

- **PCC SE significantly exceeds earnings and sales expectations with high rates of growth in the second quarter of 2022**
- **PCC Group sales increase by 49.0 % to €668.1 million in the first half of 2022**
- **Half-year EBITDA of the PCC Group increased by around two-thirds to €143.0 million**
- **Operating profit more than doubled, pre-tax profit tripled**
- **Progress in collaborative development project with Fraunhofer ISE**
- **Redemption of maturing bond**

Overall Business Development

The PCC Group again performed exceptionally well in the second quarter of 2022, with revenue and earnings significantly outstripping expectations. Group sales amounted to €322.8 million, just below the level of an already very good first quarter (€345.3 million). At the end of the first half of the year, cumulative consolidated sales amounted to €668.1 million. Year on year, this represents an increase of almost 50%. Our sales targets were also far exceeded. The main reason for this development was persistently high average selling prices, these likewise significantly exceeding our expectations, especially for the chlorine co-product caustic soda and other chlorine derivatives, and also for surfactants. On the earnings side, both the very good prior-year figures and our high expectations for both the second quarter and the first half of 2022 were likewise far exceeded overall. Gross profit amounted to €120.6 million in the second quarter and thus improved to €249.1 million in the first half of the year (previous half year: €163.6 million). Earnings before in-

terest/financial result, taxes, depreciation and amortization (EBITDA) amounted to €67.1 million in the second quarter, accumulating to €143.0 million in the first half of the year, an improvement of 65.9% over the prior-year period (€86.2 million). Operating profit (EBIT) came in at €49.0 million in the second quarter of 2022, with EBIT for the half year totaling €107.1 million, more than doubling the corresponding prior-year figure (€50.8 million). Earnings before taxes (EBT) amounted to €49.8 million in the second quarter and rose to €100.9 million for the first half of the year, three times the corresponding prior-year figure of €33.7 million. Consequently, EBT in the PCC Group at the end of the first half of 2022 was already higher than the total of €91.7 million achieved in the record year of 2021. As a result of the continued high raw material purchase prices combined with high storage volumes – a precautionary measure due to the ongoing transport and supply chain problems – working capital remained significantly higher than expected. Nevertheless, thanks to the strong EBITDA number, there was a gratifying year-on-year increase in operating cash

flow from €43.4 million to €57.9 million as of June 30.

Segment Performance



Polyols & Derivatives

The Polyols & Derivatives segment again posted substantially positive sales and earnings in the second quarter of 2022. The main revenue and earnings driver of this segment remained the Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), with its Polyether Polyols. Demand for these polyols, which – contrary to our expectations – remained at a high level in the initial months of 2022, weakened in the course of the second quarter. This was particularly true of demand from the furniture industry. Nevertheless, the aforementioned business unit also closed the second quarter of 2022 well in the black and better than expected, albeit without matching the historically good results of the previous year. By contrast, the performance in the Polyester Polyols business area improved compared to the first quarter and also compared to the corresponding period of the previous year

as a result of seasonally higher sales to the construction industry. The Thermal Insulation Panels, Specialty Foam Blocks and Polishing Discs business areas again posted losses in the second quarter of 2022. In particular, the Thermal Insulation Panels business again performed well below our expectations, mainly due to the still pending ETA certification ("European Technical Approval"). This certification is regarded as generally accepted proof of the technical usability of construction products within the meaning of the Construction Products Regulation in the Member States of the EU. For many potential customers in the EU, it is an indispensable prerequisite for the use of building materials. The granting of the ETA, which is now expected in the third quarter of 2022, should give a strong boost to sales and earnings development in the Thermal Insulation Panels business in the ensuing months. PCC Syn-teza S.A., Kędzierzyn-Koźle (Poland), started manufacturing polyol-based specialty chemicals together with the Oberhausen-based start-up PolyU GmbH at the beginning of the second quarter. This expansion means that the PCC Group has been able to complement its product portfolio and access new areas of application for its products. PCC Syn-teza S.A.'s "traditional" alkylphenol business continued to generate success in the second quarter of 2022, appreciably exceeding both the historically good prior-year figures and the sales and earnings expectations for the first half of 2022. Toward the end of the second quarter, however, there were signs of a decline in demand for alkylphenols.

