. VAT and other levies	34	35
Total tax expense (+)/income (-)	329	-2,076

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 tax classes. These are allocated to other operating expenses. PCC SE is subject to the German corporate income tax rate of 15 % plus the solidarity surcharge. PCC SE has tax loss carry-forwards for which no

deferred taxes have been recognized. These can be carried forward indefinitely and amount to € 114.9 million (previous year: € 106.3 million).

The difference between the overall income tax rate of 30 % applicable in Germany for 2021, unchanged versus the prior year, and the effective tax rate is indicated in the following reconciliation statement:

Figures in € k	2021	2020
Earnings before taxes (EBT)	- 15,649	-32,482
Anticipated income tax	-4,695	-9,745
Permanent non-taxable income	-1,419	-40,923
Permanent non-deductible expenses	3,154	108,106
Withholding taxes	41	101
Income (-)/expenses (+) from deferred taxes	423	-2,865
Other effects	17,850	-20,082
Effective income tax	-295	2,111

Notes to the individual items of the balance sheet

(11) Non-current assets

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

Figures in € k	Jan. 1, 2021	Historical cost		Dec. 31, 2021
		Additions	Disposals	
Intangible assets				
Industrial property rights and similar rights	842	5	–	847
Total	842	5	–	847
Property, plant and equipment				
Land and buildings	3,470	–	–	3,470
Other facilities, factory and office equipment	1,163	109	102	1,171
Payments on account and assets under construction	–	1,852	–	1,852
Total	4,633	1,962	102	6,493
Right-of-use assets				
Right-of-use assets	8,713	6,269	8,304	6,677
Total	8,713	6,269	8,304	6,677

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

CONTINUED

Figures in € k	Jan. 1, 2021	Depreciation and amortization		Dec. 31, 2021	Net carrying amount on Dec. 31, 2021
		Additions	Disposals		
Intangible assets					
Industrial property rights and similar rights	597	16	–	614	233
Total	597	16	–	614	233
Property, plant and equipment					
Land and buildings	2,012	201	–	2,213	1,257
Other facilities, factory and office equipment	655	132	85	703	468
Payments on account and assets under construction	–	–	–	–	1,852
Total	2,667	332	85	2,915	3,578
Right-of-use assets					
Right-of-use assets	1,850	453	2,010	293	6,384
Total	1,850	453	2,010	293	6,384
Figures in € k					
Intangible assets					
Industrial property rights and similar rights	570	27	–	597	244
Total	570	27	–	597	244
Property, plant and equipment					
Land and buildings	1,811	201	–	2,012	1,458
Other facilities, factory and office equipment	650	132	127	655	508
Total	2,461	333	127	2,667	1,966
Right-of-use assets					
Right-of-use assets	1,412	438	–	1,850	6,862
Total	1,412	438	–	1,850	6,862

Intangible assets include licenses and similar rights, mainly for software and in respect of the naming rights to the PCC stadium in Duisburg. The total net carrying amounts here decreased from €244 k in the previous year to €233 k as of the 2021 balance sheet date. The change is the result of minor additions and the effect of scheduled amortization.

The net carrying amount of property, plant and equipment grew from €1,966 k in the previous year to €3,578 k in the year under review. The increase is mainly due to the advance payment made for the company airplane.

PCC SE holds leases under the headings Land and buildings and Other facilities, factory and office equipment, incl. vehicle fleet. To ensure flexibility, extension and termination options are sometimes agreed. When determining the term of the agreement, all circumstances and facts are taken into account which, to the best of our current knowledge, have an influence on the exercise of an extension option or the non-exercise of a termination option. When determining lease liabilities and corresponding right-of-use assets, all sufficiently assured cash outflows are taken into account. Classified by underlying asset type, the net carrying amounts of the right-of-use assets totaling €6,384 k (previous year: €6,862 k) break down per year-end as follows:

Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Land and buildings	294	330
Other facilities, factory and office equipment, incl. vehicle fleet	6,090	6,532
Right-of-use assets, net carrying amount	6,384	6,862

The underlying contractual term for leased land and buildings is ten years. Other facilities, factory and office equipment, including the vehicle fleet, are leased for between three and 15 years. This includes the company airplane of PCC SE, for which a sale-and-lease-back agreement was

concluded in fiscal 2021. Classified by underlying asset type, the depreciation charges totaling €453 k (previous year: €438 k) on right-of-use assets in fiscal 2021 break down as follows:

Figures in € k	2021	2020
Land and buildings	36	33
Other facilities, factory and office equipment, incl. vehicle fleet	417	405
Right-of-use assets, depreciation	453	438

(12) Financial assets

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

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

Figures in € k	Dec. 31, 2021		Dec. 31, 2020	
	Non-current	Current	Non-current	Current
Shares in affiliated companies	900,867	–	891,343	–
Shares in joint ventures	16,182	–	3,333	–
Non-current securities	32	–	32	–
Total shares	917,081	–	894,708	–
Loans to affiliated companies	128,000	2,500	110,273	106
Loans to joint ventures	12,549	–	10,473	–
Loans to third parties	327	3,811	327	3,822
Total loans	140,876	6,311	121,073	3,927
Total financial assets	1,057,957	6,311	1,015,781	3,927

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 ignoring the deduction of loans. As in the previous year, the growth rate

assumed was 1.0%. Due to the complex financing structure of PCC BakkiSilicon hf., Húsavík (Iceland), its valuation is based on a more comprehensive model that takes account of the business case over the entire project term. The restructuring of the financing of PCC BakkiSilicon hf., completed with effect from April 7, 2022, has not been included in the valuation as at December 31, 2021. The restructuring had become necessary due to the pandemic-related downtime periods and the resultant change in the underlying economic conditions.

