Annual Report

2023

MOVING YOUR WORLD

LUBRICANTS. TECHNOLOGY. PEOPLE.
FUCHS

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The figures in parentheses refer to the same period of the previous year. Percentages refer to full millions.

"What moves us moves the world. This is because we adapt our highly specialized lubricants perfectly to the needs of our customers, thereby increasing their efficiency and the quality of their products. We see challenges such as the climate crisis or the shift in mobility as a mandate for new innovations, and with our unconditional reliability, we always find a solution."

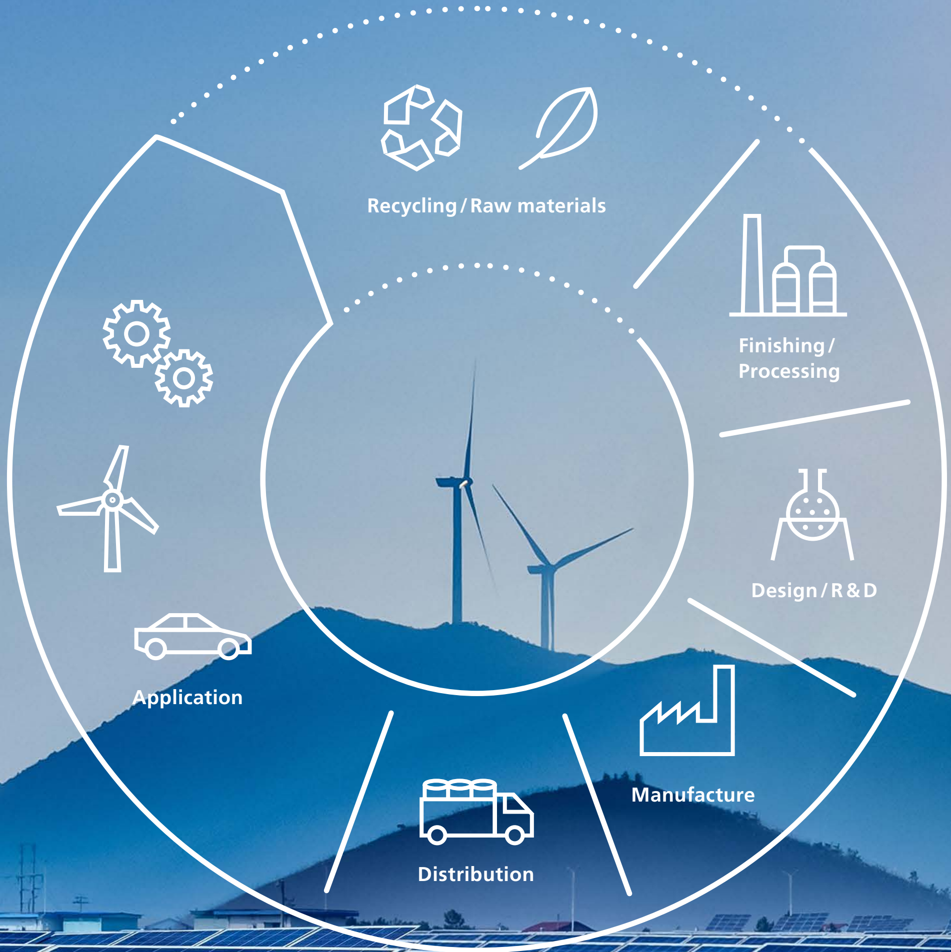
Stefan Fuchs, Chairman of the Executive Board

80%

fewer test components in the development of new lubricants

Setting the course for the future

At FUCHS, new lubricants are no longer produced under the microscope, but in front of a monitor. Thanks to artificial intelligence and large amounts of data, we have been able to use simulation methods in selected projects to predict how lubricants and components will behave under a wide range of conditions. Therefore, up to 80 percent of possible ingredients can be excluded directly on the computer. This saves a lot of time and money and also allows us to use readily available and sustainable raw materials in our products in a very targeted manner.



Climate neutrality by

2040

Sustainability? Excellent!

The protection of our resources is a central issue for us. That is why we are not waiting, but acting now. With our Advanced Circular Technology (ACT) program, we are working to completely transform the value chain from a linear structure to a circular one. We are gradually moving from fossil fuels to recycled and bio-based raw materials, combining sustainability with performance for our customers. An exemplary strategy that won the prestigious sustainability prize “Global Transition Award” in 2023.

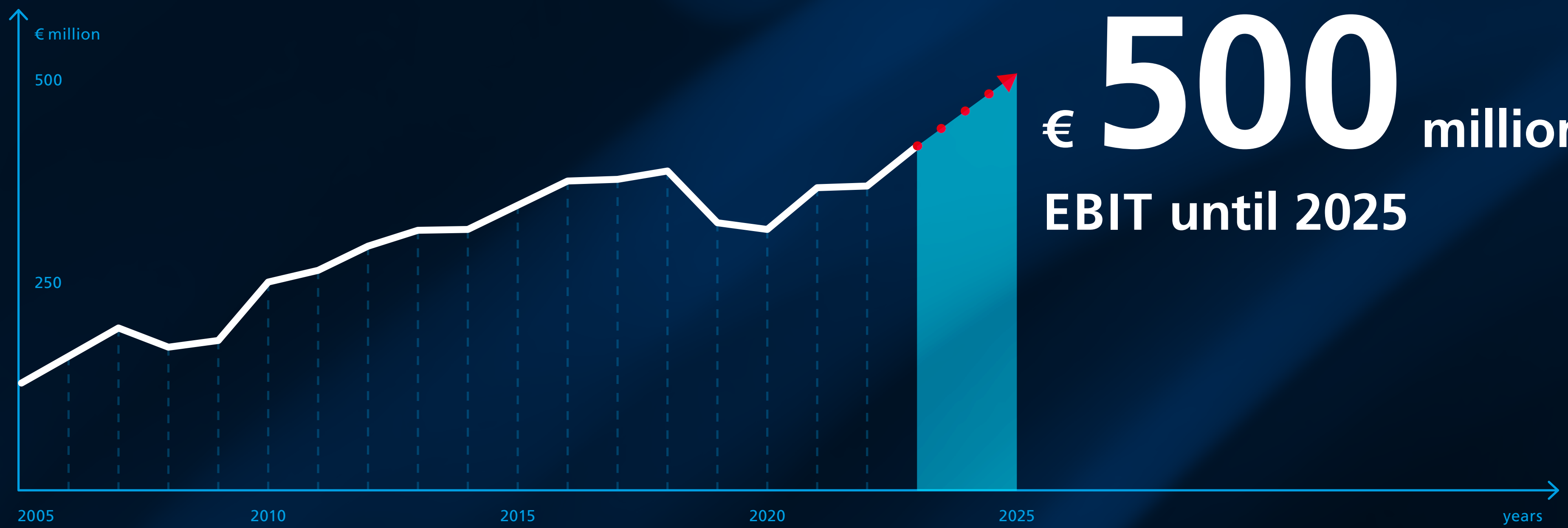
~8000 t

of special electrolytes are produced by the Kaiserslautern plant per year

E-Volution

With e-mobility, a global market is emerging for functional fluids and lubricants that can get the maximum performance out of lithium-ion batteries. For us, these are ideal conditions for innovation and growth, as our many years of expertise in this area opens up new areas of business for us and contributes to the transformation of the energy sector. The best example of this is our involvement in electrolyte manufacturer E-Lyte Innovations. From 2024, we will produce environmentally friendly liquid high-performance electrolytes at our cutting-edge plant in Kaiserslautern, Germany. They are needed for batteries and capacitors in electric cars and are even used in aero-space and medical technology.

Financial targets



€ **500** million

EBIT until 2025

Mid single-digit percentage

%

annual sales growth

Long-term EBIT margin

~15 %

Average cash conversion rate

0.8 x

Increase of dividend

€

each year

FUCHS at a glance

FUCHS Group

Amounts in € million	2023	2022	Change in %
Sales revenues [1]	**3,541**	**3,412**	**4**
Europe, Middle East, Africa (EMEA)	2,041	2,036	0
Asia-Pacific	979	929	5
North and South America	687	653	5
Consolidation	–166	–206	
Earnings before interest and tax and before income from companies consolidated at equity	**406**	**356**	**14**
in % of sales revenues	11.5	10.4	
Earnings before interest and tax (EBIT)	**413**	**365**	**13**
in % of sales revenues	11.7	10.7	
Earnings after tax	**283**	**260**	**9**
in % of sales revenues	8.0	7.6	
Investments in long-term assets	**83**	**79**	**5**
in % of scheduled depreciation [2]	101	95	
Free cash flow before acquisitions	**465**	**61**	**> 100**
Acquisitions	**–4**	**–2**	**100**
Free cash flow	**461**	**59**	**> 100**
FUCHS Value Added	**212**	**172**	**23**
Shareholders' equity	**1,804**	**1,841**	**–2**
in % of balance sheet total	74	73	
Balance sheet total	**2,423**	**2,523**	**–4**
Employees as at December 31 [3]	**6,272**	**6,104**	**3**
Earnings per share (in €)			
Ordinary share	2.08	1.87	11
Preference share	2.09	1.88	11
Proposed dividend / dividend (in €)			
per ordinary share	1.10	1.06	4
per preference share	1.11	1.07	4

[1] By company location.
[2] Capital expenditure excluding financial assets and rights of use.
[3] Including trainees.

FUCHS in numbers

74 %

Equity ratio on a high level

6,272

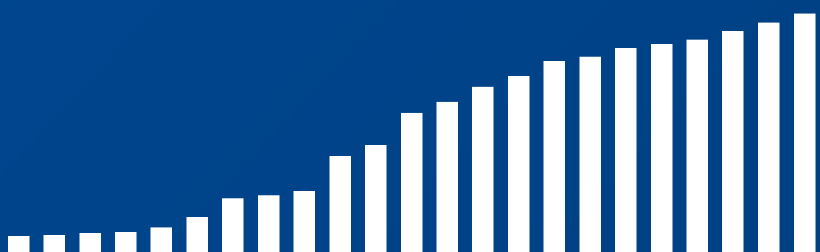
Employees

€ 413 million

Record EBIT in 2023

€ 3,541 million

Sales revenues in 2023

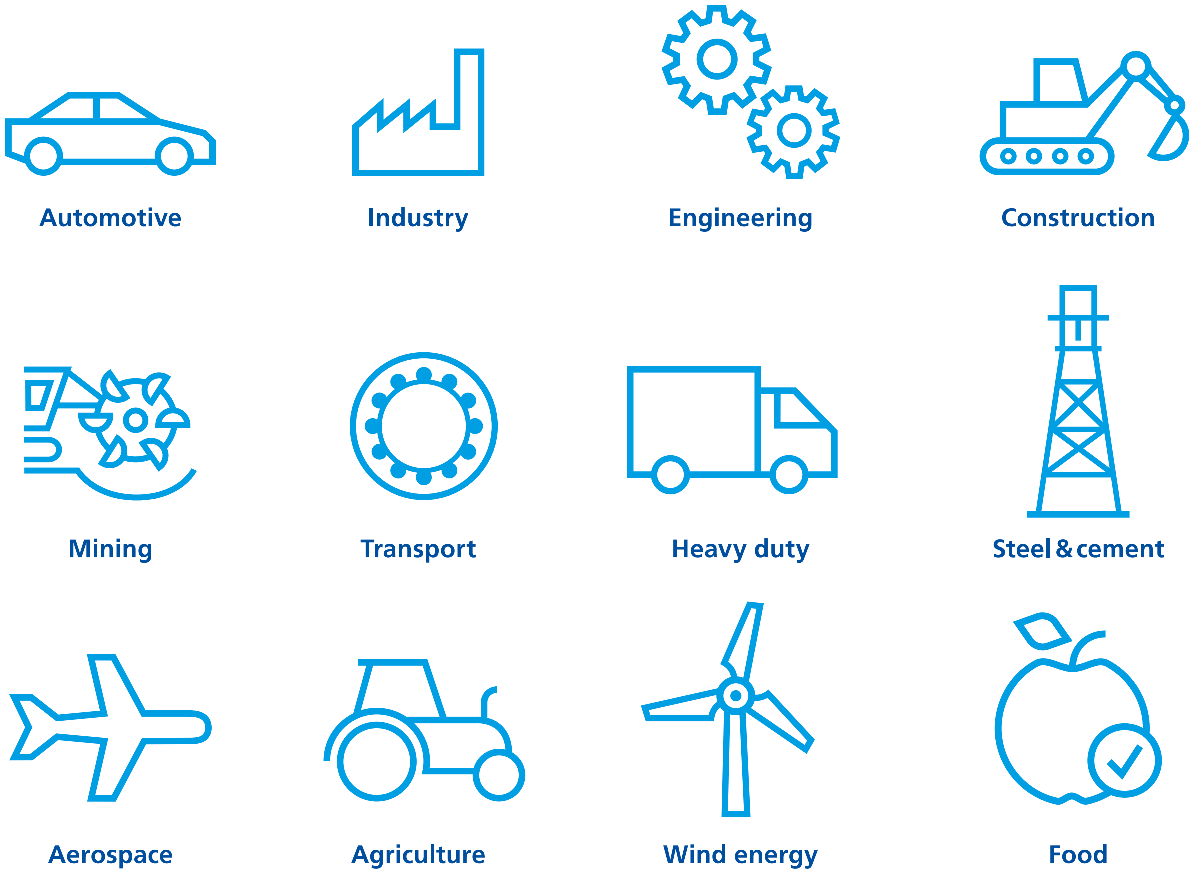


Dividend paid per preference share from 2001 to 2023

22 years

of consecutive dividend increases with an average annual growth rate of 12 %

Our customers



Our more than 100,000 customers include automotive manufacturers and their suppliers, companies from the mechanical engineering, metal processing, mining and exploration, aerospace, energy, construction and transportation sectors, agriculture and forestry, as well as the steel, metal, cement, casting, forging and semiconductor industries, but also food and glass manufacturers. FUCHS lubricants are tailor-made, stand for performance and sustainability, safety and reliability, efficiency and cost savings and meet the highest quality standards.

Group structure

FUCHS SE is the parent company of the FUCHS Group, which for the most part has direct and 100% shareholding in companies. On December 31, 2023, the Group comprised 55 operating subsidiaries, two of which operate domestically and 53 overseas. In addition, non-operating holding and management companies will be included in the consolidated financial statements, bringing the number of fully consolidated companies to 62. Eleven companies consolidated at equity also strengthen our global presence.

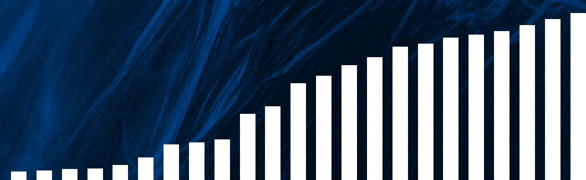
The organizational and reporting structure follows the regions: EMEA, Asia-Pacific, and North and South America.

Group companies and production locations

As at December 31, 2023

To our shareholders

Dividend paid per preference share from 2001 to 2023



22 years

of consecutive dividend increases with an average annual growth rate of 12 %

1.1 Letter to our shareholders

Dear shareholders,

2023 was a very successful year for FUCHS, with new record highs for sales revenues, EBIT and free cash flow. With a rise in **sales revenues** of 4% to €3,541 million and an **EBIT** increase of 13% to €413 million, we achieved a significant milestone regarding our FUCHS2025 target.

While the previous two years were marked by extraordinary increases in raw material costs and considerable availability problems, raw material markets normalized in the past year. This eliminated the ripple effect of inflation of prices and allowed us to concentrate fully on business development again. In particular, the Europe, Middle East, Africa (EMEA) region performed very well. I would like to highlight Germany in particular here, but also the positive developments in England, Poland, Sweden, Italy, and Spain. Overall, this was an impressive team achievement. The North and South America region increased its contribution to the Group's result as well. Here, North America achieved double-digit growth in local currency. Mexico in particular performed very well. Argentina suffered from high inflation and difficult economic conditions. In the Asia-Pacific region, the contribution to earnings in euro was lower than the previous year, due to a difficult start in China and a currency translation-related reduction in earnings. In China, the market recovered in the second half of the year. Results in local currency saw further growth, particularly in Australia and India. With the construction of a new plant in Vietnam, the path is set for expansion in another Asian growth market.

Stefan Fuchs,
Chairman of the
Executive Board

Free cash flow before acquisitions was €465 million in 2023. This high figure must be seen in the context of the two previous years, which were marked by inflation-related funds tied up. In view of the extremely positive cash flow development, the Executive Board, with the approval of the Supervisory Board, decided in December 2023 to expand and extend the share buyback program, which began in 2022. A total of up to 8 million shares with a total price of up to €280 million are to be acquired. At the same time, we are proposing the **22nd dividend increase** in a row to you, our shareholders.

The success of the past 12 months encourages us to stay on the path we have taken with FUCHS2025 and to keep intensively addressing the three major megatrends – **sustainability, the shift in mobility and digitalization** – to ensure a successful future. In the area of sustainability, in addition to the important field of circular economy, our main focus is on CSRD, a topic that we are preparing for rigorously. With a view to the shift in mobility, we have achieved important successes and are focusing our research on new areas of application for our products in battery-powered cars. And as part of the digitalization process, we are preparing for the introduction of SAP S/4 HANA. This is a unique opportunity for us to unify master data and processes worldwide and thus make the FUCHS Group fit for the future.