Surfactants & Derivatives

The Surfactants & Derivatives segment once again posted a very successful

business performance in the second quarter of 2022. The largest affiliate in this segment, PCC Exol SA, Brzeg Dolny, continued to benefit from significantly higher sales volumes, especially for its feedstock materials for the cleaning and personal care industries. Demand for specialty products for industrial applications also remained at a high level. The significantly better availability of input materials (especially ethylene oxide) compared to the previous year also had a positive effect. From May onward, moreover, raw material purchase prices began to follow a downward curve. This was especially true for palm kernel oil, a key feedstock in the production of fatty alcohols, the second main raw material for surfactant production. The main reasons for this development were the lifting of export restrictions for crude palm kernel oil (CPKO) by the Indonesian government, accompanied by a temporary decline in demand for CPKO in Asia due to the coronavirus pandemic. As a result, PCC Exol SA closed the second quarter and the first half of 2022 in clearly positive territory overall, with figures substantially above those of the previous year. At the US subsidiary PCC Chemax, Inc., Piedmont (SC), sales and earnings also developed extremely positively as a result of strong demand in the USA, again exceeding both the levels of the previous year and our expectations. Although sales and earnings in the Consumer Products business area, now newly integrated into the Surfactants & Derivatives segment, slightly improved compared to the previous quarter, it continued to operate at a deficit in the second quarter. However, the exceptionally good results of PCC Exol SA and PCC Chemax, Inc. well outweighed these losses. In the meantime, the largest affiliate in the Consumer Products business area, PCC Consumer Products

Kosmet Sp. z o.o., Brzeg Dolny, has renegotiated its contracts with its largest customer, achieving more favorable conditions, which should lead to an improvement in the earnings situation at this company in the ensuing months.

Chlorine & Derivatives

The second quarter of 2022 saw the Chlorine & Derivatives segment build further on its previous strong performance. With high demand for chlorine and chlorine derivatives continuing, the average selling prices for all chlorine and chlorine follow-on products remained at a high level, accentuated by the closure of production facilities in Ukraine. Despite a scheduled production shutdown of several days for maintenance and repair work in May 2022, the Chlorine business unit of PCC Rokita SA therefore closed the second quarter of 2022 very successfully, with levels significantly above those of the previous year. This also applies to the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA, managed within the Chlorine & Derivatives segment since the beginning of the year. Sales of certain phosphorus-based flame retardants declined in the course of the second quarter, partly due to increasing competition from China. For other areas of application, however, sales figures rose sharply, with correspondingly positive effects on the revenue and earnings performance of this business unit. At our monochloroacetic acid manufacturer PCC MCAA Sp. z o.o., sales volumes and average selling prices in the second quarter also continued to exceed our expectations. Further improvements in the production process likewise had a positive effect. As a result, this affiliate also ended the second

Key financials by segment	(per IFRS)	Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
		Q2/2022	6M/2022 ⁵	6M/2021	Q2/2022	6M/2022	6M/2021	Q2/2022	6M/2022	6M/2021	Q2/2022	6M/2022	6M/2021
Sales ¹	€ million	68.4	137.2	129.1	60.9	118.3	73.8	80.4	161.4	95.2	28.0	73.5	6.2
EBITDA ²	€ million	11.4	25.9	44.6	10.8	21.9	7.9	34.8	65.9	24.9	4.6	17.5	0.3
EBIT ³	€ million	10.1	23.3	42.1	9.7	19.8	6.1	30.1	56.5	14.1	0.3	9.0	-7.6
EBT ⁴	€ million	9.8	22.7	41.2	8.6	18.1	4.4	29.9	56.4	12.5	0.5	7.2	-15.4
Employees	(at June 30)	354	354	345	499	499	516	455	455	493	218	218	198

Notes: Consolidation effects not separately shown. Rounding differences possible. Quarterly and cumulative figures unaudited. Subject to change without notice. | 1 The sales indicated relate exclusively to net external sales; consolidation procedures have already been taken into account. | 2 EBITDA (earnings before interest/financial result, taxes, depreciation and amortization) | 3 EBIT (earnings before interest/financial result and taxes) = Operating profit = EBITDA - depreciation and amortization | 4 EBT (earnings before taxes) = Pre-tax profit = EBIT - interest/financial result | 5 "M" = months



Membrane electrolysis plant of the Chlorine business unit of PCC Rokita SA at our Polish production site in Brzeg Dolny: Early on, in 2015, we completely switched over our chlorine production process to the environmentally compatible and energy-saving membrane technology that is now binding in the EU.

quarter of 2022 with a very successful set of figures coming in above those of an already extremely good previous year, despite also enduring a scheduled production shutdown lasting several days in May 2022.