The budget assumptions derive from empirical values and estimates of the various business managements, taking into account centrally defined global positions such as exchange rates, estimates of economic development, market growth or commodity prices, for which purpose external sources were also consulted. Local tax rates of 19% were applied to the Polish companies in the investment portfolio, with rates of 30% being applied to the German companies in the investment portfolio. The tax rates remained unchanged year on year. As in the previous year, the weighted average cost of capital (WACC) was determined on a regional basis. This was 7.2% for Poland (previous year: 6.9%) and 6.3% for Germany (previous year: 5.9%). Changes in the valuation of companies in the investment portfolio are recognized per IFRS in equity under other comprehensive income.

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

Figures in € k	Dec. 31, 2021	Dec. 31, 2020	Absolute change	Relative change
Shares in listed companies¹	414,091	299,102	114,989	38.4 %
PCC Rokita SA	332,962	189,827	143,135	75.4 %
PCC Exol SA	81,129	109,275	-28,146	-25.8 %
Shares in non-listed companies	502,990	595,606	-92,616	-15.5 %
PCC Intermodal SA	221,059	250,589	-29,530	-11.8 %
PCC MCAA Group ²	115,094	143,709	-28,615	-19.9 %
PCC Trade & Services GmbH	36,803	14,983	21,820	>100 %
PCC Synteza S.A.	30,603	13,660	16,943	>100 %
PCG PCC Oxyalkylates Sdn. Bhd.	16,054	3,296	12,757	>100 %
PCC Silicium S.A.	10,801	23,879	-13,078	-54.8 %
PCC Insulations GmbH	10,324	6,771	3,552	52.5 %
PCC Organic Oils Ghana Ltd.	8,636	3,706	4,930	>100 %
PCC Morava-Chem s.r.o.	6,928	5,552	1,376	24.8 %
PCC Consumer Products S.A.	5,288	33,256	-27,968	-84.1 %
PCC Energetyka Blachownia Sp. z o.o.	4,547	7,738	-3,191	-41.2 %
PCC IT S.A.	3,619	4,130	-511	-12.4 %
PCC Prodex GmbH	3,126	6,422	-3,296	-51.3 %
PCC Seaview Residences ehf.	2,592	2,592	-	-
PCC BakkiSilicon hf.	0	40,919	-40,919	-100.0 %
ZAO PCC Rail	0	11,469	-11,469	-100.0 %
Other investments ³	27,516	22,934	4,581	20.0 %
Total	917,081	894,708	22,373	2.5 %

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 as well as sundry shareholdings valued at amortized acquisition cost. Particularly in the case of investments that are newly established or have only recently commenced operations, the acquisition costs – usually in the form of capital measures implemented – are regarded as realistic fair value estimates. Also included is a holding company.

The table above shows the fair values of the investment portfolio of PCC SE. In all, the investment portfolio of PCC SE comprising affiliated companies, joint ventures and securities held as financial investments had a fair value of €917,081 k as of December 31, 2021 (previous year: €894,708 k). Of

this figure, €414,091 k (45.2 %) 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 following table shows the entire investment portfolio of PCC SE.