The market segmentation of our business with the aim of providing our customers with comprehensive support in all lubricant-related areas has continued to pay off. We were proud to receive further recognitions from our long-time partners JOHN DEERE and DMG MORI, as well as HITACHI. In all three cases, we were able to excel due to the combination of global support, technological excellence and a motivated on-site FUCHS team.

The emotional statement *MOVING YOUR WORLD* is our purpose and specifies what we stand for and why we do what we do: We keep our customers' world going, and keep them moving forward. Based on this, we launched an advertising campaign across five continents at twelve international airports, accompanied by a confident social media appearance. At the same time, we changed our name to FUCHS SE to emphasize our focus on advanced and highly efficient lubrication solutions as a high-tech company.

With the appointment of Dr Timo Reister as Deputy Chairman of the **Executive Board**, we have established an important element in the long-term succession planning for the Executive Board**,** thus ensuring planning security for the future.

Geopolitically, in addition to the terrible war in Ukraine, which has now been going on for over two years, a new hotbed of crisis has emerged in the Middle East. We condemn the terrorist attack on Israel by Hamas and we observe with horror the suffering of civilians in Gaza. The attacks by the Houthi rebels on ships in the Red Sea are further exacerbating the uncertainties. The impact of all of this on the economic development as well as raw material and sales prices is difficult to forecast.

Despite all the current uncertainties, we are confident about the year ahead thanks to a large number of growth projects. We anticipate sales revenues of around €3.6 billion and expect EBIT of around €430 million.

I would also like to thank you, our highly esteemed shareholders, on behalf of the entire Executive Board for your trust in the company and our staff. I would like to thank our global team for a top performance in difficult times.

Mannheim, March 11, 2024

Yours

Stefan Fuchs

Chairman of the Executive Board

1.2 Organization

Executive Board

→ 193 Information on the company's executive bodies

Isabelle Adelt

Stefan Fuchs, CEO

Dr. Sebastian Heiner

Dr. Timo Reister

Dr. Ralph Rheinboldt

Group Management Committee

Klaus Hartig
East Asia, Automotive Aftermarket Division

Stefan Fuchs
CEO

Dr. Sebastian Heiner
CTO

Isabelle Adelt
CFO

Christine Vornbäumen
Human Resources

Zhu Qingping
China

Keith Brewer
America

Dr. Thomas Christmann
Industry Division, Specialty Division

Carsten Meyer
OEM and Mining Division

Stefan Knapp
Germany and Benelux

Dr. Timo Reister
Asia-Pacific, North and South America, Automotive Aftermarket Division

Dr. Ralph Rheinboldt
EMEA, Specialty Division, Industry Division

1.3 Report of the Supervisory Board

Dear shareholders,

The financial year 2023 was a very successful one for FUCHS, despite many political and economic uncertainties. It is particularly noteworthy that FUCHS was able to achieve a double-digit increase in EBIT under challenging conditions and has thus taken a significant step towards the FUCHS2025 target. The war in Ukraine and the sanctions against Russia, the slower growth of the Chinese economy after the pandemic, the armed conflict in the Middle East and inflation, all affected FUCHS. However, the company's good figures show that its global setup combined with the decentralized approach is the right way to successfully guide it through the uncertainties of what is a volatile world. FUCHS' environment is also shaped by the three megatrends of new mobility, digitalization and sustainability, all of which predominantly offer the company opportunities. The change of the company's name to FUCHS SE in 2023 is an expression of the positive assessment of future business opportunities beyond mineral oil-based lubricants. It is precisely against the backdrop of this change that shareholders can be optimistic that FUCHS will remain economically sound and well positioned for the future. This was also the basis on which the Executive Board, with the approval of the Supervisory Board, decided to expand and extend the current share buyback program at the end of 2023. With very pleasing free cash flow in 2023 and good capital resources, the Executive Board and the Supervisory Board are also once again proposing a higher dividend.

Work of Executive Board and Supervisory Board

In the financial year 2023, the Supervisory Board again performed its advisory and monitoring duties with the utmost diligence in accordance with the requirements of law, the company's Articles of Association and its rules of procedure. At the same time, the recommendations of the German Corporate Governance Code (hereinafter referred to as the Code) in the version published in the Federal Gazette on June 27, 2022 were followed in full and will be so in the future.

The Supervisory Board and the Executive Board continued their good and effective cooperation seen over the past few years. The Executive Board informed the Supervisory Board regularly, promptly, and comprehensively about all relevant issues, particularly those relating to strategy, planning, business development, the risk situation, the internal monitoring system, risk management, and compliance. Deviations in the business development from the plans drawn up and the targets agreed were examined, specifying the reasons for this. In addition, the Chairman of the Executive Board immediately informed the Chairman of the Supervisory Board of major events that were significant for the assessment of the company's situation and development and for the management of the company. All this enabled open discussion and trusting cooperation overall between the Executive Board and the Supervisory Board.

Dr. Christoph Loos, Chairman of the Supervisory Board

In its self-assessment of how effectively the Supervisory Board as a whole and its committees are performing their tasks, the Supervisory Board did not determine any significant need for improvement at its meeting in December 2023. To this end, the Chair of the Supervisory Board held individual discussions with all members upfront.

The Supervisory Board has assessed that three of the four shareholder representatives, and thus an appropriate proportion, are independent of the company and its Executive Board and also of the controlling shareholder, as defined in Recommendation C.6 of the Code. These include

Dr. Christoph Loos, Ms. Ingeborg Neumann and Dr. Markus Steilemann. No conflicts of interest arose either in the case of the Executive Board members or Supervisory Board members in the reporting period.

Changes in the Supervisory Board

There were no changes to the Supervisory Board in the financial year 2023.

Reports and board meetings

All Supervisory Board members attended the total of five Supervisory Board meetings in 2023, all of which were held in person. The Supervisory Board was promptly and comprehensively informed by the Executive Board, both in writing and orally, about the company's corporate policy, business development, profitability, liquidity and risk situation, and on all relevant questions regarding strategic advancements. Particular focus areas of the meetings were the situation in the commodity markets, developments in China following the COVID pandemic, the US market, which has been affected by strikes in the automotive industry and inflation, as well as the impact on FUCHS. Information and consultation also regularly focused on reports from the committees, budget monitoring including the development of the investments, and key investment and acquisition projects. Following proportionate examination and consultation, the Supervisory Board approved the proposed resolutions of the Executive Board, insofar as this was necessary based on applicable legislation or the company's Articles of Association. In four of the five meetings, the Supervisory Board held part of the meeting without the Executive Board.

In the balance sheet meeting on March 7, 2023, the Board conclusively reviewed, discussed, and approved the annual and consolidated financial statements as well as the Combined Management Report and the non-financial declaration of FUCHS SE, the report of the Supervisory Board and the Declaration of Corporate Governance, the compensation report, the Executive Board's proposal for the appropriation of profits, and the report on its relationship to affiliated companies in the presence of the auditor. The proposed resolutions for the agenda for the Annual General Meeting 2023 of FUCHS SE were also approved in this meeting. In addition, variable compensation for Executive Board members was established for the financial year 2022. Other topics included an update on the India-Southeast Asia region as well as a presentation on the automotive aftermarket business.

In the meeting held immediately before the Annual General Meeting on May 3, 2023, discussions focused on the report by the Executive Board on current business performance after the end of the first quarter and a report on the SAP S/4HANA preparation project.

The meeting on July 20, 2023, was convened as a strategy meeting. In addition to the general topics, the Supervisory Board focused on the FUCHS2025 strategy and discussed its status as well as the further development of performance management. The Supervisory Board also received detailed information on the acquisition strategy, internal audit and upcoming regulatory requirements from EU taxonomy and CSRD reporting, as well as on the status of the 'FUCHS goes Digital' program. The Supervisory Board delegated to the Audit Committee the assignment of further audit assignments to the statutory auditor, such as for the non-financial declaration and the compensation report. The previous day, outside of a meeting, external consultants provided training to the entire Supervisory Board on CSRD and EU taxonomy.

The Supervisory Board held another meeting on 18 October 2023 in Chicago, near the FUCHS US site. The Supervisory Board focused on the results of the third quarter and the outlook for the year as a whole. The Supervisory Board also inquired about the industrial & special applications division. Beforehand, the Supervisory Board spent two days outside the meeting intensively discussing the strategy for the North and South America region, as well as the development of the Nye business. Guided tours of the Harvey and Fairhaven sites, as well as several meetings with staff, allowed the Board to get a sense of the US business and the local working atmosphere. The trip also served as a team-building exercise for the Supervisory Board.

The main focus of the meeting held on 7 December 2023 was on various governance issues and the 2024 budget, including the investment budget. The Supervisory Board appointed Dr. Timo Reister to the position of Vice-Chairman of the Executive Board. The Supervisory Board also dealt with issues related to Executive Board remuneration and the preparation of the 2024 Annual General Meeting. The expansion and extension of the share buyback program decided by the Executive Board was approved. The Supervisory Board adopted the 2023 Declaration of Compliance with the German Corporate Governance Code and decided on adjustments to the rules of procedure of the Supervisory Board and the rules of procedure of the Executive Board. The amended allocation of responsibilities plan presented by the Executive Board was approved. Based on the recommendations of the Personnel Committee, the Supervisory Board established the sustainablity factor for the Executive Board's variable compensation for the financial year 2023. It also decided on the criteria for measuring the sustainability factor for 2024 and the target total compensation for 2024. There was an update on opportunity and risk management, compliance, and internal audit findings and recommendations. The Supervisory Board was briefed on FUCHS' global procurement and research and development activities.

Work of the committees

The Supervisory Board has formed three committees: The Audit Committee, the Personnel Committee and the Nomination Committee. The chairmen of the committees reported on the relevant work of the respective committees in the subsequent meeting of the Supervisory Board.

The **Audit Committee** held five meetings in the reporting year. Two of the meetings were held via videoconference and three in person. The CFO and heads of the Finance and Controlling as well as Accounting departments regularly attended the meetings. The auditor was present at two meetings for individual agenda items. The Committee focused on the annual financial statements and the audit of the annual financial statements of FUCHS SE as well as the consolidated financial statements alongside the Combined Management Report, the non-financial declaration, the compensation report and compliance topics. Other main topics were assessment of the quality of the auditor and a detailed discussion of the Quarterly Statements and Half-year Financial Report prior to their publication. In addition, the Audit Committee together with the auditor defined the key areas of the audit of the financial statements for the reporting year, awarded the audit assignment to the auditor, issued a general authorisation of permissible non-audit services by the auditor and addressed the new accounting and reporting regulations.

The Audit Committee also dealt with the audit of the accounts, monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system. Other topics included an update on CSRD reporting and EU taxonomy, the results of an internal audit self-assessment, reports on the risk management system and the compliance management system pre-assessment, and the timeline for the 2023 Annual Report.

Outside of the meetings, the Chair of the Audit Committee held regular exchanges with the auditor on the progress of the audit and reported on this to the Committee.

The **Personnel Committee** advises the Supervisory Board on personnel matters pertaining to the Executive Board and prepares its decisions. Three meetings were held during the reporting year, all of which were held in person. In its meetings, the committee focused in particular on the long-term succession planning, which resulted in the appointment of Dr. Timo Reister as Deputy Chairman. Other topics included the planned adjustment of the Executive Board's compensation system, the measurement of variable compensation for financial year 2023, and the target compensation for 2024. The discussions and recommendations of the Committee formed the basis for corresponding resolutions by the Supervisory Board.

The **Nomination Committee** advises the Supervisory Board on suitable candidates and nominates such candidates for the Board's proposals to the Annual General Meeting for the election of Supervisory Board members. The Nomination Committee did not meet during the financial year 2023.

As a financial expert, Ingeborg Neumann has expertise in accounting and auditing within the meaning of Section 100(5) of the German Stock Corporation Act (AktG) and of recommendation D.3 p. 1 of the Code. As Chair of the Audit Committee, she thus also meets the requirements of recommendation D.3 on p. 2 of the Code. Dr. Markus Steilemann is also a financial expert with

Overview of members' attendance at each meeting in the financial year 2023

Responsibilities	Members	Attendance/meetings
Supervisory Board	Dr. Christoph Loos (Chairman)	5/5
	Dr. Susanne Fuchs (Deputy Chairwoman)	5/5
	Jens Lehfeldt	5/5
	Ingeborg Neumann (Financial Expert)	5/5
	Cornelia Stahlschmidt	5/5
	Dr. Markus Steilemann (Financial Expert)	5/5
Audit Committee	Ingeborg Neumann (Chairwoman, Financial Expert)	5/5
	Dr. Susanne Fuchs	5/5
	Dr. Markus Steilemann (Financial Expert)	5/5
Personnel Committee	Dr. Christoph Loos (Chairman)	3/3
	Dr. Susanne Fuchs	3/3
	Ingeborg Neumann	3/3
	Dr. Markus Steilemann	3/3

expertise in the field of accounting within the meaning of Section 100(5) of the German Stock Corporation Act (AktG) and of recommendation D.3 p. 1 of the Code.

Mr. Jens Lehfeldt and Ms. Cornelia Stahlschmidt are the employee representatives on the Supervisory Board.

Audit of annual and consolidated financial statements

As per resolution of the Annual General Meeting of May 3, 2023, the Audit Committee commissioned Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Mannheim branch (PwC) to audit the 2023 annual financial statements and consolidated financial statements, including the management report. The auditor submitted and explained its declaration of independence.

PwC audited the financial statements for the financial year 2023 prepared in accordance with the German Commercial Code (HGB), as well as the consolidated financial statements of SE prepared pursuant to the IFRS international accounting standards to be applied in the EU, and the Combined Management Report of FUCHS SE and granted an unqualified auditor's opinion. In doing so, the auditor examined in more detail the key areas of the audit defined for the reporting period by the Audit Committee when engaging the auditor. In particular, the auditor confirmed that the Executive Board had set up a suitable monitoring system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) capable of identifying developments that jeopardize the continued existence of the company at an early stage. During the audit, the auditor did not identify any facts that contradict the Declaration of Compliance with the German Corporate Governance Code published by FUCHS SE in 2023. It also did not identify any reasons for its own exclusion or bias.

The Supervisory Board has examined in detail the annual and consolidated financial statements, the Combined Management Report, the non-financial statement, the report of the Supervisory Board, the Declaration of Corporate Governance, the compensation report and the proposal for the use of profits. The audit reports of the auditor were submitted to all members of the Supervisory Board in good time and were discussed comprehensively in the Audit Committee meeting on March 11, 2024, as well as in the Supervisory Board's balance sheet meeting on the same day. The auditor took part in both meetings.

The auditor reported on the main findings of its audit, and was available to answer additional questions and provide extra information. The Supervisory Board acknowledged and approved the results of the audit. There were no objections made against the reporting by the Executive Board based on the final results of the audit by the Audit Committee or the Supervisory Board's own audit. The Supervisory Board approved the financial statements submitted by the Executive Board and thereby approved the 2023 annual financial statements of FUCHS SE. The Supervisory Board endorsed the Executive Board's proposal for the use of unappropriated profits.

In addition to a formal review with regard to the legally required disclosures, the Audit Committee also commissioned PwC to review the content of the compensation report prepared by the Executive Board and the Supervisory Board in accordance with Section 162 of the German Stock Corporation Act (AktG). The auditor has confirmed in its audit opinion that the compensation report complies in all material respects with the requirements of Section 162 of the German Stock Corporation Act (AktG).

In addition to the statutory audit of the financial statements, PwC also conducted a limited assurance review of the content of the non-financial Group declaration (nfd) of the FUCHS Group and, on this basis, raised no objections to the nfd reporting and the fulfilment of the legal requirements placed on it.

The Executive Board reported on its relationship to affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG). The external auditors examined the report as ordered, submitted the results of this examination to the Supervisory Board in writing and issued an unlimited audit opinion: "We have audited in accordance with our professional duties and confirm that

1. the actual statements made in the report are correct and

2. the payments or other contributions made by the company in connection with the legal transactions listed in the report were not unreasonably high."

The Supervisory Board took note of and approved the results of the audit performed by the auditor. In keeping with its own findings, the Supervisory Board has no objections to the statement made by the Executive Board.

Thanks

The Supervisory Board would like to thank the members of the Executive Board, all employees of the FUCHS Group and employee representatives for their active commitment throughout the year, which has been instrumental in making this year so successful for FUCHS.

Mannheim, March 11, 2024

For the Supervisory Board

Dr. Christoph Loos
Chairman of the Supervisory Board

1.4 FUCHS on the capital market

Stock markets on the rise in 2023

Despite continuing high inflation rates and weak economic data, stock markets were able to recover in 2023. Hopes for key interest rate cuts and higher-than-expected US economic data drove both the German leading index DAX and the MDAX, in which the FUCHS preference share is listed, up sharply, especially in the final months of the year. After double-digit price declines in 2022, both indices recorded good gains in 2023.