Silicon & Derivatives

The Silicon & Derivatives segment also posted a positive business performance in the second quarter, albeit without matching the exceptionally successful figures of the previous quarter. Selling prices for silicon metal came under pressure in the course of the second quarter due to declining demand,

including from the aluminum industry, which is heavily dependent on the automotive sector. In addition, volumes from China returned to increasingly penetrate the European market. In anticipation of further falling prices, many customers from other areas of application were therefore initially reluctant to buy in stock. At the same time, commodity purchase prices, including for coal, and transport costs rose sharply as a result of the Ukraine war. Despite this difficult market environment, PCC BakkiSilicon hf., Húsavík (Iceland), closed the second quarter of 2022 with another positive performance, although remaining below our expectations. Gratifyingly, the long-planned restructuring of the financing of this affil-

iate was finally successfully implemented in the second quarter. As part of this restructuring, shareholder loans from PCC SE, Duisburg, and co-shareholder Bakkastakkur (a merger of Icelandic pension funds) were converted into equity. PCC SE's share in PCC BakkiSilicon hf. decreased from 86.5% to 65.4% as a result of this transaction, matched by an increase in the co-shareholder's share to 34.6%. The now significantly lower level of indebtedness of PCC BakkiSilicon hf., coupled with the lower interest burden, will, however, have a positive effect not only on this affiliate itself, but also on the PCC Group as a whole. In addition to PCC BakkiSilicon hf., the affiliate PCC Silicium S.A., Zagórze (Poland), is also managed within the Silicon & Derivatives segment as a quartzite supplier for silicon metal production. Its performance in the second quarter of 2022 was likewise clearly above that of the previous year and also exceeded our expectations. PCC Silicium S.A. benefited not only from regular quartzite shipments to Iceland, but also from the continued high demand for quartzite for the ferroalloy industry and for ballast for the construction of roads and railroad tracks.

Trading & Services

The Trading & Services segment generated net external sales of **€51.8 million in the second quarter of 2022**. The main revenue driver in this segment is the commodity trading company PCC Trade & Services GmbH, Duisburg, which also ended the second quarter in clearly positive territory. Both sales and earnings were well above expectations and exceeded the already good prior-year figures. In the second quarter, PCC Trade & Services GmbH worked with the utmost

Key financials by segment (per IFRS)	Trading & Services			Logistics			Holding & Projects			PCC Group totals		
	Q2/2022	6M/2022 ⁵	6M/2021	Q2/2022	6M/2022	6M/2021	Q2/2022	6M/2022	6M/2021	Q2/2022	6M/2022	6M/2021
Sales ¹ € million	51.8	112.5	89.8	32.7	64.4	53.4	0.6	0.9	0.9	322.8	668.1	448.4
EBITDA ² € million	-1.4	0.5	0.2	6.6	11.6	9.7	0.6	-0.1	-1.3	67.1	143.0	86.2
EBIT ³ € million	-4.3	-5.3	-5.4	3.0	4.5	3.6	0.2	-0.9	-2.1	49.0	107.1	50.8
EBT ⁴ € million	-2.8	-2.1	-6.5	7.7	7.4	3.5	122.4	119.7	15.0	49.8	100.9	33.7
Employees (at June 30)	1,070	1,070	1,031	641	641	595	89	89	86	3,326	3,326	3,264

Notes: Consolidation effects not separately shown. Rounding differences possible. Quarterly and cumulative figures unaudited. Subject to change without notice. | 1 The sales indicated relate exclusively to net external sales; consolidation procedures have already been taken into account. | 2 EBITDA (earnings before interest/financial result, taxes, depreciation and amortization) | 3 EBIT (earnings before interest/financial result and taxes) = Operating profit = EBITDA - depreciation and amortization | 4 EBT (earnings before taxes) = Pre-tax profit = EBIT - interest/financial result | 5 "M" = months

urgency in order to ship the cargos already in its control in Ventspils (Latvia) and in Kaliningrad (Russia) to Western Europe for the purpose of fulfilling legacy contracts. The last quantities of Russian anthracite were loaded at the beginning of July. The rental agreement for the storage tank in Ventspils has since been terminated and the first staff reduction measures have been initiated. At the same time, alternative sources of supply were duly investigated, leading to the conclusion of initial contracts. Deliveries of raw materials from Poland to Ukraine remained at a very high level in the second quarter and sales in the MENA region were also further expanded. The Turkish sales company PCC Exol Kimya, Istanbul, and the online trading platform distripark.com, Brzeg Dolny, closed both the second quarter and the first half of the year on a positive note, with performance levels above those of the previous year. The Trading & Services segment also manages various service companies, including the Energy business unit of PCC Rokita SA. The combined heat and power plant of this business unit, which supplies district heating to the Brzeg Dolny municipality in addition to serving our site there, has been operated exclusively with Polish coal since the outbreak of the war in Ukraine. The Energy business unit also posted losses in the second quarter, due among other things to the increasing cost of CO₂ certificates. At various other service companies, higher personnel expenses together with, for example, higher charges for externally sourced services, materials and transport, had a negative impact on earnings.