Name and head office of company	Currency	Exchange rate as of Dec. 31, 2021 1 euro =	PCC SE participating interest in %		2021	2020	Equity in local currency ('000)	Net result in local currency ('000)
			Direct	Indirect				
Abwicklungsgesellschaft TEC artec valves GmbH & Co. KG, Oranienburg	EUR	1.0000	-	-	-	68.85	-	-
AO NOVOBALT Terminal, Kaliningrad	RUB	85.3004	-	100.00	100.00	100.00	163,507.0	10,255.0
Aqua Łososiowice Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	2,587.8	1,271.9
BiznesPark Rokita Sp. z o.o. i.L., Brzeg Dolny	PLN	4.5969	-	-	-	100.00	-	-
Brama Pomorza Sp. z o.o., Gdańsk	PLN	4.5969	7.41	-	7.41	7.41	-1,034.8	-747.0
CATCH66 GmbH, Duisburg	EUR	1.0000	100.00	-	100.00	100.00	-249.0	-141.2
Chemia-Profex Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	66.8	10.6
Chemia-Serwis Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	106.3	18.9
ChemiPark Technologiczny Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	4,226.5	-312.3
Chemi-Plan S.A. i.L., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	-43.3	-21.2
CWB Partner Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	716.5	413.0
distripark.com Sp. z o.o., Brzeg Dolny	PLN	4.5969	50.00	50.00	100.00	100.00	-4,750.8	-212.6
Ekologistyka Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	18,527.2	15.8
Elpis Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	10,241.4	193.7
Fate Sp. z o.o. i.L., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	-64.2	0.0
Gaia Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	50.1	-12.8
GEKON S.A. i.L., Brzeg Dolny	PLN	4.5969	-	-	-	100.00	-	-
GRID BH d.o.o., Sarajevo	BAM	1.9558	-	85.62	85.62	85.62	80.1	1.3
Hebe Sp. z o.o. i.L., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	-134.8	-7.3
IRPC Polyol Company Ltd., Bangkok	THB	37.6530	-	50.00	50.00	50.00	128,694.5	78,181.1
LabAnalytika Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	266.6	102.3
LabMatic Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	3,977.8	1,913.5
LocoChem Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	-25.2	8.4
Logoport Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	126.9	81.8
MCAA SE, Brzeg Dolny	PLN	4.5969	100.00	-	100.00	100.00	82,549.5	-87.0
New Better Industry Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	-46.7	0.0
OOO DME Aerosol, Pervomaysky	RUB	85.3004	50.00	-	50.00	50.00	-801,175.1	-17,687.2
OOO PCC Consumer Products Navigator, Grodno	BYN	2.8826	-	100.00	100.00	100.00	5,712.0	45.3
OOO PCC Consumer Products, Moscow	RUB	85.3004	-	100.00	100.00	100.00	-90,835.6	-5,146.3
Pack4Chem Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	-	-	100.00	-	-
PCC ABC Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	-33.5	-7.7
PCC Apakor Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	99.59	99.59	99.59	14,181.3	4,140.1
PCC Autochem Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	4,326.7	-2,702.4
PCC BakkiSilicon hf., Húsavík	USD	1.1326	86.50	-	86.50	86.50	-47,614.5	-24,031.2
PCC BD Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	-	-	7,812.5	-397.5
PCC Bulgaria EOOD, Sofia	BGN	1.9558	100.00	-	100.00	100.00	24.7	-25.6
PCC Chemax, Inc., Piedmont, SC	USD	1.1326	-	100.00	100.00	100.00	9,636.6	1,497.1
PCC Chemicals GmbH, Duisburg	EUR	1.0000	100.00	-	100.00	100.00	313,337.3	19,005.7
PCC Consumer Products Czechowice S.A. i.L., Czechowice-Dziedzice	PLN	4.5969	-	99.74	99.74	99.74	-16,604.7	-2,733.4
PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny	PLN	4.5969	-	100.00	100.00	100.00	15,000.7	-14,200.1
PCC Consumer Products S.A., Brzeg Dolny	PLN	4.5969	100.00	-	100.00	100.00	-23,626.6	-2,964.4
PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle	PLN	4.5969	84.46	-	84.46	84.46	16,887.1	1,602.4
PCC Exol Kimya Sanayi ve Ticaret Limited Şirketi, Istanbul	TRY	15.2335	-	100.00	100.00	100.00	9,154.2	8,833.0
PCC Exol Philippines Inc. i.L., Batangas	PHP	57.7630	-	99.99	99.99	99.99	unknown	unknown
PCC Exol SA, Brzeg Dolny	PLN	4.5969	-	87.04	87.04	87.45	309,899.2	53,627.9
PCC HYDRO DOOEL Skopje, Skopje	MKD	61.6270	-	100.00	100.00	100.00	-471,680.3	-57,095.9
PCC Insulations GmbH, Duisburg	EUR	1.0000	100.00	-	100.00	100.00	1,212.9	72.5
PCC Integrated Chemistries GmbH, Duisburg	EUR	1.0000	100.00	-	100.00	100.00	5,682.5	-317.5
PCC Intermodal GmbH, Duisburg	EUR	1.0000	-	100.00	100.00	100.00	689.6	147.7
PCC Intermodal SA, Gdynia	PLN	4.5969	98.80	-	98.80	98.80	179,847.2	30,799.1
PCC IT S.A., Brzeg Dolny	PLN	4.5969	100.00	-	100.00	100.00	7,824.0	368.2
PCC Izvorsko EOOD, Sofia	BGN	1.9558	-	100.00	100.00	100.00	-1,381.5	-3.8

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Name and head office of company	Currency	Exchange rate as of Dec. 31, 2021 1 euro =	PCC SE participating interest in %		2021	2020	Equity in local currency (‘000)	Net result in local currency (‘000)
			Direct	Indirect				
PCC MCAA Sp. z o.o., Brzeg Dolny	PLN	4.5969	58.46	40.42	98.88	98.88	137,840.3	23,149.0
PCC MORAVA-CHEM s.r.o., Český Těšín	CZK	24.8580	98.00	2.00	100.00	100.00	48,802.1	5,753.9
PCC NEW HYDRO DOOEL Skopje, Skopje	MKD	61.6270	–	100.00	100.00	100.00	–96,356.4	–32,062.8
PCC Organic Oils Ghana Ltd., Accra	GHS	6.8281	100.00	–	100.00	100.00	–30,026.7	–7,683.4
PCC Packaging Sp. z o.o., Brzeg Dolny	PLN	4.5969	–	–	–	100.00	–	–
PCC Prodex GmbH, Essen	EUR	1.0000	100.00	–	100.00	100.00	–1,445.6	–396.3
PCC Prodex Sp. z o.o., Brzeg Dolny	PLN	4.5969	–	100.00	100.00	100.00	–7,276.5	1,535.3
PCC PU Sp. z o.o., Brzeg Dolny	PLN	4.5969	–	100.00	100.00	100.00	–33,487.8	–9,443.9
PCC Renewables GmbH (formerly: PCC DEG Renewables GmbH), Duisburg	EUR	1.0000	100.00	–	100.00	60.00	17,706.3	549.7
PCC Rokita SA, Brzeg Dolny	PLN	4.5969	–	84.17	84.17	84.17	1,159,872.0	411,768.0
PCC Seaview Residences ehf., Húsavík	ISK	147.6000	100.00	–	100.00	100.00	198,004.1	–32,103.7
PCC Silicium S.A., Zagórze	PLN	4.5969	99.99	–	99.99	99.99	4,376.0	1,751.3
PCC Slovakia s.r.o. i.L., Košice	EUR	1.0000	–	–	–	100.00	–	–
PCC Specialties GmbH, Oberhausen	EUR	1.0000	100.00	–	100.00	100.00	–3,348.0	–189.6
PCC Synteza S.A., Kędzierzyn-Koźle	PLN	4.5969	100.00	–	100.00	100.00	25,689.2	9,527.4
PCC Therm Sp. z o.o., Brzeg Dolny	PLN	4.5969	–	100.00	100.00	100.00	–12,401.1	–3,981.4
PCC Trade & Services GmbH, Duisburg	EUR	1.0000	100.00	–	100.00	100.00	13,662.1	–42.6
PCG PCC Oxyalkylates Sdn. Bhd. (formerly: PCC Oxyalkylates Malaysia Sdn. Bhd.), Kuala Lumpur	MYR	4.7184	50.00	–	50.00	50.00	137,662.0	–3,737.4
PolyU GmbH, Oberhausen	EUR	1.0000	100.00	–	100.00	100.00	345.6	–1,846.5
S.C. Euro-Urethane S.R.L., Râmnicu Vâlcea	RON	4.9490	58.72	–	58.72	58.72	4,000.3	–104.6
S.C. Oltchim S.A. i.L., Râmnicu Vâlcea	RON	4.9490	32.34	–	32.34	32.34	unknown	unknown
Technochem Sp. z o.o., Brzeg Dolny	PLN	4.5969	–	85.80	85.80	85.80	–24.9	–9.1
TRANSGAZ S.A., Rybnik	PLN	4.5969	9.64	–	9.64	9.64	unknown	unknown
TzOW Petro Carbo Chem, Lviv	UAH	30.9226	92.32	–	92.32	92.32	8,508.0	61.1
Vâlcea Chemicals S.R.L. i.L., Bucharest	RON	4.9490	–	–	–	100.00	–	–
ZAO Exol, Nizhny Novgorod	RUB	85.3004	100.00	–	100.00	100.00	–3,885.4	593.1
ZAO PCC Rail, Moscow	RUB	85.3004	100.00	–	100.00	100.00	–558,004.7	15,783.1