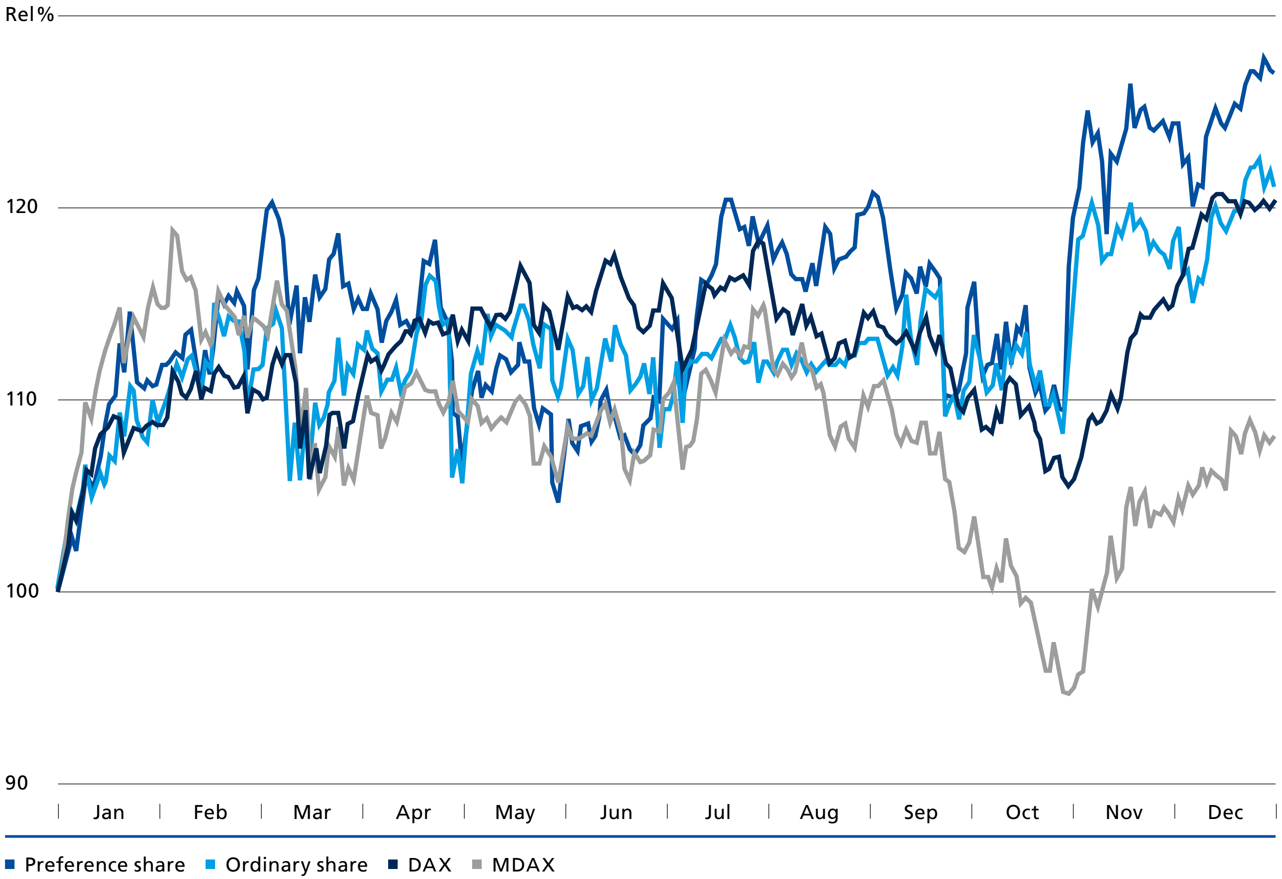
The MDAX reached its year high of 29,809 points on February 2, and the DAX even set a new all-time high on December 11, recording 16,794 points. The MDAX year-end closing price of 27,137 points (25,118) represented an increase of 8.0% compared to the previous year. The DAX closed the year on 16,752 points (13,924), which equates to an increase of 20.3% compared to the previous year's closing price.

Positive development of FUCHS shares

Both the FUCHS preference share and the FUCHS ordinary share joined the positive trend in the stock markets and even managed to outperform the benchmark index MDAX.

The start price of the FUCHS ordinary share on January 2, 2023 was €28.35 and the FUCHS preference share stood at €33.00, representing the annual low for each share class. FUCHS' strong business performance resulted in price gains for both classes of shares in the course of 2023.

Performance* of ordinary and preference shares in comparison with DAX and MDAX
(January 1 – December 31, 2023)



* Price trend including dividends.

The good business results over the course of the year were contrasted by numerous and growing geopolitical tensions and many uncertainties in the market. On October 27, it became apparent in the Quarterly Statement that these risks were not materializing, giving the two FUCHS share classes a clear boost once again. The free cash flow forecast before acquisitions, which was raised for the second time in a row, also contributed to this.

Strong price gains in the second half of the year led the FUCHS ordinary share to reach its annual high of €32.80 on December 22, with the FUCHS preference share hitting its own annual high of €40.52 on December 27.

On the last trading day of the year, the FUCHS ordinary share closed at €32.45 (27.80), up 16.7% year-on-year. Taking the dividend payment into account, the FUCHS ordinary share posted an annual performance of 20.9%. The preference share ended the year at a closing price of €40.30 (32.74), thus marking a year-on-year increase of 23.1%. Taking account of the dividend, the FUCHS preference share price recorded a rise of 26.9% for the financial year 2023.

Basic information on the FUCHS shares

FUCHS SE has issued two share classes, divided equally between ordinary and preference shares. As the more liquid of the two FUCHS share classes, FUCHS preference shares have been listed on the MDAX, the second largest German stock index, since 2008. Besides listing in the Prime Standard and a free float of more than 10%, the market capitalization of the free float is a criterion for index membership.

The market capitalization of the FUCHS shares was €4.8 billion (4.1) at the end of 2023. With a weighting of 1.94% (1.54), FUCHS therefore ranked 22 (26) in the MDAX.

Basic share information

	Ordinary share	Preference share
German securities identification number (WKN)	WKN A3E5D5	WKN A3E5D6
ISIN	DE000A3E5D56	DE000A3E5D64
Ticker	FPE	FPE3
Trading segments	Regulated market/Prime Standard	Regulated market/Prime Standard
Trading venues	XETRA and all German regional stock exchanges	XETRA and all German regional stock exchanges
Selected indices	CDAX, Classic All Share, DAXplus Family, Prime All Share	MDAX, CDAX, HDAX, Classic All Share, Prime All Share, STOXX Europe 600

The international significance of the FUCHS preference shares is also reflected in their inclusion in the STOXX Europe 600, which lists the 600 largest companies from 17 European countries.

The FUCHS SE ordinary share is listed in the DAXplus Family. This index of the German Stock Exchange comprises the companies in the Prime Standard of the Frankfurt Stock Exchange in which the founding families have a significant stake.

Capital market dialog focused

FUCHS relies on an intensive dialogue with its shareholders, analysts and all other capital market participants. The aim is to strengthen trust in our company on a sustained basis. All capital market participants are always informed promptly, transparently, and comprehensively of all major events in the FUCHS Group.

In recent years, the company stepped up its investor relations activities. In 2023, the Chair of the Executive Board, the Chief Financial Officer, and the Investor Relations team shared information through international conferences and roadshows as well as in numerous one-on-one meetings with institutional investors.

The public were also kept regularly informed of current developments through press releases and ad hoc disclosures. The Investor Relations team were also in contact with private investors by phone and by e-mail.

All corporate information is also available on our website.
→ www.fuchs.com/group/investor-relations

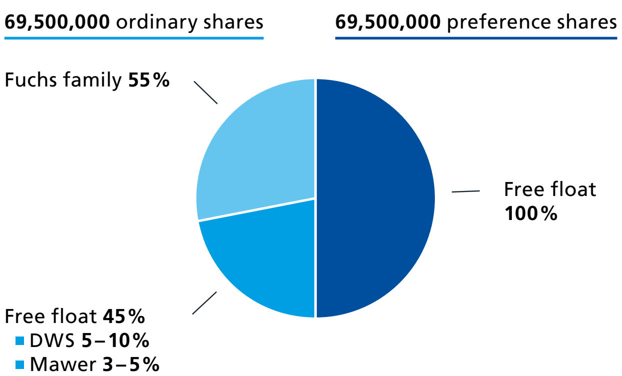
Share buyback program extended and expanded

On December 7, 2023, the FUCHS SE Executive Board decided, with the approval of the Supervisory Board, to expand and extend the current share buyback program in place since June 27, 2022. In addition to the existing scope of the ongoing share buyback program, up to an additional 2,000,000 shares are to be purchased, including up to an additional 1,000,000 ordinary shares and up to an additional 1,000,000 preference shares of the company. For the expansion of the share buyback program, an additional amount of money of up to a maximum of €80 million is to be made available. The period of the share buyback program will now run until September 30, 2024.

In total, the share buyback program thus includes the acquisition of up to 8,000,000 shares, including up to 4,000,000 ordinary shares and up to 4,000,000 preference shares of the company, at a total purchase price (excluding acquisition incidental costs) of up to a maximum of €280 million. The extended share buyback is unchanged for the purpose of collecting the purchased shares.

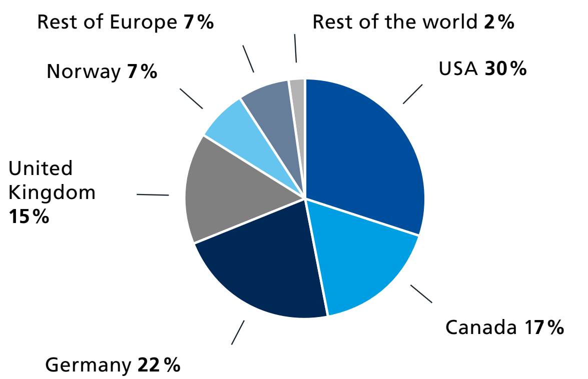
The share buyback and the planned cancellation of the acquired shares have the effect of reducing the number of ordinary and preference shares outstanding. In addition, the capital structure of FUCHS SE will be improved. Information on transactions related to the share buyback program is made available on a regular basis on the company's website under Investor Relations.

Shareholder structure as of December 31, 2023



Source: Voting rights disclosures.

Regional breakdown of institutional investors



Basis: Identified institutional investors.
Source: Factset.

Stable shareholder structure

As at December 31, 2023, FUCHS SE's issued capital of €139 million was divided into 69,500,000 ordinary shares and 69,500,000 preference shares, each with a nominal share capital value of €1.00 per share. At the end of 2023, 55% of the ordinary shares were held by the Fuchs family. The preference shares were entirely in free float. As part of the share buyback program, FUCHS SE had repurchased 2,974,300 ordinary shares and 2,954,017 preference shares by December 31, 2023, from which the Company had no rights persuant to Section 71b of the German Stock Corporation Act (AktG).

The notification requirements of Sections 33 et seq. of the German Securities Trading Act (WpHG) relate exclusively to the ordinary shares with voting rights.

On June 27, 2023, we received a voting rights notice from Mawer Investment Management Ltd stating that the voting rights level had fallen below the 5% threshold. On October 13, 2023, DWS Investment GmbH reported that the voting rights level exceeded the 5% threshold. All previous voting rights notices can be found on our website.
→ www.fuchs.com/group/voting-rights-announcements

Employee shares remain in demand

FUCHS SE has been offering employees at the companies in Germany employee shares at preferential conditions since 1985. In 2023, each employee could purchase a maximum of 30 shares at a discount of €5 per share. 402 (414) employees made use of this opportunity, purchasing 11,483 (11,923) shares in total. The newly acquired shares are subject to a vesting period of one year.

Extensive analyst coverage

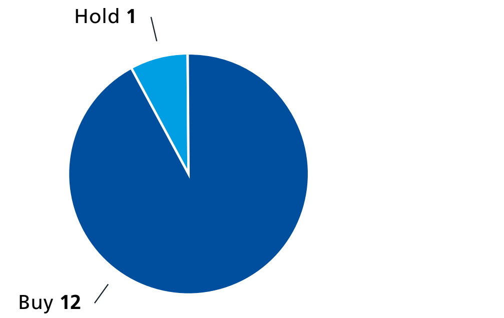
FUCHS is monitored and continually assessed by a large number of international financial analysts. As part of the acquisition by UBS, Credit Suisse discontinued coverage in 2023. Coverage was added through Barclays, initiated via a buy recommendation. At the end of 2023, 13 (13) analysts regularly published their assessment of current developments and the prospects for the company:

- AlsterResearch
- Baader Bank
- Bank of America Merrill Lynch
- Barclays
- Berenberg Bank
- Deutsche Bank
- DZ Bank
- Kepler Cheuvreux
- Landesbank Baden-Württemberg
- ODDO BHF
- Stifel Europe Bank AG
- UBS
- Warburg Research

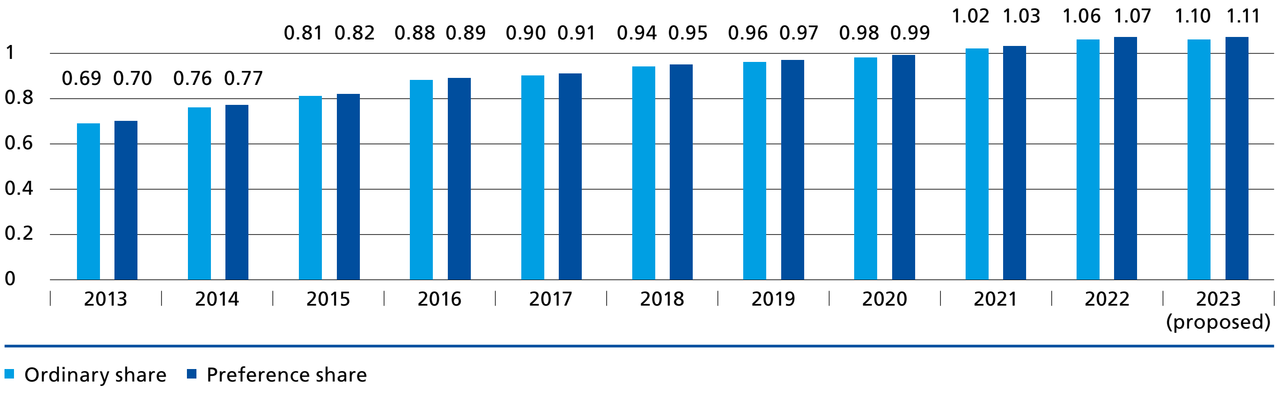
Current information on this can always be found on our website under Investor Relations.

→ www.fuchs.com/analysts

Analyst recommendations
December 31, 2023



Dividend development
(in € per share)



Dividend policy

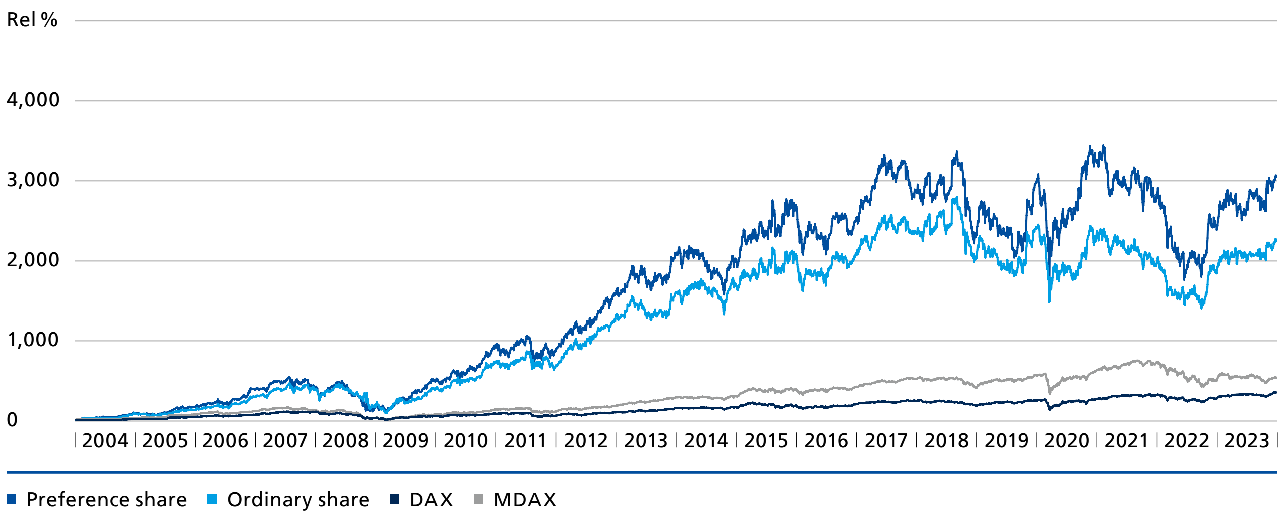
The aim of FUCHS SE is to increase the dividend on an annual basis.

Thereby shareholders should participate in the company's success via an appropriate disbursement. Accordingly, the company has continuously increased the dividend for 22 years and not cut it for 31 years. The average dividend increase of the FUCHS preference shares amounted to 5% p.a. in the last ten years, and the absolute dividend increased by 44% in total.

For the financial year 2023, the Executive Board and the Supervisory Board propose to pay a dividend of €1.10 (1.06) per ordinary share and €1.11 (1.07) per preference share. Taking into account the share buybacks by December 31, 2023, this corresponds to a distribution ratio (dividend per share/earnings per share) of 53% (57).

Historical performance

Historical performance[1] of ordinary and preference shares in comparison with DAX and MDAX
(January 1, 2004 – December 31, 2023)



[1] Price trend including dividends.