Logistics

The Logistics segment posted net external sales of €32.7 million in the second quarter of 2022. The figure

was thus significantly higher than in the previous year and also exceeded our expectations for the current fiscal year. Still the dominant company in this segment, PCC Intermodal SA, Gdynia (Poland), was able to significantly improve its performance compared to the previous quarter. However, the earnings expectations set for the first half of 2022 were not fully achieved. Ongoing disequilibrium on the international container market and increased costs for container removal by truck constitute the main reasons for this development. In addition, the establishment of a regular transport connection from the Ukrainian-Polish border to the Polish seaports was significantly more problematic than expected due to the sometimes chaotic conditions in the border area and partial congestion of the Polish ports. In the medium term, however, this regular service is to be expanded from three to six trains per week. An increase in weekly services is also planned for routes from Poland to Rotterdam and Antwerp. The results of the tanker haulage company PCC Autochem Sp. z o.o., Brzeg Dolny, were again burdened in the second quarter of 2022 by higher costs for diesel and tank truck cleaning services, and also for personnel, especially drivers. Nevertheless, at the end of June 2022, this company posted a marginally positive result, at least at the operating level. At ZAO PCC Rail, Moscow, which operates exclusively within Russia, sales and earnings continued to be positive and better than in the previous year at the operating level due to increased freight car tariffs. As a result of the significant appreciation of the Russian ruble in the second quarter of 2022, ZAO PCC Rail also posted high non-cash foreign currency gains at the end of the quarter, which also had a positive impact on the segment's overall pre-tax result.



Holding & Projects

As expected, the Holding & Projects segment achieved an extremely positive pre-tax result in the second quarter of 2022. This is mainly due to the dividends received by the holding company PCC SE and the intermediate holding company PCC Chemicals GmbH, Duisburg, in the second quarter. Such intra-Group dividend income has no impact on consolidated net income. The remaining affiliates in this segment are predominantly project companies or companies that operate little or no business of their own and are therefore loss-making.

Progress in collaborative development project with Fraunhofer ISE

On April 1, 2022, a new research associate from PCC SE started her work at the Fraunhofer Institute for Solar Energy Systems ISE in Freiburg (Germany). This collaboration is geared to the development of a high-tech material for more powerful lithium-ion batteries capable of offering significantly longer mileages and shorter charging times in, for example, electric cars. The starting material used is our silicon metal manufactured by PCC BakkiSilicon hf. in Iceland under sustainable and climate-friendly conditions, exclusively using green electricity generated from geothermal energy.

Redemption of maturing bond

On July 1, 2022, PCC SE repaid on maturity the 4.00% bond carrying the code ISIN DE000A2GSSY5 issued in October 2017. The redemption amount was €25.0 million.

Duisburg, August 2022

Published by

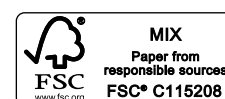
PCC SE
Moerser Str. 149
47198 Duisburg
Germany
www.pcc.eu

Public Relations contact

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

Direktinvest contact

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



Visit PCC SE
on Facebook



Image rights held by PCC SE.
You will find this quarterly report and further information on our website at www.pcc.eu

Note: The consolidated financial statements of PCC SE and also the annual financial statements of PCC SE (holding company) and its subsidiaries are audited once a year as of December 31 by an appropriately appointed auditor / certified public accountant. Interim figures are not audited. **Disclaimer:** This quarterly report contains forward-looking statements based on the current planning, estimates and forecasts of the management of PCC SE and its subsidiaries, and other information currently available. Forward-looking statements should not be regarded as guarantees of the future developments or results referred to therein. All such future developments and results are dependent on a large number of different factors and are accompanied by various risks and uncertainties. They are based on assumptions which may prove to be inaccurate. PCC SE neither undertakes nor intends to adapt such forward-looking statements to future results or developments, nor does it plan to update them as new information comes to light. PCC SE publishes its latest financial information on the internet at www.pcc-financialdata.eu / www.pcc-finanzinformationen.eu.