Loans

Non-current and current loans totaling €147,187 k (previous year: €125,001 k) as of December 31, 2021 are primarily comprised of loans to affiliated companies in the amount of €130,500 k (previous year: €110,379 k). The increase of €20,122 k in loans to affiliated companies is mainly the

result of newly granted loans to, among others, PCC Bakki-Silicon hf. in the amount of €24,946 k. Loan claims against PCC Organic Oils Ghana Ltd. amounting to €4,930 k were converted into equity. Various loans were also repaid, including from PCC MCAA Sp. z o.o. in the amount of €8,713 k.

(13) Other receivables and other assets

Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Accounts receivable from affiliated companies	13,281	13,984
Payment claim from the sale of shares in affiliated companies	2,458	2,997
Receivables for VAT and other levies	791	514
Prepaid expenses and deferred charges	245	189
Receivables from shareholder	205	246
Sundry other assets	93	758
Other receivables and other assets	17,072	18,688

As in the previous year, other receivables and other assets all had a remaining term of up to one year as of December 31, 2021. The largest single item is receivables from affiliated companies, which showed a slight decrease of € 703 k, from € 13,984 k as of year-end 2020 to € 13,281 k as of December 31, 2021.

The payment claim of € 2,458 k (previous year: € 2,997 k) from the sale of company shares relates to an international investment fund and is in respect of shares in PCC Exol SA. The claim is secured against the sold shares in PCC Exol SA.

Also included is an amount receivable of € 205 k (previous year: € 246 k) arising from a settlement account for transactions with the sole shareholder and Chairman of the Supervisory Board of PCC SE. Any settlement account balance attracts interest at the rate of 6.0 % p.a.

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

(14) Equity

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

Revenue reserves/other reserves include the net loss of PCC SE for the year of € -15,945 k (previous year:

€ -30,370 k). In fiscal 2021, € 2,750 k was distributed to the shareholder and owner out of the retained earnings of PCC SE (previous year: € 3,150 k). This corresponds to a dividend per share amounting to € 0.55 (previous year: € 0.63). Other equity items mainly comprise the fair value of financial investments and deferred taxes attributable to them.

(15) Other provisions

Other provisions rose by €1,487 k year on year, to €2,912 k as of December 31, 2021. This increase is mainly due to personnel accruals for bonus and vacation entitlements amounting to €2,743 k (previous year: €298 k), due to general salary increases, the change in the Executive Board structure, and solid Group earnings in fiscal year 2021. In addition, other provisions include those for year-end accounting and audit expenses in the amount of

€168 k (previous year: €126 k). The provisions reported in the previous year under sundry other provisions for restructuring obligations in connection with the liquidation of PCC Consumer Products Czechowice S.A. i.L. were reversed in full in fiscal 2021. As in the previous year, other provisions are of a short-term nature and current in respect of the year under review. The following table shows the development in other provisions for fiscal 2021.

Figures in € k	Jan. 1, 2021	Utilized	Released	Added	Dec. 31, 2021
Accruals for personnel expenses	298	16	–	2,461	2,743
Provisions for year-end accounting and audit expenses	126	117	–	160	168
Sundry other provisions	1,000	–	1,000	–	–
Total other provisions	1,424	133	1,000	2,620	2,912

(16) Trade accounts payable

Trade accounts payable decreased by €632 k from €1,713 k as of December 31, 2020 to €1,081 k as of December 31, 2021. They consist of trade payables to affiliated

companies of €513 k (previous year: €1,326 k) and to third parties of €568 k (previous year: €388 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. The figure

for the previous year also included minor amounts owed to banks.