Average annual performance of FUCHS shares and relevant benchmark indices
December 31, 2023

	1 year	3 years	5 years	20 years
FUCHS preference share[2]	26.9%	–1.8%	5.3%	18.5%
FUCHS ordinary share[2]	20.9%	–1.6%	1.8%	16.8%
MDAX	8.0%	–4.1%	4.7%	9.4%
DAX	20.3%	6.9%	9.7%	7.5%

[2] Reinvestment of dividends received. Absolute totals may differ due to rounding.
Source: Bloomberg

Key figures for FUCHS shares

	December 31, 2023		December 31, 2022	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of no-par-value shares at €1/shares outstanding	66,525,700	66,545,983	68,244,229	68,444,230
Dividend per share (in €)	1.10[7]	1.11[7]	1.06	1.07
Dividend yield (in %)[1]	3.60	3.01	4.12	3.44
Distribution ratio (in %)[2]	53		57	
Earnings per share (in €)[3]	2.08	2.09	1.87	1.88
Carrying amount per share (in €)[4]	13.6		13.5	
XETRA closing price (in €)	32.45	40.30	27.80	32.74
XETRA highest price (in €)	32.80	40.52	32.06	41.12
XETRA lowest price (in €)	28.35	33.00	21.40	24.46
XETRA average price (in €)	30.53	36.90	25.71	31.09
Average daily turnover XETRA and Frankfurt				
Shares	19,700	101,816	31,043	117,616
€ thousand	601	3,757	800	3,657
Market capitalization (in € million)[5]	4,841		4,138	
Price-to-earnings ratio[6]	15	18	14	17

[1] Dividend/average share price × 100.
[2] Dividend per share / earnings per share.
[3] Earnings of FUCHS SE shareholders/ average number of shares.
[4] Total equity of shareholders of FUCHS SE/number of shares.
[5] Stock exchange values at the end of the year.
[6] Average share price/earnings per share.
[7] In line with the proposal for the appropriation of profits by the Executive Board and Supervisory Board, subject to the approval of the Annual General Meeting on May 8, 2024.

Shareholder service

If you would like to receive regular updates about our company, please register with the investor mailing list on our website. We will keep you continuously updated about current developments in the Group and send you all the publications that we issue via e-mail.

→ www.fuchs.com/group/investor-relations/service-contact/order-form/

We are also happy to answer your questions about FUCHS shares and other capital market-relevant topics in person:

Telephone	+49 621 3802 1105
Fax	+49 621 3802 7274
E-mail	ir@fuchs.com

Combined Management Report

100 % focus on highly efficient lubricant solutions and functional fluids

€ 500 million

EBIT until 2025
Long-term EBIT margin ~ 15 %

CO_2-neutral

CO_2-neutrality "cradle-to-gate" until 2025, Net Zero until 2040

2

Combined Management Report

The figures in parentheses refer to the same period of the previous year. Percentages refer to full millions.

2.1 Corporate profile

Business model

LUBRICANTS.
Our focus is 100% on highly efficient lubricant solutions and functional fluids. On manufacturing, development and distribution. And on excellent service. This clear focus is what makes us stand out. We bundle products into complete solutions that match the exact requirements of our customers. We respond flexibly and quickly to challenges in a wide range of application areas and meet a wide range of national and international standards.

We have a broad range of more than 10,000 products. It is roughly divided into automotive lubricants and industrial lubricants. In a highly fragmented market, FUCHS is a leading provider of holistic solutions with global reach. We are present in virtually all industry segments and provide holistic support to customers throughout the entire product lifecycle. Everywhere in the world.

TECHNOLOGY. Holistic solutions
Advanced, process-oriented and holistic solutions for lubricants and functional fluids are central to FUCHS' success – milestones on our path to becoming a high-tech company. Almost 10% of our employees are active in research and development. A worldwide network of professionals supports them with specialized skills so that intelligent solutions are created, tailored and customized: whether it is a single product, services or a digital solution. Or everything as a whole package. Our products and solutions reduce friction and wear, and sometimes even improve the manufacturing process itself, for example, with 360-degree project monitoring, digital lubricant monitoring, and sustainable supply processes. We continue to build our technology leadership in strategically important application areas such as digitalization, new mobility, and sustainability. In doing so, we rely on the effectiveness, safety and sustainability of our lubricants and functional fluids along the entire process and value chain.

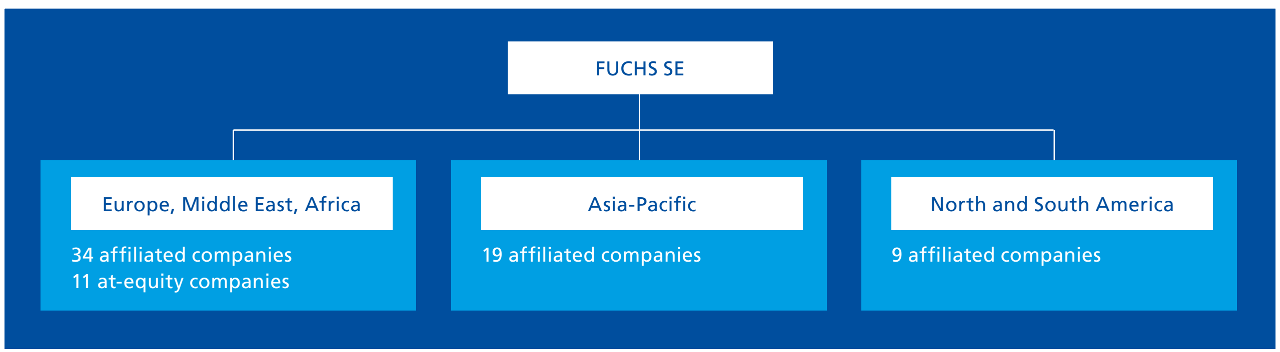
PEOPLE. Personal commitment
On all continents and in all regions, we are committed to keeping the world going with over 6,200 employees. With a high level of understanding for industries, processes and problems, we are team partners, problem solvers and solution-finders for our customers. We achieve our purpose of *MOVING YOUR WORLD* with ideas and a developer spirit.

Global customer service through internationality and scale

FUCHS' business success is based on our global presence and our extensive product and customer portfolio:

We are where our customers are. As of the end of the reporting period, out of our 62 subsidiaries and our 11 companies consolidated at equity, 45 were active in the Europe, Middle East, Africa (EMEA) region, 9 in the Americas, and 19 in the Asia-Pacific region. This broad geographical structure allows FUCHS to serve global customers worldwide while also offering local customers tailor-made solutions directly on site.

Group structure



With more than 10,000 products, FUCHS not only ensures that the increasing specialization requirements of mature markets are met, but also plays its part in the growth of developing markets.

The diversification across regions and industries helps to balance economic and sector-specific cycles.

Simple Group structure with largely decentralized management

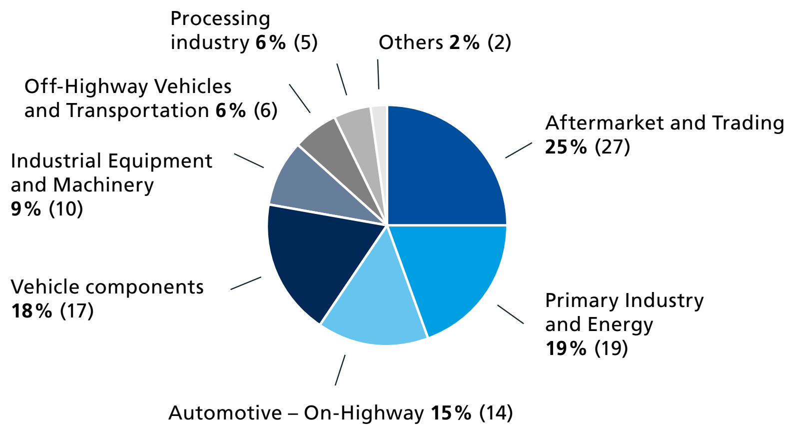
FUCHS' Group structure has been kept intentionally simple. FUCHS usually holds 100% of the shares in its subsidiaries. Exceptions to this are the joint ventures and associates in Germany, Africa, the Middle East, Saudi Arabia, and Turkey.

The companies are organized into the three geographical regions of EMEA, Asia-Pacific, and North and South America, which is reflected in the management and reporting system. Business is generally managed by the local subsidiaries and the regional managers in charge of them. In addition, local managers are increasingly included in our global excellence networks. Experience and knowledge are exchanged within these networks. Common solutions for current challenges and issues are developed across national and company borders.

Competitive advantage based on our unique business model

Technology and innovation leadership	Strategically important product areas
Full focus on high-efficiency lubricant solutions and functional fluids	FUCHS is a full-line supplier
Independency allows reliability, customer & market proximity (responsiveness and flexibility) and continuity	Global presence, R&D strength, know-how transfer, speed
Advantage over large oil companies	**Advantage over other independent companies**

Breakdown of Group sales revenues by customer sector



Group strategy

FUCHS2025

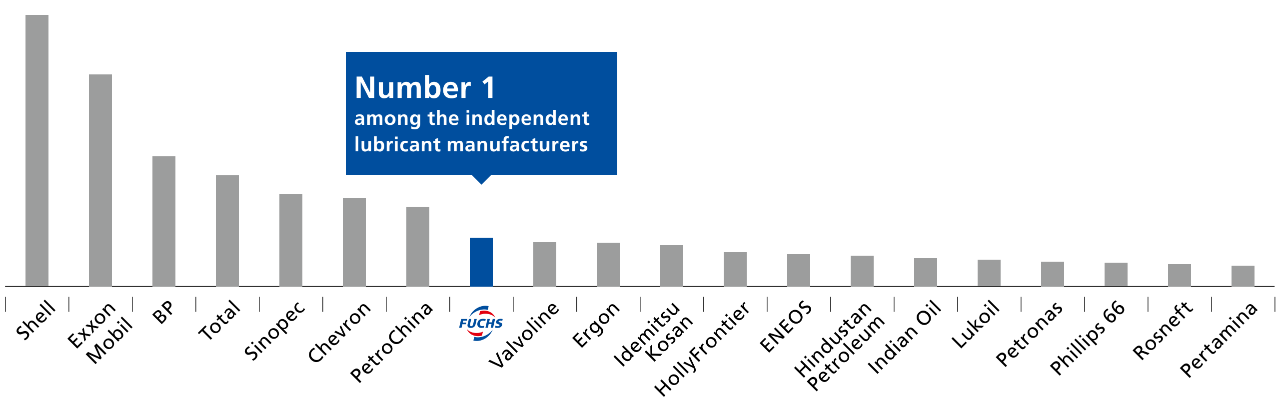
New way of thinking for future challenges

With digitalization, e-mobility, globalized customer requirements, and sustainable products and solutions, FUCHS lives in a highly dynamic world full of new challenges. We see these challenges as opportunities to shape our future and continue to succeed. This is why we have been working on our strategy and transformation program FUCHS2025 since mid-2019, the key elements of which were unveiled in July 2020.

In 2021 and 2022, our focus was in particular on translating the Group's strategy into local, regional and market segment-oriented business strategies, as well as developing global strategic initiatives and translating them into concrete projects. In particular, segment-based market processing will make a crucial contribution to the Group's future growth and is a core element of FUCHS2025 strategy.

To steer strategic implementation, we have defined a catalogue of metrics to help us continuously evaluate and align our strategic focus.

Ranking of top 20 lubricant manufacturers[1]



■ Independent lubricant manufacturers ■ Major oil companies

[1] based on market share

Global Strength

- Use segmentation as a basis for strategic and global business development and align the organization accordingly
- Generate above-average growth in Asia-Pacific and North and South America, thereby achieving a balance between our regions
- Enhance brand appeal by 2025 with strong, differentiated positioning and clear brand architecture in all relevant FUCHS segments

Operational Excellence

- Establish a global production and sales network; independent supply and technology centers in the three global regions by 2025
- Further standardize production and procurement processes, equipment, and output in order to improve efficiency in the supply chain
- Establish data transparency on the basis of global structures and harmonization of systems

Customer and Market Focus

- Establish the greatest possible proximity to customers – strengthen the principle of "one face to the customer" and take advantage of cross-selling opportunities: become the full-line supplier for our customers
- Increase our market share in order to take a leading position in our target segments
- Develop a global service portfolio by 2025 – from a product-oriented to a solution-oriented approach
- Systematically introduce new business models in the broader lubricant environment

People and Organization

- Be the preferred employer for existing and future employees
- Optimize working conditions and promote global cooperation
- Further improve development programs, skills models, and succession planning; strengthen global recruitment and retention of talented employees
- Promote the internationalization of business units, remote leadership, international job changes, etc.

Technology Leadership

- Encourage innovation-oriented thinking and strengthen our innovative capabilities. Strengthen/establish our technology leadership in all defined target segments
- Introduce digital solutions and platforms to establish even closer connections with our customers beyond lubricants
- Bring the competence and expertise of the three R&D centers in China, the US and Germany to the same level by 2025

Sustainability

- Economic sustainability: Annual growth in sales revenues in the mid-single-digit percentage range, €500 million EBIT by 2025 and a long-term EBIT margin of 15 % at Group level, an average cash conversion rate of 0.8 and an annual increase in the dividend
- Environmental sustainability: CO_2-neutral "gate-to-gate" production since 2020, CO_2-neutral "cradle-to-gate" products by 2025. Climate neutrality is to be achieved by 2040. Support other projects for environmental sustainability
- Social sustainability: Support projects in the field of corporate social responsibility

In 2022, we supplemented our corporate strategic framework with a comprehensive sustainability strategy for our goal of being climate-neutral by 2040. For FUCHS, sustainability and the circular economy are key themes of the future.

In 2024, we will continue to systematically implement our defined strategic initiatives and projects on both a global and local basis.

Culture, structure, and strategy. The framework for FUCHS2025 is built on the three dimensions of culture, structure and strategy. Our employees have developed coordinated concepts and content for these three dimensions.

Being First Choice. With the "Being First Choice" vision, we are reinforcing and expressing our sharpened focus. Building on our strengths, we want to be first choice worldwide: for customers, employees, and investors.

Six strategic pillars. Our FUCHS2025 strategy is based on six strategic pillars. These serve as guidance for our strategic actions in order to fulfill our "Being First Choice" vision for 2025. Within each pillar, we have formulated concrete objectives and measures.

Implementation. To take full advantage of the potential of our objectives, we focus on two main elements when it comes to implementation. Firstly, we have staffed the Group-wide topic areas as strategic initiatives with global, cross-functional teams. In this way, we ensure that cultural, specialist, and market-specific viewpoints are incorporated in the implementation of the objectives. On the other hand, we take a holistic market segmentation approach that reflects the development and implementation of strategy in customer- and market-relevant activities. Along with the development of a segment-oriented organizational structure, we are increasingly focusing on innovation, service solutions, and new market prospects.

Increase in company value

With FUCHS2025, FUCHS is continuing to pursue the objective of continually increasing the company value. We create value for our customers, employees and shareholders. Securing and strengthening our market position in mature markets and sustainably expanding our market position in emerging markets form the basis for this. The conditions for achieving these goals are created through organic growth and – insofar as prudent and possible – external growth, as well as through activities to secure the technological leadership of the FUCHS Group.

Independent lubricant manufacturer

Maintaining the independence of FUCHS SE remains a factor of particular strategic importance. Our independence enables us to focus on lubricants and related specialties in an efficient environment, while providing scope to further increase company value. It is based, firstly, on the Fuchs family as an anchor shareholder and, secondly, on stable financial support, which allows a sustainable dividend policy and also creates scope for acquisitions.

Controlling system

Four key performance indicators

The Executive Board manages FUCHS on the basis of various financial performance indicators. The most important of these key performance indicators (KPIs) is the FUCHS Value Added (FVA). It is characterized by the strategic objective and combines profit with capital employed. In addition, other key performance indicators are regularly reported to the Executive Board and the Supervisory Board. These key performance indicators are also incorporated into the external financial reporting system of FUCHS and are used for general communication with all stakeholders. The following section describes the four most significant performance indicators in more detail. These are unchanged compared with the previous year.

Sales revenues

Annual sales revenues are a key performance indicator for FUCHS. FUCHS aims to achieve annual growth in sales revenues in the mid-single-digit percentage range. We use organic growth as an important metric for managing sales revenues growth. Organic growth is growth in sales revenues adjusted for currency translation and portfolio effects. Portfolio changes resulting from investments are described as external growth. We use organic growth as a key performance indicator both for the entire Group and at regional level.

Profitability

Earnings before interest and tax (EBIT) is our central benchmark for managing profitability at Group level. We use EBIT to assess the profitability of the entire Group and the individual segments. This is a KPI commonly used to measure the operating performance of companies that is not affected by financing or tax effects. EBIT is a component in the calculation of the FVA, the target factor for the variable compensation of the management and the Executive Board. FUCHS aims to achieve an EBIT of €500 million by 2025 and an EBIT margin of around 15 % in the long term.

Liquidity

FUCHS uses free cash flow before acquisitions as the key liquidity indicator for the entire Group. Free cash flow before acquisitions is defined as cash flow from operating activities, net of capital expenditure on intangible assets and property, plant and equipment. It indicates the scope of available financial resources, particularly for acquisitions, for dividend payments, for the share buyback, for increasing cash and cash equivalents and for the settlement of financial liabilities. Free cash flow before acquisitions is an important key liquidity indicator that provides the basis for a large number of management decisions. In addition, FUCHS uses the cash conversion rate to measure the realized inflow of funds from net income. This is defined as the ratio of free cash flow before acquisitions to earnings after tax. The goal is to achieve an average cash conversion rate of 0.8.