Figures in € k	Dec. 31, 2021		Dec. 31, 2020	
	Non-current	Current	Non-current	Current
Bond liabilities	344,805	90,228	337,977	65,604
Bank liabilities	–	–	–	4
Lease liabilities	3,312	355	316	354
Financial liabilities to affiliated companies	350	25,400	–	6,364
Total financial liabilities	348,467	115,983	338,293	72,326

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

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2021
Bond liabilities	90,228	344,805	–	435,033
Lease liabilities	355	3,176	136	3,667
Financial liabilities to affiliated companies	25,400	350	–	25,750
Total financial liabilities	115,983	348,331	136	464,449

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

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

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

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2021
Bond liabilities	92,279	384,652	–	476,932
Lease liabilities	480	3,367	146	3,993
Financial liabilities to affiliated companies	25,439	–	–	25,439
Total financial liabilities	118,199	388,019	146	506,364

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

In 2021, financial liabilities incurred were secured in their entirety by the assignment of claims in the amount of €3,358 k (previous year: €319 k).

Bond liabilities result from the issuance of bonds by PCC SE. The bonds are issued exclusively in euros and carry coupons between 3.0 % and 6.5 % p.a. The following chart provides a tabular analysis of the bonds involved.

Figures in € k	Issue date	Maturity date	Coupon	Issue volume	Dec. 31, 2021	Dec. 31, 2020
DE000A254TZ0	04/01/2020	12/01/2024	4.000 %	35,000	34,503	34,503
DE000A2TSEM3	07/01/2019	10/01/2024	4.000 %	30,000	29,946	29,946
DE000A3H2VU4	11/02/2020	10/01/2025	4.000 %	30,000	29,653	7,681
DE000A3E5S42	05/17/2021	07/01/2026	4.000 %	30,000	29,293	–
DE000A2YN1K5	10/22/2019	02/01/2025	4.000 %	30,000	29,133	29,133
DE000A2LQZH9	07/01/2018	10/01/2023	4.000 %	30,000	28,783	28,783
DE000A2NBJL3	01/01/2019	07/01/2024	4.000 %	25,000	24,985	24,985
DE000A2GSSY5	10/01/2017	07/01/2022	4.000 %	25,000	24,968	24,968
DE000A162AQ4	10/01/2015	10/01/2022	6.000 %	25,000	24,860	24,860
DE000A2YPFY1	12/02/2019	07/01/2025	4.000 %	30,000	23,818	23,818
DE000A2G8670	01/01/2018	04/01/2023	4.000 %	25,000	21,802	21,802
DE000A2NBFT4	10/01/2018	04/01/2024	4.000 %	25,000	21,104	21,124
DE000A2TSTW0	03/01/2019	02/01/2023	3.000 %	25,000	18,447	18,447
DE000A14KJ43	05/01/2015	04/01/2022	6.500 %	35,000	16,181	16,181
DE000A3H2VT6	11/02/2020	07/01/2023	3.000 %	15,000	14,705	3,016
DE000A254TD7	04/30/2020	05/01/2022	3.000 %	20,000	14,631	14,631
DE000A3MQEN8	11/15/2021	12/01/2026	4.000 %	30,000	12,241	–
DE000A3MP4P9	10/01/2021	10/01/2026	4.000 %	10,000	10,000	–
DE000A2G9HY2	04/01/2018	02/01/2022	3.000 %	10,000	9,588	9,588
DE000A3E5MD5	07/01/2021	01/01/2024	3.000 %	10,000	9,545	–
DE000A2YPFX3	12/02/2019	01/01/2024	3.000 %	20,000	4,511	4,511
DE000A3MQEM0	11/15/2021	04/01/2025	3.000 %	10,000	2,336	–
DE000A2AAY85	10/17/2016	07/01/2021	4.000 %	25,000	–	23,187
DE000A2E4Z04	07/01/2017	04/01/2021	4.000 %	25,000	–	19,927
DE000A13SH30	12/01/2014	10/01/2021	6.750 %	20,000	–	19,890
DE000A2YFPD5	10/01/2019	12/01/2021	2.000 %	5,000	–	2,600
Bond liabilities					435,033	403,581

Of the bond liabilities in existence, PCC SE redeemed in full and on maturity a total of four during 2021: ISIN DE000A2E4Z04 in the amount of €19,927 k on April 1, ISIN DE000A2AAY85 in the amount of €23,187 k on July 1, ISIN DE000A13SH30 in the amount of €19,890 k on October 1 and ISIN DE000A2YFPD5 in the amount of €2,600 k on December 1. This resulted in a total repayment volume of €65,604 k for 2021 (previous year: €79,389 k). The issue volume placed by the end of the year totaled €63,415 k.

These funds were used in the course of the year under review for further investments in existing portfolio companies and ongoing projects, and also, in part, for the refinancing of liabilities maturing in 2021.

Of the total bond liabilities of €436,511 k, €1,478 k relates to the accrual of payments received for bonds issued in fiscal 2022. They are reported under other liabilities, so that €435,033 k is disclosed under bond liabilities for 2021.

(18) Other liabilities

Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Liabilities from resolved capital increases	4,674	–
Liabilities from interest payment obligations	4,326	4,224
Payments received in respect of non-issued bearer bonds	1,478	–
Liabilities from wage tax and similar levies	311	108
Liabilities from VAT and similar levies	53	46
Sundry other liabilities	330	223
Other liabilities	11,173	4,601

Other liabilities rose by €6,572 k from €4,601 k as of December 31, 2020 to €11,173 k as of December 31, 2021. The increase is due, firstly to commitments to pay into the capital reserve of PCG PCC Oxyalkylates Sdn. Bhd. an amount of €4,674 k, and secondly to payments received

in respect of non-issued bearer bonds in the amount of €1,478 k. Liabilities from interest payment obligations mainly include interest on bonds which is due at the beginning of the following quarter.