FUCHS Value Added as central key performance indicator

The main KPI for the Group is FVA, which takes into account not only earnings but also capital employed. EBIT is the relevant profit indicator. Capital employed is reflected in the net assets and financial position. Value is only added when the recorded earnings are higher than the costs of the capital employed.

Capital expenditure is largely influenced by investments in property, plant and equipment, capital expenditure on intangible assets, as well as by the changes in net operating working capital (NOWC). Property, plant and equipment is managed on the basis of investment appraisals, while NOWC is monitored through the targeted management of its components (inventories, trade receivables and trade payables, advance payments received and liabilities from customer discounts).

The average capital employed for a financial year is determined on the basis of the Group's interest-bearing financial resources and is calculated as an average of the parameters of the portfolio at five quarterly figures, starting from December 31 of the previous year:

Shareholders' equity + Net pension provisions + Financial liabilities − Cash and cash equivalents + Goodwill amortization from previous years (up to 2004: €85 million) = Capital employed

To calculate the costs of capital employed, the weighted average cost of capital (WACC), which is determined on the basis of the capital asset pricing model (CAPM), is used.

The level of WACC is reviewed annually on the basis of up-to-date capital market data as of the end of the reporting period.

The summarized performance indicator FVA therefore shows the successes in earnings management and in managing the use of capital:

FVA = EBIT − Capital employed × Weighted average cost of capital (WACC)

Variable compensation for local, regional and global management is based on FVA. Entitlements to variable compensation are only granted when positive added value has been generated in the respective financial year.

Budget monitoring as part of the management system

The instruments for the operational management of the companies include a detailed system that monitors any deviation between target and actual figures in the budget.

In the course of the annual budgeting process, goals are defined for companies and regions in terms of growth and EBIT on the basis of gross margins and changes in other operating and staff costs. A monthly target/actual comparison ensures that compliance with the budget is continuously monitored. When targets are not reached, the causes are immediately investigated and counter-measures initiated.

Research and Development

Increasing focus on e-mobility and sustainability

FUCHS noticeably increased the intensity of its R&D work in the 2023 reporting year. This is also reflected in the number of R&D projects, which was significantly higher than the previous year at around 680 (over 600). With 597 employees (574) and R&D expenses of €71 million (69), FUCHS continues to strive to establish and expand its technological lead in strategically important areas and to promote innovation, while strengthening its R&D centers in Europe, Asia and the Americas, which are aligned to meet the requirements of the various markets.

Having worked extensively in the previous years to counteract the limited availability of raw materials, in 2023 we were able to take more advantage of the opportunities presented by the megatrends of digitalization, sustainability, and e-mobility and strongly focus on the successful development of new products, thus underlining our claim to technological leadership.

Highly efficient and sustainable e-mobility solutions rely on lubrication. To develop smart lubrication solutions for future mobility applications, we draw on our in-depth knowledge and extensive experience in various mobility sectors and work together with our customers and suppliers to develop suitable solutions for the challenges involved.

With regards to Electric Driveline Fluids (EDF), we have developed **FUCHS BluEV EDF 7005** as a Premium Performance EDF based on the sustainable FUCHS Advanced Circular Technology (ACT). This high-performance lubricant is an EDF with very high efficiency potential. Due to the balanced ratio of low viscosity base oils and state of the art additive system FUCHS BluEV EDF 7005 distinguishes itself from conventional products. The performance fluid was especially designed to provide compatibility with E-Motor components for a direct cooled E-Motor and an optimized lubrication of the E-axle transmission. Furthermore, the oil can convince with electrical characteristics e.g. for conductivity and resistance.

E-Drive Fluids for Battery Electric Vehicle applications have been also developed in cooperation with several Chinese OEM customers such as **FUCHS BluEV EG EDF 4100** and **4600 series** as EDF for passenger cars and light commercial vehicles. With these products, we serve the demands of our customers for E-Drive applications, addressing an increasing need for top performing liquids. Additionally, with **FUCHS BluEV TF 8025** fluid, we have succeeded in developing a fluid for thermal management applications in the battery. These fluids and platforms are globally available to support the change of the automotive industry towards New Mobility.

In addition, **TITAN ASF 776C** is the FUCHS special automotive hydraulic fluid developed to optimize the performance of active suspension systems. Its ability to reduce internal friction gives our customer substantial ride-comfort.

Environmental consciousness and sustainable production processes pose an enormous challenge for many companies. At FUCHS we view sustainability as an opportunity, for us and for our customers. From special lubricant solutions for e-mobility, to individually designed hydraulic oils in construction equipment, over cutting fluids in milling machines – we invest in alternative raw material solutions that support the conservation of the environment and resources and keenly focus R&D activities on the development of resource-saving and environmentally-friendly products.

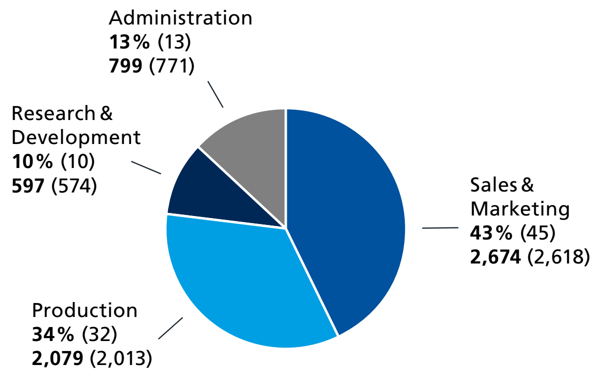
With **SOK AQUA 100**, **SOK AQUA 500** and **SOK C 5**, FUCHS complements its concrete release agents portfolio with three new products based on water-reduced or water-free emulsion concentrates, thus helping to reduce transportation costs. In addition, SOK AQUA 100 contains a biodegradable base oil, which is partly made from bio-based raw materials, it is free of solvents and mineral oil. Areas of application are building construction, stone production and asphalt and road production.

The ecosystem of FUCHS solutions continues to grow. The innovative solutions developed in 2023 can now be introduced in the various target markets and industries.

Employees

As of December 31, 2023, the FUCHS Group had 6,272 (6,104) employees, 123 (128) of whom were trainees. The total workforce increased by 168 people, or 2.8% compared with the previous year.

Functional workforce structure *



* Excluding 123 (128) trainees

Compared with the reporting date of the previous year, the number of employees, including trainees, in the EMEA region (Europe, Middle East, Africa) increased by 5 (+0.1%), in the Asia-Pacific region by 76 (+7.7%), and by 83 (+7.8%) in North and South America.

Geographical staff structure

	Dec 31, 2023	in %	Dec 31, 2022	in %
EMEA	3,910	62	3,905	64
Asia-Pacific	1,059	17	983	16
North and South America	1,146	18	1,063	17
Holdings	157	3	153	3
Total	**6,272**	**100**	**6,104**	**100**
thereof Germany	1,736	28	1,727	28

Cooperation in a globalized environment

In line with our "ACT GLOBAL" goal as part of the FUCHS2025 strategy, we worked consistently throughout the year to achieve our goals and completed numerous milestones, particularly in the area of corporate culture. In particular, cross-border interaction between employees using collaborative tools has become an integral part of many employees' roles. Even larger projects, trainings and workshops are increasingly taking place virtually or as hybrid events, so "ACT GLOBAL" has become embedded in the day-to-day practice of employees. The resulting simplified collaboration in international, diverse teams enables ideas and projects to be jointly looked at and worked on from different perspectives.

Managers, while maintaining our Leadership Principles, Leadership Behaviors, and the FUCHS mission statement, are increasingly assuming the role of interface managers between specialist departments and business units. In line with our matrix structure, managers are also increasingly required to be more connected and interdisciplinary in order to fulfil their role as role models for the implementation of "ACT GLOBAL."

Besides the target-oriented development of communication structures across borders, the focus is on making communication free from hierarchies and open. An open feedback culture plays an important role in this. Various successful formats have been continued, such as a dialogue box or breakfast with the Executive Board or senior management, to promote a culture of feedback. We convey to employees the requirement to approach their tasks and responsibilities with a "growth mindset".

Managers at all levels are required to be role models in terms of "ACT GLOBAL", making their own personal contribution to the overall success of the company. The portfolio of management tasks also includes shaping and developing the corporate culture. The key to this is involving employees worldwide and ensuring that they all collectively work towards meeting the challenges of the future. The transformation of the company and the work environment makes the managers' work more challenging. The training and further education of managers is therefore becoming increasingly important in order to implement uniform standards for the role of managers as active promoters of change and creators of a common, sustainable working environment.

Digitalization in the working world

Constantly evolving digitalization offers a variety of opportunities to promote agile work in a global business. Our focus is on the ongoing design and development of digitalized operating processes and workflows in integrated system landscapes to make task processing more efficient and, as a result, to create more time for key interdisciplinary collaboration. We have also set up a digital training strategy to qualify employees for future challenges.

The digitalisation of HR processes was supplemented and developed further in 2023. New digital modules for structured succession planning and global talent management were introduced worldwide. The talent pools, which are now nominated digitally by managers, serve as a source for identified succession requirements. In the area of personnel development, the e-learning programme was completely redesigned, technically implemented and supplemented with new offerings for all groups of employees. This enabled an attractive digital learning environment, from which employees benefit through increased transparency and further training opportunities. We have launched various data tools with the aim of further improving the quality of HR data. New reporting tools help us to make important decisions relating to HR work based on the data generated.

Further strengthening the employer brand

The implementation of the new employer brand was also launched in 2023 as part of the FUCHS2025 HR initiative "Talent acquisition, talent development, and employee loyalty". The basis was a market analysis and a survey of representative groups of employees by a global and interdisciplinary project group. The global branding concept was previously visually realized in coordination with the new brand positioning *MOVING YOUR WORLD.* The core elements of the employer brand have now been brought to life and appropriate messages and graphic concepts for reaching out to target audiences have been placed in various internal and external channels such as job advertisements, careers websites, and trade fair stands. The aim is to ensure a globally consistent presentation of the employer brand.

Collaboration with colleges and universities continued, to promote FUCHS as an attractive employer for students, graduates and young scientists. FUCHS was able to make contact and engage with numerous interested parties as a potential employer at trade fairs and with students at colleges and universities. The awarding of scholarships continues to foster contacts in relevant fields and universities. We pay particular attention to the training of a continuous number of dual trainees and students of Baden-Wuerttemberg Cooperative State University (DHBW) at our German locations.

Attracting qualified specialists is still a particular challenge on all labor markets, and especially in Europe, India, China and the US. Potential new employees also have different interests and expectations of a new employer than in the past. New ways of addressing talents in the recruitment market, such as social media recruitment or active sourcing, are being gradually expanded. The "Preferred Supplier Concept" implemented for collaboration with sustainable HR consultants has been further refined at various locations and the collaboration has deepened. By providing comprehensive information and communicating the core ideas of the FUCHS2025 strategy, they were able to better communicate FUCHS' image to interested professionals in the market. This formed the specific focus of two projects under the global HR initiative for FUCHS2025. On the one hand, the appropriate channels for reaching out to candidates were redefined globally. We then also globally re-engineered the entire recruitment process, including selection procedures, to assess whether candidates fit the mindset, values and motivation of FUCHS employees. Our goal remains unchanged: to find the best talents in the respective areas of expertise and to inspire them to join FUCHS. The redesigned global talent program aims to position FUCHS as an employer with global development opportunities within the Group. At the same time, we want to focus not just on specialist expertise, but also on hiring employees with the right, forward-looking attitude and matching behavior. The filling of positions with employees from our own ranks is also of particular importance. Accordingly, in the course of the Group's continued expansion, attention was once again focused in 2023 on promoting employees from within the company to new attractive positions with a global profile. This also allowed newly created positions or ones that had become vacant due to staff retiring, for example, to be filled by internal candidates.

Training

As of December 31, 2023, 78 (82) young people at our German companies took part in dual training programs. 24 trainees and dual training program students completed their training in the reporting year.

We provide training in different commercial and technical professions. We also offer goal-oriented and qualified high school graduates the opportunity to attend a dual study program, which leads to a bachelor's degree, in cooperation with the DHBW.

Dual study programs are a key building block for junior staff development at FUCHS. In addition to the various training courses and DHBW study programs, we also offer involvement in Group-wide, international projects. Many of our current top performers are former FUCHS students, trainees and interns. Many management positions throughout the Group have now been filled by our former students.

2.2 Macroeconomic and sector-specific conditions

World economy in 2023 with moderate growth, Germany slipped into recession

Development of gross domestic product

in %	2022	2023	Forecast 2024
Germany	1.8	−0.3	0.5
Eurozone	3.4	0.5	0.9
USA	1.9	2.5	2.1
China	3.0	5.2	4.6
Highly developed countries	2.6	1.6	1.5
Developing and emerging countries	4.1	4.1	4.1
World	**3.5**	**3.1**	**3.1**

Source: International Monetary Fund (IMF).

- The global economy recorded growth of 3.1% in 2023, although this was lower than in the two previous years. According to the International Monetary Fund (IMF), Russia's ongoing war of aggression in Ukraine and the accelerated fragmentation of the world (decoupling), in particular, put a strain on development. In addition, cyclical factors such as the expiry of the pandemic fiscal packages and high inflation have also had negative effects on the global economy.
- Most central banks, including the US Federal Reserve and the European Central Bank (ECB), have increased interest rates significantly further to curb price pressures. As a result, industrial production worldwide stalled in 2023.
- China has seen a recovery following the discontinuation of the zero-Covid policy, even though the economy has developed more cautiously than in previous years due to structural problems and a sustained positive trend needs to be confirmed.
- The US posted again growth due to expansive fiscal policies and buoyant private consumption.
- The euro area suffered significantly from high inflation, rising interest rates and weak international demand, with Germany even slipping into recession.
- In total, the global economy grew by 3.1 % in 2023.
- The IMF expects global economic growth to remain unchanged at 3.1% in 2024. China and the USA will lose some momentum, while the eurozone will gain on a low basis. One of the drivers for the economy is the expected fall in interest rates. The faster inflation rates fall, the greater the room for manoeuvre for central banks. The US Federal Reserve and the ECB have held out the prospect of interest rate cuts in 2024 in the event of falling inflation rates. However, Germany is struggling to emerge from stagnation, as the construction sector remains under heavy pressure and industry is lacking stimulus from foreign markets. In addition, fiscal policy has little room for manoeuvre to stimulate the economy following the Federal Constitutional Court's ruling on the debt brake.

Powerful recovery in the demand for vehicles in 2023, stagnation in Germany expected for 2024

According to the Automobile Industry Association (VDA) 2023, the automotive markets around the world have significantly recovered, with sales rising by 9.6 % equating to 75.6 million passenger cars. The availability of intermediate products gradually improved in 2023, allowing production to increase from the very weak level of the previous year characterized by bottlenecks. Despite the strong recovery in sales of passenger cars by almost 14 % to 12.8 million, the volume in Europe was still 19 % lower than in the pre-crisis year of 2019. The US market failed to make up this gap in 2023. There were 15.5 million passenger cars and light trucks sold, 9 % fewer than in 2019. In contrast, with passenger car sales of 25.8 million, China set a new record. Japan, the world's fourth-largest single market, grew by 15.8 %. Big increases were also achieved by India, Brazil and Mexico in 2023. In Germany, passenger car sales, taking account of the negative special effects of the abrupt discontinuation of the promotion of electric cars, ultimately rose by 7.3 % to 2.8 million in December. Domestic production of passenger cars increased by 18 % to 4.1 million thanks to strong export demand. The demand for electric cars continues to rise globally. Approximately 9 million fully electric passenger cars were sold in

2023, an increase of 29 % over the previous year. China remains the world's largest market for electric vehicles, where sales increased by 21 % to 5.1 million fully electric vehicles. This was followed by Europe with around 2 million (+27 %) and the US with 1.2 million (+50 %) newly registered electric vehicles.

For the global market in 2024, VDA expects sales to grow further to 77.4 million passenger cars (+2.4 %). As the catch-up effects to overcome the bottlenecks have largely run their course, momentum is more moderate compared to the previous year. In addition, the environment remains tense, with energy costs, inflation rates and interest rates continuing to be high. Due to the low starting point, the VDA's sales forecasts for 2024 are slightly more positive than for China (+1 %) at +4 % for Europe and +2 % for the US. Germany is expected to see stagnant sales of around 2.8 million passenger cars in 2024, still about a quarter less than in 2019. Due to the abrupt halt in the production of electric cars in Germany in December, sales in this segment are expected to decline by 9 % in 2024, and by 14 % for pure electric vehicles (BEVs). The total domestic production of passenger cars will remain stable in 2024, with the production of electric cars expected to increase significantly by 19 % (BEV +25 %) according to the VDA. With 76 % of all passenger cars produced in Germany, the majority are exported.

Development of automotive sales (passenger cars and light trucks)

in %	2022	2023	Forecast 2024
Germany	1.1	7.3	−0.7
Europe	−4.1	13.7	4.0
China	10.0	11.0	1.0
USA	−8.1	12.4	2.0
World	**−2.0**	**9.6**	**2.4**

Sources: S&P Global Mobility, Automobile Industry Association (VDA), European Automobile Manufacturers Association (ACEA).

Mechanical engineering stalls globally in 2023, no recovery expected in 2024 either

Global industrial production barely grew in 2023. The industry's investments also remained low due to increased financing costs. As a result, mechanical engineering sales stalled further and stagnated in 2023, according to the German Mechanical Engineering Industry Association, the VDMA. Of the world's major regions, only China was able to register positive growth, with a rise of 2 %. Regionally, the trends were very mixed. While Turkey and India recorded strong growth (+10 % in real terms each), mechanical engineering in South Korea (–5 %) and Japan (–6 %) declined. In the US, sales revenues contracted, and also the Eurozone saw a slightly downward trend. Over the whole year, sales revenues decreased in Switzerland (–2 %), while the United Kingdom posted an increase (+5 %). France and Spain stagnated, while Italy (–1 %) and the Netherlands (–5 %) suffered drops. Germany's mechanical engineering industry posted a real loss in sales of 2 %.

Also in 2024, the global mechanical engineering industry will be caught between a weak economy and still high interest rates and energy costs on the one hand, and the need to invest in the transformation of the energy sector and decarbonization on the other. In addition, the decoupling of the global economy is leading to investments in the vertical expansion of local added value. As the sum of the effects, the VDMA expects real global machinery sales revenues to stagnate further. China is again expected to grow by only 2 %, while the pace of expansion in India (+5 %) and Turkey (+4 %) is expected to halve. Declines are expected for mechanical engineering in the US (–2 %) and Switzerland (–1 %). In the eurozone, headwinds are expected for Italy (–2 %), France (–3 %) and the Netherlands (–4 %). According to the VDMA, machine sales in Germany are also expected to fall by 2 % and production is set to fall even more sharply by 4 %.

Engineering sales revenue performance

in %	2022	2023	Forecast 2024
Germany	0.0	−2.0	−2.0
Eurozone	3.0	−1.0	−2.0
China	2.0	2.0	2.0
USA	3.0	−3.0	−2.0
World	**3.0**	**0.0**	**0.0**

Source: VDMA.

Global steel production stagnated in 2023, slight recovery possible in 2024

Against the backdrop of a weak global economy, a muted industrial economy and high interest rates, the global steel industry failed to recover from the slump of the previous year. In key customer areas, trends in 2023 ran in opposite directions. The automotive industry was able to increase its output, while mechanical engineering moved sideways, and in many countries, the construction industry found itself under pressure. This resulted in stagnated global crude steel production. China, which accounts for 54 % of global output, showed zero growth (+ 0.1 %), as did steel producers in the US (+ 0.2 %). While India (+ 11.8 %) and South Korea (+ 1.3 %) saw increases, the losses in Europe were particularly heavy, due in part to high energy costs. For example, producers in the EU reduced their steel production by 7.4 %, those in the UK by 6.5 % and in Turkey by 4.0 %. In addition, steel production decreased in Japan (– 2.5 %) and Brazil (– 6.5 %).

The industry association WSA expects the global steel economy to recover slightly in 2024, with the emerging markets (+ 4.8 %) recovering faster than the industrialized nations (+ 2.8 %). The construction industry will remain under pressure in high-rise construction due to interest rates in 2024, but high investments in infrastructure and the decarbonization of the economy will drive demand for steel worldwide. According to the WSA, China will continue to stagnate in 2024. In the rest of the world, steel demand is also expected to recover significantly by 4.0 % on a baseline basis. Strong growth is forecast for India (+ 7.7 %) and the ASEAN-5 countries (+ 5.2 %). The WSA is confident about the USA (+ 1.6 %), Mexico (+ 2.0 %), South Korea (+ 1.1 %) and Japan (+ 0.6 %). In the EU, including the UK, steel demand is growing by 5.8 %, with the recovery in Germany (+ 10.6 %) expected to be particularly strong. Italy is also expected to increase by 4.8 %. In addition, Turkey is showing robust growth (+ 5.0 %).

Development of crude steel production

in %	2022	2023	Forecast 2024
Germany	−8.4	−3.9	10.6
Europe	−10.9	−7.4	5.7
Asia	−2.3	0.7	1.3
North America	−5.5	−1.7	1.5
World	**−4.2**	**0.0**	**1.9**

Source: World Steel Association (WSA).

Chemical industry in 2023 with differing regional developments, recovery expected in all world regions in 2024

In 2023, against a backdrop of a 2.0 % increase in production, the global chemical economy performance differed depending on region and sector. In Asia, the only increase in chemical production (excluding pharmaceuticals) was in China (+ 9.5 %). India (– 0.5 %), South Korea (– 10.0 %) and Japan (– 6.5 %) posted declining figures. While an increase in chemical production was recorded in the US (+2.0%), it declined in Europe (EU −5.5%). The weak global economy and, above all, the very high, uncompetitive energy costs globally put a heavy strain on the chemical industry in Europe, particularly in Germany. In energy-intensive segments such as petrochemicals (– 12 %) and polymers (– 10 %), production in Europe fell massively.

According to VCI forecasts, industry development in 2024 is likely to be less regionally divergent and positive worldwide. Pure chemical production is therefore expected to increase by 2.3 % in 2024 (with pharmaceuticals + 2.7 %). China's chemical industry (+ 5.5 %, with pharmaceuticals 4.0 %) is expected to grow more moderately than recently and India (– 2.5 %) is expected to fall slightly behind. South Korea (+ 4.5 %), Brazil (+ 3.5 %) and the USA (+ 1.0 %, with pharmaceuticals + 1.5 %) are showing signs of recovery. A slight increase in chemical production of 1.0 % (with pharmaceuticals + 0.5 %) is possible in the EU. German chemical production stagnated or experienced a slight decline in production (– 1.0 %, with pharmaceuticals + 0.0 %). In Germany, the situation has fundamentally changed as a result of the Ukraine war and the sharp rise in energy costs. Significant efficiency measures are required in the chemical industry, but production shutdowns and the relocation of parts of production abroad are also to be expected. This is also likely to have a negative impact on the outlook in the coming years.

Development in chemicals production[1]

in %	2022	2023	Forecast 2024
Germany	–6.7	–8.0	0.0
EU	6.3	–5.5	0.5
China	3.9	5.5	4.0
USA	2.2	2.0	1.5
World	**3.1**	**2.0**	**2.7**
World (excluding pharmaceuticals)	1.5	1.0	2.3
Germany (excluding pharmaceuticals)	–12.1	–11.0	–1.0

Sources: VCI, Cefic.

[1] including pharmaceuticals.

Slight growth expected in global demand for lubricants

The Kline study conducted in 2023 estimates that global demand for lubricants will increase slightly in the period from 2023 until 2027, with an average growth rate of 1.0 %. The growth in the EMEA region (0.3 %) is expected to be mainly driven by the Middle East (2.0 %) and Africa (1.3 %). Declining growth rates are expected for Russia (–2.6 %), Belarus (–2.8 %) and Ukraine (–2.6 %). Growth in the North and South America region (1.0 %) will mainly be driven by increases in Mexico (3.0 %) and Brazil (2.0 %). The US is expected to develop steadily (0.3 %). Forecasts for the Asia-Pacific region, with compound annual growth of 1.4 %, will be supported in particular by increases in India (2.7 %) and Thailand (2.5 %). The largest country in the region, China, is expected to grow slightly (1.1 %). For the year 2027, global demand for lubricants is expected to be around 37.1 million tonnes. This amounts to an increase of around 1.4 million tonnes compared to the initial level from 2023. The positive trend in demand for higher-quality lubricants is thus set to continue, supported by new technical standards in industrialized countries in particular.

Development of lubricant requirements

in %	Compound annual growth rate (2023–2027)
EMEA	0.3
Asia-Pacific	1.4
North and South America	1.0
World	**1.0**

Source: Kline study.

2.3 Business performance in 2023 – forecast comparison

Forecast for EBIT and free cash flow before acquisitions exceeded

In the past financial year, the FUCHS Group achieved or even exceeded all of the targets set at the beginning of the year.

The forecasted sales revenues were achieved, EBIT and free cash flow before acquisitions exceeded the targets set, and the development of FVA was also in line with expectations.

The most important key performance indicators returned the following results:

- Sales revenues increased by €129 million (4%) to €3,541 million.
- EBIT increased by €48 million (13%) to €413 million.
- FVA improved from €172 million to €212 million.
- Free cash flow before acquisitions was €465 million compared with €61 million in the previous year.

The forecast for the past financial year 2023 was made at the beginning of last year amid great uncertainty. The impact of Russia's war of aggression on Ukraine and China's economic recovery following the lifting of the zero-Covid policy could not be reliably estimated, nor could price trends and availability in raw material markets. During the year, the forecasted free cash flow before acquisitions was adjusted twice and ultimately exceeded.
→ ⌗ Comparison of actual vs. forecasted business performance

Due to catch-up effects from the inflation-related increase in sales prices in the previous year, the development of sales revenues was in line with original expectations despite negative currency effects.

Comparison of actual vs. forecasted business performance

Performance indicator	Forecast 2023	Actual 2023	Evaluation
Sales revenues	around €3.6 billion	€3.5 billion	achieved
EBIT	around €390 million	€413 million	exceeded
FVA	above the previous year (€ 172 million)	€212 million	achieved
Free cash flow before acquisitions	around €250 million July 28, 2023: around €300 million October 27, 2023: around €380 million	€465 million	exceeded

With on average for the year further increased raw material costs and sales prices, gross profit increased more sharply than sales revenues. This effect also more than offset increased costs such as transport, energy and personnel. The earnings forecast was not adjusted over the course of the year due to ongoing uncertainty, but was ultimately slightly exceeded.

At €83 million, investments in 2023 were on the comparable level of depreciation and amortization amounting to €82 million. Inflation-related increases in raw material costs, higher sales prices and high inventories due to interruptions in the supply chain had caused net operating working capital to soar in the two previous years. This effect was reversed in reporting year 2023 resulting in a sharp decline in net operating working capital, which had a positive effect on the free cash flow before acquisitions. Therefore, its original forecast of around €250 million increased twice during the year and ultimately amounted to €465 million.

With a cost of capital that rose by 0.5 percentage points to 10.5% (10.0), FVA totaled €212 million (172) which, as expected, was above the prior year's figure.

2.4 Group performance and results

Sales revenues (performance)

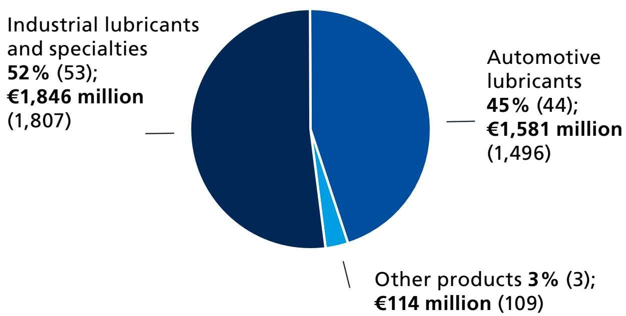
Regional development of sales revenues by company location

in € million	2023	2022	Organic growth	External growth	Currency translation effects	Total change absolute	Total change in %
EMEA	2,041	2,036	49	0	–44	5	0
Asia-Pacific	979	929	124	0	–74	50	5
North and South America	687	653	89	0	–55	34	5
Sales revenues before consolidation	3,707	3,618	262	0	–173	89	–
Consolidation	–166	–206	40	0	0	40	–
Total	**3,541**	**3,412**	**302**	**0**	**–173**	**129**	**4**

Price-driven sales revenues with renewed increase

In the past financial year, despite the difficult environment, FUCHS increased its sales revenues by €129 million or 4% to €3,541 million. FUCHS revenue increase benefited from the sales price adjustments already implemented in the second half of 2022 to offset massive price increases on the purchasing side, leading to organic growth of around 9% or €302 million. This growth was dampened by negative exchange rate effects of 5% or €173 million, which resulted from the strength of the euro. External growth did not contribute to the rise in sales revenues.

Breakdown of Group sales revenues by product group



Growth factors

	in € million	in %
Organic growth	302	9
External growth	0	0
Effects from currency translation	–173	–5
Growth in sales revenues	**129**	**4**

Group sales revenues by customer location

in € million	2023	Share in %	2022	Share in %	Change absolute	Change in %
EMEA	1,834	52	1,775	52	59	3
Asia-Pacific	1,024	29	992	29	32	3
North and South America	683	19	645	19	38	6
Total	**3,541**	**100**	**3,412**	**100**	**129**	**4**

Share of regions in total sales is largely constant

The Group's 4% growth in sales revenues was driven by the Asia-Pacific and North and South America regions. Both regions increased their sales revenues by 5% respectively. In contrast, sales revenues in the Europe, Middle East, Africa (EMEA) region remained at the previous year's level. This allowed the North and South America region to increase its share of unconsolidated total sales revenues by company location by at least one percentage point to 19% (18). Asia-Pacific remained constant at 26% (26). EMEA dropped by one percentage point, but remains by far the largest revenue region with a share of 55% (56).

Group sales revenues by customer location

There were no changes in the breakdown of consolidated sales by customer location compared to the previous year. A good half of consolidated group sales revenues totalling 52% (52) continue to be generated with customers in the EMEA region. The second-largest market is the Asia-Pacific region. As in the previous year, FUCHS generates 29% (29) of its sales revenues with customers based there. The remaining 19% (19) of sales revenues are attributable to customers in the North and South America region.

Results of operations

Group results of operations

in € million	2023	in %	2022	in %	Change
Sales revenues	3,541	100.0	3,412	100.0	129
Cost of sales	–2,396	–67.7	–2,358	–69.1	–38
Gross profit	1,145	32.3	1,054	30.9	91
Other function costs	–739	–20.8	–698	–20.5	–41
EBIT before income from companies consolidated at equity	406	11.5	356	10.4	50
Income from companies consolidated at equity	7	0.2	9	0.3	–2
EBIT	413	11.7	365	10.7	48
Financial result	–10	–0.3	–8	–0.2	–2
Income taxes	–120	–3.4	–97	–2.9	–23
Earnings after tax	**283**	**8.0**	**260**	**7.6**	**23**

EBIT reaches record level, EBIT margin improved from 10.7% to 11.7%

In an economically challenging environment, FUCHS generated a new record EBIT of €413 million in the past financial year, €48 million above the previous year. The EBIT margin could be improved, following a significant decline in profitability in the previous year against the backdrop of high inflation last year. It increased from 10.7 % to 11.7%.

The EBIT margin followed the performance of the gross margin. After falling by 2.7 percentage points in the previous year, it recovered in the past financial year, improving by 1.4 percentage points to now 32.3% (30.9). Gross profit increased by €91 million to €1,145 million (1,054).

In 2023, the price increases implemented from mid-2022 onwards offset the extreme increases in raw material and other costs for the full year. This made it possible not only to cover further slight cost increases on the purchase price side and thus the gain in gross profit, but also to offset the further increase in other function costs. These increased by €41 million or 6%. This rise largely stemmed from higher staff costs. These increased primarily as a result of tariff increases and due to variable remuneration as a result of improved performance. In addition, inflation-driven rises in energy costs were significant, but these remain only a minor factor for FUCHS. The lifting of pandemic restrictions on travel activities led to higher travel expenses.

As a result, EBIT before income from companies consolidated at equity increased by €50 million, and the corresponding margin by more than one percentage point, from 10.4% to 11.5%.

Despite a €2 million drop in at equity income from companies consolidated at equity to €7 million (9), EBIT improved by €48 million or 13% to €413 million (365). Following declines in previous years, the EBIT margin rose to 11.7% (10.7) in a continued inflation-driven environment. This is still below the target of 15%, but an improvement of one percentage point over the previous year.

Earnings after tax were 9% higher than in the previous year, thus failing to fully replicate EBIT growth due to an increase in the tax rate from 27.9% to 30.3% (income taxes based on earnings before tax excluding earnings at equity). Reasons for the increase in the tax rate included one-off effects from taxes for the previous year, higher non-deductible withholding taxes on dividends, as well as increases in earnings from countries with high tax rates such as Germany. The increase in earnings after tax by €23 million to €283 million nonetheless resulted in a year-on-year increase in net return on sales to 8.0% (7.6). Earnings per ordinary and preference share improved by €0.21 or around 11% to €2.08 (1.87) and €2.09 (1.88) respectively.

2.5 Sales revenues, results of operations, and investments in the regions

Europe, Middle East, Africa (EMEA)

Sales revenues on prior year level in a challenging environment despite slightly negative currency effects and declines in business with other regions

In the past financial year, the EMEA region generated €2,041 million (2,036) in sales revenues on par with the previous year. Price-driven organic growth of 2%, or €49 million, was offset by negative exchange rate effects mainly from South Africa amounting to a total of €44 million.

Despite the general difficult economic environment, the adjustments in sales prices that were needed back in 2022 were largely sustained, allowing the vast majority of countries to increase growth in sales revenues. In particular, Poland, the United Kingdom and France recorded high absolute and relative increases. The overall sales revenues of the region were negatively affected by a decline in sales with other regions.

EBIT jump by €43 million (25%) to €213 million

In an economically challenging environment, the EMEA region bettered its earnings by €43 million, or 25%, for an EBIT of €213 million.

With sales revenues at the same level as last year, the EMEA region achieved double-digit growth in its gross income and increased its gross profit accordingly. The increase in sales prices in the previous year could offset a further slight year-on-year average increase in purchase prices and an inflation-related increase in other function costs, particularly relating to personnel and energy costs. Thereby, EBIT before at equity increased by €45 million to €206 million. The significant jump in earnings was accompanied by an increase in the EBIT before at Equity from 7.9% to 10.1%.

The majority of companies contributed to the improvement in results. The main contributors were Germany, the United Kingdom, Poland, and Sweden. In addition, the companies from France, Italy and Spain were the main countries to post high relative increases. In contrast, Russia's contribution to earnings declined.