(19) Deferred taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets, liabilities and accruals in the balance sheet, and their tax base. As in the previous year, PCC SE applied a tax rate of 30 % for this purpose.

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.

At PCC SE, deferred tax assets and liabilities are offset and disclosed as netted balances where they involve the same tax authority and where there is an enforceable right to the offsetting of tax liabilities and tax receivables. As in the previous year, there was an excess of deferred tax liabilities amounting to €2,730 k for fiscal 2021 (previous year: €2,305 k).

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

(20) Additional disclosures relating to financial instruments

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

As the Group holding company, PCC SE cooperates with the individual subsidiaries in the management of interest rate, currency and 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 income streams from planned transactions. Currency risks in respect of financial instruments result from the translation at year-end of foreign-currency-denominated financial receivables, loans, cash sums and financial liabilities into the reporting currency of PCC SE. A potential change in the Polish zloty of 10 % would affect equity and annual net earnings to the tune of €2,033 k (previous year: €1,739 k). A change in the exchange rate of the US dollar of likewise 10 % would have an impact on these items of €5,810 k (previous year: €8,648 k).

Interest rate risks: These risks arise as a result of potential changes in the market interest rate, causing fluctuations in the fair value of financial instruments bearing a fixed interest rate, and fluctuations in interest payments in the case of financial instruments bearing a floating interest rate. A potential change in interest rates of 100 basis points would affect the equity and annual net earnings of PCC SE to the tune of €3,310 k (previous year: €3,387 k).

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

Default or credit risks

Default or credit risks arise when contractual partners are unable to meet their contractual obligations. The main contractual partners are affiliated and other companies in the investment portfolio as recipients of long- or short-term loans granted. Given the liquidity criteria applied and a committed regime of constantly monitoring its capital investments, PCC SE does not envisage any unidentified default risk occurring in this domain. The financial asset amounts shown in the balance sheet essentially represent the maximum default risk.

Liquidity risks

Liquidity risks result from income stream fluctuations. Current liquidity is monitored and controlled by a treasury reporting system implemented within PCC SE and the main companies in its investment portfolio based on an IT-supported solution (Treasury Information Platform). In medium- and long-term liquidity planning, liquidity risks are identified and managed at their inception on the basis of simulations of various scenarios.

The possibility of obstacles within the SME bonds market could – at least temporarily – lead to liquidity bottlenecks. This risk is to be countered over the long term through the development of alternative financing sources at the institutional level. Work is also ongoing on using bank loans to partially replace the liquidity loans granted to the affiliated companies.

Financial instruments by class and category

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

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

Figures in € k	Carrying amounts Dec. 31, 2021	Categories ¹			Fair value
		FAaC	FLaC	FVtOCI	
Financial assets					
Shares in affiliated companies	900,867	–	–	900,867	900,867
Shares in joint ventures	16,182	16,182	–	–	16,182
Non-current securities	32	–	–	32	32
Non-current loans	147,187	147,187	–	–	147,187
Cash and cash equivalents	3,250	3,250	–	–	3,250
Financial liabilities					
Bond liabilities	435,033	–	435,033	–	435,033
Lease liabilities	3,667	–	3,667	–	3,667
Liabilities to affiliated companies	25,750	–	25,750	–	25,750
Trade accounts payable	1,081	–	1,081	–	1,081
Figures in € k					
Financial assets					
Shares in affiliated companies	891,343	–	–	891,343	891,343
Shares in joint ventures	3,333	3,333	–	–	3,333
Non-current securities	32	–	–	32	32
Non-current loans	125,001	125,001	–	–	125,001
Cash and cash equivalents	4,241	4,241	–	–	4,241
Financial liabilities					
Bond liabilities	403,581	–	403,581	–	403,581
Bank liabilities	4	–	4	–	4
Lease liabilities	670	–	670	–	670
Liabilities to affiliated companies	6,364	–	6,364	–	6,364
Trade accounts payable	1,713	–	1,713	–	1,713

¹ FLaC = Financial liabilities measured at amortized cost

FAaC = Financial assets measured at amortized cost

FVtOCI = Fair value through other comprehensive income

Figures in € k	2021	2020
Financial assets measured at amortized cost (FAaC)	14,173	-61,978
Financial liabilities measured at amortized cost (FLaC)	-18,753	-20,485
Fair value through other comprehensive income (FVtOCI)	87	23,336

The net gains and net losses from financial instruments comprise valuation results, the carrying amounts of premiums and discounts, the recognition and reversal of impairment losses, currency translation results, and interest, dividends and all other effects on income arising from financial instruments. Financial instruments measured at fair value through profit or loss exclusively comprise results from those that have not been designated as hedging instruments included in a hedging arrangement per IFRS 9. Net gains and losses from financial assets measured at amortized cost include net interest income of €14,545 k (previous year: €14,248 k). Net gains and losses from financial liabilities measured at

amortized cost include a net interest deficit of €-18,446 k (previous year: €-17,706 k). The net gains and losses include a currency result of €-393 k (previous year: €-1,481 k), which is almost entirely attributable to financial assets.

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

Figures in € k	Based on stock market prices (Level 1)	Derived from market data (Level 2)	Based on valuation models (Level 3)	Dec. 31, 2021
Financial assets measured at fair value through other comprehensive income (FVtOCI)	414,091	-	486,808	900,899

Figures in € k	Based on stock market prices (Level 1)	Derived from market data (Level 2)	Based on valuation models (Level 3)	Dec. 31, 2020
Financial assets measured at fair value through other comprehensive income (FVtOCI)	299,102	-	592,273	891,375

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 €-66,800 k or €+84,912 k on equity and the fair values of the share-

holdings measured at Level 3. The five shareholdings with the highest fair value on the valuation date have been used for this analysis. The development of the shares in the investment portfolio, the fair values of which are determined using valuation models (Level 3), is shown in the following table.