At equity income contributed €7 million (9) to the region's segment earnings, which was €2 million less than in the previous year. Both Middle Eastern and Southern African companies faced difficult economic environments. The joint venture in Saudi Arabia developed positively.

Segment information for EMEA [1]

in € million	2023	2022
Sales revenues by company location	2,041	2,036
Organic growth	49 (2%)	317 (19%)
External growth	0 (0%)	2 (0%)
Currency translation effects	–44 (–2%)	7 (0%)
EBIT before at equity	206	161
At equity income	7	9
Segment earnings (EBIT)	213	170
Additions to non-current assets [2]	43	37
Capital expenditure [3]	32	32
Acquisitions [4]	0	0
Employees as of 31 December	3,910	3,905

[1] For further information, refer to the financial report: "Segments."
[2] Investments plus additions to rights of use from rental and leasing agreements – excluding financial instruments, deferred tax assets and defined benefit pension assets.
[3] Excluding additions to rights of use.
[4] Additions to property, plant and equipment and intangible assets.

Investment volume at previous year's level, focus again on Germany and South Africa

The volume of investment stood at around €32 million (32), equal to the previous year's level.

The German sites of Mannheim, Kaiserslautern, and Kiel were once again the focus. These sites invested €12 million (13) in numerous maintenance and modernization efforts, as well as expansion investments. These included building the infrastructure for the production of liquid electrolytes for high-performance batteries in the industrial and automotive sectors, which will be made available to our joint venture E-Lyte.

In addition, the renovation and expansion of the Johannesburg site in South Africa continued to be pushed forward. The completion of the implementation of SAP and the start of the expansion of production capacity for high-volume products created the conditions for future growth.

As well as investments, additions to non-current assets also include additions to rights of use from rental and leasing agreements in the amount of €11 million. The largest single contract was concluded in Germany and concerned the extension of a lease for office space.

Asia-Pacific

Segment information for Asia-Pacific [1]

in € million	2023	2022
Sales revenues by company location	979	929
Organic growth	124 (13%)	21 (3%)
External growth	0 (0%)	0 (0%)
Currency translation effects	–74 (–8%)	53 (6%)
EBIT before at equity	111	113
At equity income	0	0
Segment earnings (EBIT)	111	113
Additions to non-current assets [2]	34	36
Capital expenditure [3]	29	31
Acquisitions [4]	0	0
Employees as of 31 December	1,059	983

[1] For further information, refer to the financial report: "Segments."
[2] Investments plus additions to rights of use from rental and leasing agreements – excluding financial instruments, deferred tax assets and defined benefit pension assets.
[3] Excluding additions to rights of use.
[4] Additions to property, plant and equipment and intangible assets.

Asia-Pacific benefits from business expansion and positive price effects despite high currency losses

After a difficult year in 2022, the Asia-Pacific region rebounded in 2023. Despite high negative exchange rate effects of –8% or –€–74 million, the region increased its sales revenues by 5% or €50 million to €979 million. This was made possible by price- and volume-driven organic growth of €124 million or 13%.

Australia was the main contributor to the region's growth. But China, which was still hampered by numerous lockdowns and consequences of the Covid-19-pandemic in 2022 and the beginning of 2023, also picked up again in the second half of 2023. The encouraging development of recent years continued in 2023 in India and the smaller, fast-growing companies in East- and Southeast Asia.

EBIT slightly below last year due to negative currency effects

Despite an increase in sales revenues, the Asia-Pacific region fell short of its previous year's EBIT by just under €2 million, posting a result of €111 million. The development was hampered, among other things, by significant negative currency translation effects from all countries in the region.

The improved gross profit was therefore not sufficient to cover the increase in other function costs. Higher freight rates, inflation-related increases in staffing and increased travel costs due to the restart of travelling after the lockdown also had a negative impact. As a consequence, the EBIT margin dropped from 12.2% to 11.3%. China, in particular, has not yet been able to build on the successes of the years before the Covid-19-pandemic, despite an increase in sales revenues, and has taken a step backwards in terms of results due to currency effects. India, Korea and Japan, on the other hand, recorded satisfactory earnings growth.

Specialty grease plant in China and new production plant in Vietnam largest single investment

In the Asia-Pacific region, investments in property, plant and equipment and intangible assets accounted for €29 million (31), slightly below last year's level. Around two-thirds of this investment went into projects at Chinese sites. In particular, the development of the company's in-house production capacities for high-performance greases, including polyurea greases, following the model of the Kaiserslautern site, was pushed further ahead. In the future, the new grease plant will allow China to respond even better and more flexibly to customer requirements in the applications of e-mobility, wind power, and the food industry. The largest single investment in the region, besides the specialty grease plant, was made in Vietnam, where, after a two-year construction phase, the new production plant for this promising market opened.

The addition to rights of use from rental and lease agreements amounted to around €5 million and resulted mainly from contracts concluded in Australia.

North and South America

Sales revenues 5% up year-on-year despite negative currency effects

After already two very strong previous years of growth, the North and South America region managed to achieve an impressive 5% increase in sales revenues, from €653 to 687 million, in 2023. This was achieved despite high negative currency effects, which saw the predominantly price-driven organic growth of €89 million or 14% reduced by €55 million, or 9%.

In addition to Brazil and the United States, due to positive business expansion, Mexico in particular was able to report increases in sales revenues, thus contributing significantly to the overall growth of the region. In contrast, the situation in Argentina was difficult. The strained economic situation affected the business of the company there, and the decline of the Argentine peso, in addition to the weakness of the US-dollar, was a major driver of the negative currency effects in the region.

Segment information for North and South America[1]

in € million	2023	2022
Sales revenues by company location	687	653
Organic growth	89 (14%)	119 (25%)
External growth	0 (0%)	0 (0%)
Currency translation effects	–55 (–9%)	63 (14%)
EBIT before at equity	79	77
At equity income	0	0
Segment earnings (EBIT)	79	77
Additions to non-current assets[2]	23	13
Investments[3]	21	11
Acquisitions[4]	0	0
Employees as of 31 December	1,146	1,063

[1] For further information, refer to the financial report: "Segments."
[2] Investments plus additions to rights of use from rental and leasing agreements – excluding financial instruments, deferred tax assets and defined benefit pension assets.
[3] Excluding additions to rights of use.
[4] Additions to property, plant and equipment and intangible assets.

EBIT slightly over previous year

The North and South America region increased its EBIT by 3% to €79 million (77) and thus contributed €2 million more to the Group's earnings than in the previous year despite significant currency losses.

The region's gross profit improved significantly and disproportionately to the sales revenues. However, in an environment still marked by inflation, other function costs also grew disproportionately to sales revenues and reduced earnings accordingly. In particular, the increase in staff and travel expenses had a negative impact. As a result, the EBIT margin deteriorated by 0.3 percentage points, from 11.8% to 11.5%.

As in the previous year, Nye, the North American specialty manufacturer acquired in 2020, and the Mexican regional company both made a particular contribution to the positive performance. Argentina, on the other hand, suffered declines in earnings and sales revenues.

Investment volume expanded, focus on the US

In the North and South America region, €21 million – almost twice as much as the previous year – was invested in 2023 in different modernization and maintenance projects. The focus of investment activities was the United States, where the Harvey and Kansas City sites in particular were further expanded.

The investments were complemented by additions to rights of use from rental and leasing agreements totalling €3 million, most of which related to leasing agreements for various vehicles.

2.6 Net assets and financial position

Balance sheet structure

Financial position

	December 31, 2023		December 31, 2022		
	in € million	in %	in € million	in %	Change in € million
Goodwill	249	10	254	10	–5
Other intangible assets	72	3	93	4	–21
Property, plant and equipment	751	31	751	30	0
Other non-current assets	108	5	107	4	1
Non-current assets	**1,180**	**49**	**1,205**	**48**	**–25**
Inventories	524	21	635	25	–111
Trade receivables	500	21	507	20	–7
Cash and cash equivalents	175	7	119	5	56
Other current assets	43	2	50	2	–7
Assets held for sale	1	0	7	0	–6
Current assets	**1,243**	**51**	**1,318**	**52**	**–75**
Total assets	**2,423**	**100**	**2,523**	**100**	**–100**

Total assets slightly lower year-on-year, in particular due to reduction in net operating working capital

Following increases in previous years, total assets were lower in the reporting year, mainly due to a decline in the commitment of net operating working capital. Assets and liabilities totaled €2,423 million, i.e. around 4 % less than in the previous year.

Non-current assets slightly lower than last year

As of the reporting date, the carrying amount of non-current assets was €1,180 million (1,205). With a decrease by 2 %, they were slightly down year-on-year.

Both other intangible assets and goodwill posted lower values compared to the previous year's reporting date: Other intangible assets decreased by €21 million, mainly as a result of the scheduled amortization of customer lists, while goodwill decreased by €5 million in full due to currency effects. Property, plant and equipment, at €751 million, by far the largest item, remained at the same level as in the previous year in terms of investments at depreciation levels.

Increase in cash and cash equivalents due to reduction in funds tied up in inventories

Massive price increases and high uncertainties in supply chains had caused both inventories and receivables to rise sharply in 2021 and 2022, resulting in an increase in current assets of more than a third in total within two years. With prices settling and supply chains stabilizing, a turnaround in inventories was achieved in 2023, while there was no further increase in receivables. As a result, current assets decreased by €75 million, or 6 %, compared to the previous year. Their share of total assets at the end of the reporting year decreased, albeit slightly, from 52 % to 51 %.

The main driver of this positive development was the decrease in inventories by €111 million, or 17 %. The price-driven increase in the value of raw- and finished products was halted due to the stabilization of prices on the purchasing side. The reduction of supply bottlenecks enabled the targeted reduction of safety stocks in raw- and finished products.

The amount of trade receivables remained at the previous year's level with a reduction of 1 %.

The reduced level of funds tied up in inventories also had a positive impact on cash and cash equivalents. Notwithstanding the continuation of the share buybacks that began in 2022, these were up year-on-year by €56 million or 47 % to €175 million.

Equity ratio at a high level further strengthened

On the basis of continued retention, total equity decreased slightly on an absolute basis by €37 million year-on-year, particularly as a result of the share buyback program. During the year, €122 million were spent on buybacks of shares and deducted from total equity. With slightly reduced total assets, the equity ratio was increased by one percentage point to 74 % (73).

Non-current liabilities at low level slightly rising

Total equity stood at €1,804 million (1,841) and liabilities at €619 million (682) as of December 31 of the reporting year. Thereof, €94 million (88) or 4 % (3) of total equity and liabilities was attributable to non-current liabilities.

The slight year-on-year increase is due to a small increase in pension provisions of €7 million to €10 million. The pension provisions, the funding of which had been transferred out in previous years, largely related to our companies in Germany. The increase in the reporting year was mainly due to the recalculation of provisions as a result of

Capital structure

	December 31, 2023		December 31, 2022		
	in € million	in %	in € million	in %	Change in € million
Total equity	**1,804**	**74**	**1,841**	**73**	**–37**
Pension provisions	10	0	7	0	3
Deferred taxes	46	2	53	2	–7
Non-current financial liabilities	28	1	18	1	10
Other non-current liabilities	10	1	10	0	0
Non-current liabilities	**94**	**4**	**88**	**3**	**6**
Trade payables	260	11	231	9	29
Provisions	17	1	15	1	2
Financial liabilities	35	2	161	6	–126
Other current liabilities	213	9	187	8	26
Current liabilities	**525**	**22**	**594**	**24**	**–69**
Total equity and liabilities	**2,423**	**100**	**2,523**	**100**	**–100**

decreasing interest rates. In addition to pension provisions, non-current financial liabilities increased by €10 million to €28 million.

Reduction of current liabilities

After a significant expansion in the previous year, current liabilities in the reporting year reduced by €69 million (–12 %) to €525 million.

The increase in trade payables by €29 million (+13 %) as well as other provisions, taxes and other liabilities totaling €28 million (+14 %) was offset by the significant reduction in the Group's current financial liabilities by €126 million to now only €35 million (161). → ## Capital structure

Contractual investment obligations reduced

In addition to the reported liabilities, there were contractual investment obligations of around €16 million (27) at the reporting date. With the completion of several construction projects, most notably the specialty grease plant in China, these commitments decreased by €11 million compared to the previous year's reporting date. Around two-thirds of the existing investment commitments were in the EMEA region, mainly related to the further expansion of the South Africa site. In addition, Germany issued higher commitments for various individual projects.

Net debt converted to net liquidity of €112 million

At the end of the past financial year, the FUCHS Group reported a net liquidity of €112 million. In the previous year, FUCHS still had a net debt of €60 million as a result of the share buyback and the massive increase in its committed capital. Despite continued share buybacks, the non-current and current financial liabilities were reduced by €116 million in 12 months, largely thanks to a high level of tied-up capital being released, and, at the same time, the amount of cash and cash equivalents was increased to €56 million.

Use of capital employed [1]

in € million	2023	2022	Absolute change	Change in %
Property, plant and equipment [1]	741	753	–12	–2
Intangible assets [1]	334	357	–23	–6
Net operating working capital (NOWC) [1]	833	820	13	2
	1,908	**1,930**	**–22**	**–1**
Other items[1]	6	–1	7	–
Capital employed [1]	**1,914**	**1,929**	**–15**	**–1**

[1] Average figures, each based on five quarterly values.

Net operating working capital (NOWC) improved to 21.6%

Compared with year-end 2023, NOWC (calculated as the balance of inventories plus trade receivables less trade payables and advance payments received and liabilities from customer discounts) dropped by €142 million or 16% to €729 million (871). Following significant increases in the previous two years, the reduction in inventories and the increase in year-end trade payables resulted in an improvement in the NOWC relative to annualized fourth-quarter sales revenues from 25.0% in the previous year to 21.6% at the end of the reporting year. This represents a reduction of the average capital commitment by 12 days to 79 days (91).

On average over five quarters, FUCHS deployed 39% of its capital for property, plant and equipment, 17% for intangible assets, and 44% to finance its net operating working capital. These three values mainly determine the cost of capital invested and thus also have a significant impact on the FVA. Their slight decline by a total of €15 million resulted in a reduction of 1% in the average capital employed compared to the previous year.

Investments and acquisitions

Investments at level of depriciation and amortization

FUCHS continues to invest in the maintenance, expansion and modernization of its sites in its third year following the end of the major investment offensive – in the past financial year this totaled around €83 million (79). As a result, investments in property, plant and equipment and intangible assets were slightly higher than in the previous year and at the comparable level of depreciation and amortization excluding rights of use (82).

Investments [1]

in € million	2023	2022
EMEA	32	32
Asia-Pacific	29	31
North and South America	21	11
Holding companies	1	5
Total	**83**	**79**

[1] Excluding additions to rights of use.

→ 48 Sales revenues, results of operations, and investments in the regions

Reporting year without Acquisitions

FUCHS continuously probes the market in search of acquisitions that will appropriately expand the product or customer portfolio. Appropriate acquisition opportunities did not arise for FUCHS in the past financial year in what was an environment of uncertainty and, therefore, difficult for acquisitions.

Depreciation and amortization

Depreciation and amortization at previous year’s level

With capital expenditure slightly above the previous year, scheduled amortization and depreciation on property, plant and equipment, including rights of use, remained at €92 million (93), the previous year’s level.

Statement of cash flows

Statement of cash flows

in € million	2023	2022
Earnings after tax	283	260
Depreciation, amortization and impairment	98	94
Change of NOWC	117	–206
Other changes	45	–20
Cash flow from operating activities	**543**	**128**
Capital investment on long-term assets	–83	–69
Earnings from disposals of fixed assets	5	2
Free cash flow before acquisitions	**465**	**61**
Cash paid for acquisitions	–4	–2
Free cash flow	**461**	**59**

Significant reduction in net operating working capital (NOWC) allows for cash flow at record high

FUCHS generated a free cash flow before acquisitions of €465 million (61) in the reporting year and thus €404 million more than in the previous year. The free cash flow, at €461 million (59), was also above the previous year's value, by around €400 million.

With earnings after tax up by €23 million and slightly higher depreciation and amortization (€4 million), the significant improvement was mainly due to the release of funds from net operating working capital (NOWC). In the two previous years, 2022 and 2021, around €360 million in additional capital was tied up, primarily as a result of the price-related, massive increase in receivables and inventories. In 2023, this trend was at least partially reversed. Mainly due to a slight decline in prices towards the end of the year and the reduction in reserve stocks, net operating working capital was reduced, and €117 million were released. In addition, the increase in tax liabilities and provisions for variable remuneration as a result of the improved performance also had a positive impact. They contributed significantly to the cash inflow from the setting up of other changes in the amount of €45 million. This resulted in cash flow from operating activities of €543 million (128).

The high cash inflows in 2023 were offset by a €14 million increase in payments for investments in non-current assets totaling €83 million (69), resulting in free cash flow before acquisitions of €465 million (61), taking into account the earnings from disposals of non-current assets of €5 million (2).

After cash paid for acquisitions (€4 million), free cash flow of €461 million (59) remained in the reporting year.

Dividends totaling €145 million (143) were paid to shareholders. Cash and cash equivalents increased by €56 million to €175 million over the year, up from €119 million.

Liquidity situation, financing structure, and dividend policy

Liquidity levels and financing strategy

At the end of the reporting year, FUCHS had cash and cash equivalents of €175 million (119). In addition to its cash and cash equivalents, FUCHS can also use free credit lines with credit institutions in the amount of €245 million by December 31, 2023 (222) and raise additional funds quickly and flexibly if needed, thanks to its robust balance sheet structure.