Figures in € k	Jan. 1, 2021	Additions	Disposals	Gains/losses through P&L	Transfers	Gains/losses through OCI	Dec. 31, 2021
Affiliated companies	592,241	9,686	–	–	–	–115,151	486,776
Joint ventures	3,333	12,849	–	–	–	–	16,182
Securities	32	–	–	–	–	–	32
	595,606	22,535	–	–	–	–115,151	502,990

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

The additions in relation to the affiliated companies and joint ventures comprise in particular injections of capital. Also included is the acquisition of the 40 % stake previously held by DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, in PCC Renewables GmbH, Duisburg.

The gains and losses recognized through OCI relate to the annual fair value adjustment process. There were no disposals or gains/losses in the statement of income or reclassifications recognized for fiscal 2021.

(21) Leases

Leases in which PCC acts as lessee are accounted for in accordance with the rights-of-use model set out in IFRS 16. For a tabular presentation of the rights of use for the reporting year, please refer to Note (11) Non-current assets. Right-of-use assets in the amount of €6,384 k are offset by lease

liabilities of €3,667 k as of the balance sheet date. These are reported under financial liabilities. For further details, please refer to Note (17) Financial liabilities. The maturity structure of payment obligations under leases is shown in the following table.

Figures in € k	Rem. term up to 1 year	Rem. term 1 to 5 years	Rem. term more than 5 years	Dec. 31, 2021
Minimum lease payments	480	3,367	146	3,993
Interest element	125	191	10	326
Present value	355	3,176	136	3,667

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

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 con-

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

Figures in € k	2021	2020
Expenses for short-term leases with a term of less than twelve months	47	49
Expenses for leases of assets of minor value not included in the short-term leases referred to above	2	2
Interest expenses for lease liabilities	67	32

There were no significant expenses from variable lease payments, nor was there any income from subleases. In total, the outflow of funds from lease agreements amounted to

€2,055 k in the past fiscal year (previous year: €813 k). The increase is due in particular to special lease payments at the beginning of a sale-and-lease-back agreement.

(22) Contingent liabilities

As of the reporting date, contingent liabilities amounted to €121,439 k (previous year: €86,208 k). These relate primarily to guarantees issued in respect of affiliated companies. Owing to the results of operations of the individual entities and the positive development potential that exists, utilization is unlikely. The increase compared to the previous year is attributable to the newly issued guarantee to the bank financing the development of a production plant by PCG PCC Oxyalkylates Sdn. Bhd.

Under agreements dated January 27, 2022, the company guarantees, in the form of letters of comfort, the future solvency and elimination of overindebtedness of CATCH66 GmbH, Duisburg, and PCC Prodex GmbH, Essen. The rights under these letters of comfort can be exercised until June 30, 2023. From the current perspective, the company's Executive Board does not expect any claims to be asserted.

(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, and checks) shown in the balance sheet. In the event of changes in the investment portfolio arising from the purchase or sale of entities, the purchase price paid or received, less the financial funds acquired or sold, is recognized under cash flow from investing activities. If the acquisition or disposal of shares in a subsidiary takes place without a change in control, such transactions are disclosed as financing activities.

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

The following reconciliation statement shows changes in financial liabilities disclosed as cash inflows or outflows under cash flow from financing activities. The cash-effective

changes amounted to €48,846 k in the reporting year (previous year: €-709 k).

Figures in € k	Jan. 1, 2021	Non-cash changes			Dec. 31, 2021
		Cash-effective changes	Interest accrued	Other changes	
Bond liabilities	403,581	31,452	–	–	435,033
Bank liabilities	4	–4	–	–	–
Lease liabilities	670	–1,988	67	4,917	3,667
Financial liabilities to affiliated companies	6,364	19,386	–	–	25,750
Financial liabilities	410,620	48,846	67	4,917	464,449

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

Capital structure management

The purpose of capital structure management is to remain financially flexible so that the business portfolio can be effectively further developed and strategic options exploited. The object of financial policy is to secure liquidity and solvency, limit financial risks and optimize capital costs. The primary metric applied is that of the equity ratio. The gear-

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

Figures in € k	Dec. 31, 2021	Dec. 31, 2020
– Cash and cash equivalents	3,250	4,241
+ Bond liabilities	435,033	403,581
+ Bank liabilities	–	4
+ Lease liabilities	3,667	670
+ Financial liabilities to affiliated companies	25,750	6,364
Net debt	461,200	406,378

Net debt increased by €54,821 k to €461,200 k in the year under review. This is mainly due to the increase in bond liabilities, which represent the main financing instrument of PCC SE, and also the rise in liabilities to affiliated companies.

Due to the increase in financial liabilities, the equity ratio, i.e. equity expressed as a share of total capital, decreased to 55.9 % in the year under review (previous year: 60.0 %). However, this still significantly exceeds the preset target of 50 %. The gearing ratio of debt to equity increased year on year to 0.79 (previous year: 0.67).

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 of the Executive Board, please refer to the disclosures under Note (26) Corporate bodies. For compensation of the Supervisory Board, again 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. Open positions as of the end of the fiscal year are not secured, are non-interest-bearing and will be settled in cash. There are no guarantees covering receivables from related parties or entities or payables to related parties or entities.

Other receivables and other assets include a claim against the sole shareholder of PCC SE in the amount of €205 k (previous year: €246 k). This receivable is short-term in nature and, as in the previous year, carries an interest rate of 6.0 % p.a.

As of December 31, 2021, PCC SE had receivables from affiliated companies totaling €143,781 k (previous year: €124,363 k). These relate to non-current loans and current loan receivables, other receivables and other assets. The financing arrangements involving affiliated companies carry interest rates ranging between 4.0 % p.a. and 10.0 % p.a., with terms of one to 18 years.

Loan receivables from the joint venture OOO DME Aerosol amounted to €12,549 k at the reporting date (previous year: €10,473 k). As in the previous year, the interest rate charged is 10.0 % p.a. The loans were granted for the development and construction of a dimethyl ether plant on the production site of the joint venture partner.

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

Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Accounts receivables from related parties		
Affiliated companies	143,781	124,363
Joint ventures	12,549	10,473
Other entities	3,811	3,822
Liabilities to related parties		
Affiliated companies	26,613	7,690

(25) Employees

In fiscal 2021, PCC SE had an average of 70 employees comprised of 68 permanent staff and two temporary staff. The

average in the previous year was 69 employees, of whom 67 were salaried employees, with two temporary staff.

(26) Corporate bodies

At the Extraordinary General Meeting of PCC SE on August 10, 2021, a resolution was passed to amend the Articles of Association so as to provide for a new management structure comprising an Executive Board and a Supervisory Board. The new structure replaces the previous system consisting of an Administrative Board and Managing Directors. The two new bodies are strictly separate in terms of personnel. With this reorganization, PCC SE is preparing long-term for a generational change in its Group management while generally strengthening the governance structure of the company. The new arrangement further serves to strengthen our strategic focus on sustainable development as a key issue of the future. The amendment to the Articles of Association came into force on August 31, 2021, when it was entered in the Commercial Register.

The corporate bodies of PCC SE are as follows:

Executive Board (since August 31, 2021):

- Dr. Peter Wenzel, CEO; lead responsibilities: Business Development, Project Development, Sustainability
- Ulrike Warnecke; lead responsibilities: Finance, Human Resources, Public Relations
- Dr. rer. oec. (BY) Alfred Pelzer, lead responsibilities: Chemicals Production, Logistics, Sales

The members of the Executive Board and its predecessor Managing Directors received remunerations totaling €2,344 k in fiscal 2021 (previous year: €456 k) comprised of non-performance-related compensation of €574 k and performance-related compensation of €1,770 k, with the full amount being accounted for as short-term employee benefits.

Supervisory Board (since August 31, 2021):

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

The Supervisory Board and its predecessor Administrative Board received fixed, non-performance-related compensation totaling €199 k in fiscal 2021 (previous year: €145 k), with the full amount being accounted for as short-term employee benefits.

Managing Directors (until August 30, 2021):

- Ulrike Warnecke; lead responsibilities: Finance, Human Resources, Public Relations
- Dr. rer. oec. (BY) Alfred Pelzer, lead responsibilities: Chemicals Production, Logistics, Sales

Administrative Board (until August 30, 2021):

- Dipl.-Volkswirt Waldemar Preussner, Chairman of the Administrative Board
- Dr. rer. oec. (BY) Alfred Pelzer, Vice Chairman of the Administrative Board
- Reinhard Quint

Dr. Alfred Pelzer received no separate compensation in his function as Vice Chairman of the Administrative Board.

(27) Events after the balance sheet date

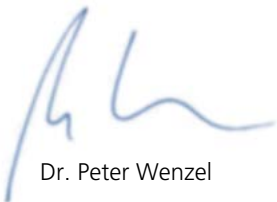
The bond carrying the ISIN code DE000A2G9HY2 issued by PCC SE with a placed volume of €9.6 million was redeemed in full as of February 1, 2022. It was issued on April 1, 2018 with a coupon of 3.0 % p.a.

The bond carrying the ISIN code DE000A14KJ43 issued by PCC SE with a placed volume of € 16.2 million was redeemed in full as of April 1, 2022. It was issued on May 1, 2015 with a coupon of 6.5 % p.a.

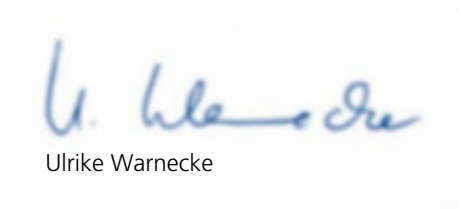
There is currently uncertainty with regard to the war in Ukraine and the resulting economic consequences. Political and regulatory measures may have a direct or indirect impact on the global economy and thus also on the business activities of the affiliated companies of PCC SE. Developments in this regard are being continuously monitored, with changes being taken into account accordingly in our risk assessment activities. The impact on business performance as a whole cannot be estimated with sufficient accuracy at present.

Duisburg, April 28, 2022
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 statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year from 1 January 2021 to 31 December 2021, 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 2021, and of its financial performance for the financial year from 1 January 2021 to 31 December 2021.

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 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,

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

as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the 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, April 29, 2022

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stefan Sinne	Marianne Reck
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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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 2022

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 changes in the market environment and underlying economic conditions, the behavior of other market participants, the success with which new acquisitions can be integrated, the realization of anticipated synergy effects, and the actions of governmental agencies. Should such factors of uncertainty or imponderables come into play, or if the assumptions upon which these statements are based prove to be incorrect, the ensuing events could differ materially from those explicitly indicated, implied in or inferred from these statements. PCC SE neither plans nor undertakes to update any forward-looking statements in respect of developments or events occurring after the date of this report.