This will ensure the Group's flexibility and independence. As has been demonstrated over the past few years, the strong financial position and solid balance sheet structure allow both future investments and special projects, such as share buybacks, to be carried out even in a difficult economic environment, as well as providing scope for taking advantage of possible acquisitions.

Increasing dividend as a goal

FUCHS pursues the policy of an annually increasing dividend.

2.7 Overall position and performance indicators

The Executive Board is confident that the FUCHS Group continues to have a good economic position.

FVA performance indicator

FUCHS employs a uniform KPI for the purposes of value-oriented corporate control in the form of FUCHS Value Added (FVA): → 34 Controlling system

FVA = **EBIT** − **Capital employed** × **Weighted average cost of capital (WACC)**

WACC 2023

Basic data[1]:

- Equity costs[2] = 8.1 % (7.8) after and 11.6 % (11.1) before tax
- Borrowing costs[3] = 2.7 % (2.3) after and 3.8 % (3.3) before tax
- Financing structure[4] = 84 % (87) total equity and 16 % (13) borrowed capital
- Group tax rate = 30 % (30)

[1] Empirical financial market data as of December 31, 2023.
[2] Risk-free interest rate + market risk premium × beta factor.
[3] Risk-free interest rate + sector-specific risk surcharge.
[4] Sector-specific financing structure at market values.

In an environment of rising interest rates, the WACC calculated using the base data as of December 31, 2023, will increase from rounded 10.0 % in the previous year to 10.5 % before tax.

The WACC is included in the FVA as a pretax interest rate as the earnings component is also taken into consideration as a pretax figure (EBIT).

At €1,914 million (1,929) invested capital was at the same level as in the previous year. However, as the WACC increased to 10.5% at the same time, capital costs increased slightly by €8 million or 4 %.

The increase in capital costs was offset by a €48 million improvement in EBIT, resulting in a total FVA of €40 million to €212 million (172).

FVA up by €40 million: Improved result compensates for the effects of increased WACC

in € million	2023	2022	Change absolute	Change in %
EBIT	413	365	48	13
Capital employed				
Total equity[1]	1,809	1,829	–20	–1
+ financial liabilities[1]	171	129	42	33
+ net pension provisions[1]	1	11	–10	–91
+ amortized goodwill[1]	85	85	–	–
– cash and cash equivalents[1]	152	125	27	22
Total capital employed	1,914	1,929	–15	–1
WACC (in %)	10.5	10.0	0.5	5
Capital costs	201	193	8	4
FVA	**212**	**172**	**40**	**23**

[1]Average figures, each based on five quarterly values.

Five-year report of FVA and its components

in € million	2023	2022	2021	2020	2019
EBIT	413	365	363	313	321
Average capital employed	1,914	1,929	1,667	1,562	1,470
Capital costs	201	193	158	148	147
WACC (in %)	10.5	10.0	9.5	9.5	10.0
FVA	212	172	205	165	174

Liquidity as a performance indicator

FUCHS uses free cash flow before acquisitions as the key liquidity indicator for the Group. It is defined as cash flow from operating activities, net of capital expenditure on intangible assets and property, plant and equipment. Free cash flow before acquisitions indicates the scope of available financial resources, particularly for acquisitions, dividend payments and the settlement of debts and to replenish cash and cash equivalents. Free cash flow before acquisitions is an important key liquidity indicator that provides the basis for a large number of management decisions.

In the past financial year 2023, FUCHS generated free cash flow before acquisitions of €465 million (61). Cash paid for acquisitions were negligible at €4 million (2), resulting in free cash flow of €461 million (59).

Cash and cash equivalents rose by €56 million to €175 million (119). This was made possible, in particular, by reduced capital committed to net operating working capital, and despite slightly increased dividend payments, share buyback disbursements under the share repurchase program initiated in the previous year and expanded in 2023, amounting to €122 million (62) and €133 million on redemption of financial liabilities.

In addition to the free cash flow before acquisitions, FUCHS bases its assessment of the liquidity performance factor on the cash conversion rate (CCR) measured as the ratio of free cash flow before acquisitions to earnings after tax. In the past financial year, FUCHS achieved a cash conversion rate of 1.64 (0.23), which significantly exceeded the target of a CCR of 0.8, due to the release of NOWC.

The following overview presents the evolution of the main liquidity indicators.

Five-year overview of free cash flow, dividends (distribution amount) and cash conversion rate

in € million	2023	2022	2021	2020	2019
Free cash flow before acquisitions	465	61	90	238	175
Cash paid for acquisitions	−4	−2	−29	−114	−13
Free cash flow	461	59	61	124	162
Dividend distribution (for the previous year)	145	143	137	135	131
Cash conversion rate[1]	1.6	0.2	0.4	1.1	0.8

[1] Free cash flow before acquisitions / earnings after tax.

Sales revenues as a performance indicator

FUCHS aims to achieve annual growth in sales revenues in the mid-single-digit percentage range. This objective was achieved in the past financial year despite difficult economic conditions. Organic growth, mainly contributed by the North and South America and Asia-Pacific regions, was partially reduced by negative currency effects from all regions. External growth has not been generated.

Further information on organic and external growth is contained in the sections on sales revenues and earnings position of the Group and the regions.

Profitability as a performance indicator

EBIT

FUCHS measures the profitability of its business through earnings before interest and tax (EBIT). In 2023, EBIT increased significantly by 13 % compared to the previous year. In addition to increasing EBIT, FUCHS has set itself a long-term goal of achieving an EBIT margin of 15 %. Following setbacks in an inflationary environment in previous years, FUCHS was able to return to this target in 2023: Compared to the previous year, the EBIT margin improved from 10.7 % to 11.7 %. Further information on this can be found in the sections on sales revenues and earnings position of the Group and the regions.

2.8 Opportunity and risk report

Opportunities

Future events that may lead to a positive budget deviation.

Risks

Future events that may lead to a negative budget deviation.

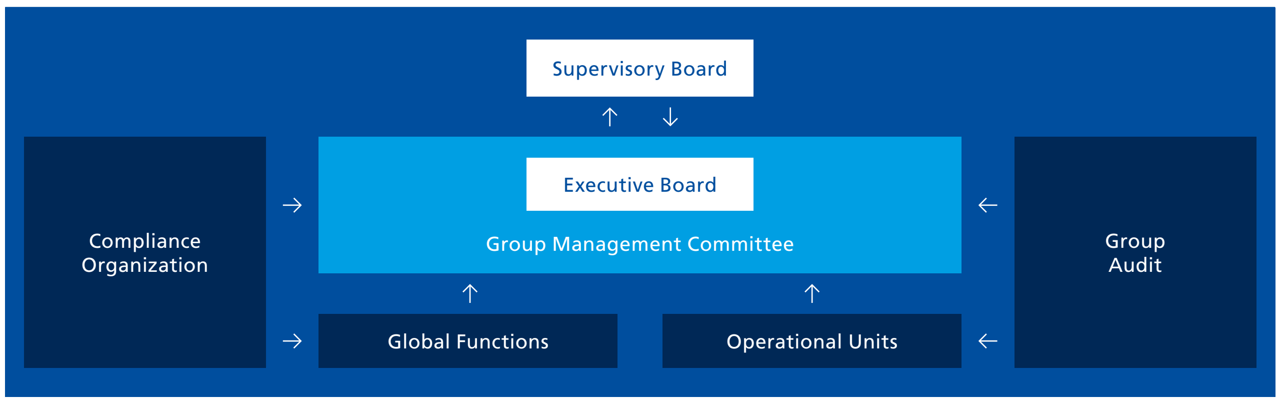
Opportunity and risk management

Early identification and appropriate assessment of risks and opportunities and their potential occurrence. Identification of measures for preventing risks and materializing opportunities.

Our risk and opportunity policy focuses on securing the continued existence of the FUCHS Group and increasing its enterprise value. Our corporate objective is to identify and leverage opportunities early on. We aim to detect risks as rapidly as possible, to assess them appropriately and to introduce adequate responses to prevent or avert them.

The Executive Board of FUCHS SE sets out the risk policy guidelines and strives to ensure a balanced relationship between risks and opportunities on the basis of the business model. Weighing up risks and opportunities is a key aspect of all business decisions, and thus an integral part of day-to-day business management in all operating units. Our system of risk and opportunity management is structured according to strategic planning processes based on comprehensive risk and opportunity assessments. The Executive Board, the Group Management Committee (GMC), the management of the local operating business units, and the Global Functions therefore all work together closely to identify, assess, and control operating and strategic risks and opportunities that could have a financial and non-financial impact. They are assisted in this by the Compliance Organization, Group Audit and the network of global functions of FUCHS SE, which include, amongst others, Finance, Controlling, Legal, Tax, Supply Chain, Human Resources and IT.
→ ◎ Organization of opportunity and risk management in the FUCHS Group

Organization of opportunity and risk management in the FUCHS Group



The risk and opportunity situation of the Group is constantly monitored by the Executive Board and the GMC. The operating units and the Global Functions report identified risks and opportunities regularly. The Executive Board reports to the Supervisory Board on the findings of the risk and opportunity management process both regularly and on an ad hoc basis. We strive to manage the risks necessary to implement the risk strategy wisely and to prevent or mitigate them by taking appropriate countermeasures. As far as possible and economically reasonable, we transfer risks to third parties, for example through insurance contracts.

The Supervisory Board oversees the effectiveness of the risk management system through its monitoring of the Executive Board. The suitability of the established risk detection system pursuant to Section 91 (2) of the German Stock Corporation Act (AktG) is part of the audit of the annual and consolidated financial statements by the statutory auditor.

Opportunity report

Opportunity management within the Group

Within a dynamic market environment, the FUCHS Group's global business operations continuously create new opportunities, whose systematic detection and utilization are key components of our long-term focused corporate strategy. This is based on six strategic pillars:

- Global Strength
- Customer and Market Focus
- Technology Leadership
- Operational Excellence
- People and Organization
- Sustainability

The Group has established planning, governance, and reporting processes to ensure that opportunities are detected early on and assessed within the strategy dialog. On the basis of economic analyses by recognized institutes, market information, and information from our own monitoring systems, we also aim to leverage the opportunities presented by the latest developments appropriately and early on.

The measures for taking advantage of opportunities are coordinated between the Executive Board/GMC, the global cross-divisional functions, and the management of the local operating business units. Global information is regularly compressed in the context of budgeting and general projections. Potential opportunities not taken into account in these calculations are reported as part of the reporting of opportunities and risks at company level.

Macroeconomic opportunities

The global presence of the FUCHS Group in almost all industrial markets of established and emerging economies allows us to participate in growth stimulus. Our goal is to participate in the dynamic development of these markets and to acquire new customers and additional orders. On the basis of the business model, various opportunities arise across the different regions, customer sectors, products, and customers. Regional hubs in the Americas, Europe and Asia enhance our respective strategic positions and allow specific market requirements to be identified and addressed early.

Corporate strategy opportunities

On the basis of our mission statement "LUBRICANTS. TECHNOLOGY.PEOPLE.", our focus on lubricants, our capacity for innovation, our technological leadership in key business segments, our pronounced quality consciousness, and not least our qualified employees are the pillars for our corporate success. These strengths, in combination with the proven business model and prompt identification of future requirements regarding products, environmental protection, legal and regulatory rules, support the further expansion of our position on global lubricant markets and the development of optimal lubricant solutions for our customers. We are keen to achieve further organic growth and, if possible, growth through strategic acquisitions as well.

Sector and competition opportunities

The physical and organizational structure of our efficient and global network of sales representatives, application engineers, and commercial partners is aligned with our customers' sector-specific and market-specific requirements. We focus here on unlocking opportunities in defined market segments. The corporate strategy stipulations deriving from our mission statement are operationalized at the individual companies and in the Global Functions.

Opportunities from research and development

To strengthen our customer structure and further diversify our product portfolio, we engage in joint research and development activities in a network with universities, associated research institutes, and our customers. We emphasize our technological leadership in key business areas by investing specifically in research and development for high-grade lubricants. Our specialty lubricants play an important role in the development of the future areas of sustainability, mobility change, and digitalization. We develop custom product solutions that offer our customers sustainable benefits. Product innovations make an important contribution to supporting profitable organic growth, thereby boosting both our added value and our competitive position.

Opportunities from the promotion of employees

We also see opportunities above all in selectively promoting the expertise and capacity of our employees and managers, and utilizing these qualities to further develop our business. This is supported by the ongoing development of a structured global human resources platform.

Opportunities from sustainability activities

The early anticipation and implementation of trends in energy-saving and environmentally friendly products with high-quality lubricants that help extend the life of machines and increase their energy efficiency is also seen as an opportunity. Our sustainability activities combine the economic, ecological, and social aspects of our operations.

As a result of global climate change and associated climate policies, the need for renewable energy is increasing. The FUCHS Group supports the expansion of renewable energies by providing the functional fluids required for this. In particular, with innovative solutions for long-term lubrication of wind turbines and gentle cleaning of solar panels, FUCHS is helping to make the extraction of energy from renewable resources more reliable and efficient.

Opportunities from electromobility

Emission-free mobility is also becoming increasingly important as society as a whole strives for a more sustainable lifestyle. Globally, the trend towards electric motors is recognized as the dominant new drive technology. This is creating far-reaching opportunities for the demand for novel products, from which FUCHS can benefit greatly. Thermofluids for cooling batteries and electric driveline fluids are particularly relevant here. In addition, we have expanded our involvement in the field of special electrolytes, which are also used, among other things, in high-performance batteries in electric cars.

Opportunities from digitalization and Industry 4.0

Ongoing digitalization is changing the entire economy at a growing rate, and is transforming traditional setups and established processes on a long-term basis. The fourth industrial revolution – the intelligent networking of machines and factories in the Internet of Things – will use the internet to make the connection of software, mechanics, and electronics of a previously unfathomable level of complexity possible in the near future. Supplemented by big data approaches, this will give rise to new value creation possibilities in the field of services and in changed business models.

In digitalization and Industry 4.0, we see potential in a range of areas – for us and our customers – to make processes more efficient, to help shape the networking of intelligent systems, and thus to tap new business areas as well. We therefore intend to use this development as an opportunity to continue to expand and strengthen our position as an innovation and competition leader.

Risk report

The Group's risk management system

The risk management system (RMS) stipulated by the Executive Board of FUCHS SE and implemented in all Group units governs the way in which risks are handled within the FUCHS Group, and defines a uniform methodology to be employed throughout the Group, which is integrated into the planning, governance, and reporting processes of all operating units and Global Functions. The configuration of the RMS and the internal control system is modeled on the internationally recognized COSO II framework of the Committee of Sponsoring Organizations of the Treadway Commission.

We comprehensibly and transparently map the risks of all business activities and company procedures using a structured process that identifies, assesses and then formulates countermeasures, in addition to providing regular reporting and tracking.

Budgets and forecasts, not to mention the associated risk assessments performed by the management of the operating units and the Global Functions in a structured manner every six months, form the basis of global risk controlling in the Group. Risk reporting covers such risks that were not already taken into account in the corresponding figures when preparing budgets and projections. In addition to reporting on financial risks, non-financial risks that may have a significant negative impact on the FUCHS Group are also addressed in the risk reporting process. Non-financial risks also include environmental and social risks.

The risk reporting process is supported by an IT solution. The completeness of the risk reports can be assessed and ensured using a risk catalog revised in 2023. The risk assessment takes into account the likelihood of the risks occurring and the associated range and extent of potential damage.

The deviation from the budgeted earnings before interest and tax represents the extent of loss. A distinction is made between gross losses before and net losses after risk mitigation measures. Risk mitigation measures are defined, implemented, and assessed locally to determine their effectiveness. The reports are validated by the regional management and the Group Executive Board.

The reporting threshold refers to earnings before interest and tax and corresponds to the corresponding key performance indicator of our management system. Income tax risks are also reported.

The total risk exposure of the FUCHS Group is determined by a Monte Carlo simulation based on the net risks reported by the Group companies and Global Functions. The maximum expected loss resulting from the simulation in 95% of all cases (95% Value at Risk) is used as a benchmark against risk-bearing capacity. In addition, reported risks are grouped into risk aggregates at Group level and are also classified according to the maximum expected loss in 95% of all cases (95% Value at Risk).

The following assessment criteria therefore apply to aggregated risks at Group level:

Probability of occurrence

Probability of occurrence	Description
≤ 10%	Unlikely
> 10% and ≤ 25%	Possible
> 25% and ≤ 50%	Likely
> 50%	Very likely

Extent of net loss[1]

Extent of net loss	Description
Insignificant	Deviation from the budgeted earnings before interest and tax is less than/equal to €35 million
Low	Deviation from budgeted earnings before interest and tax is greater than €35 million and less than/equal to €75 million
Moderate	Deviation from budgeted earnings before interest and tax is greater than €75 million and less than/equal to €100 million
Significant	Deviation from the budgeted earnings before interest and tax is greater than €100 million

[1] Related to the 95% Value at Risk per risk aggregate. Adding up the individual risks or risk aggregates cannot methodically provide the overall risk value for the FUCHS Group.

Risk matrix

Amount of net loss in relation to the 95% Value at Risk per risk aggregate	Probability of occurrence: Unlikely (≤ 10%)	Possible (> 10% and ≤ 25%)	Likely (> 25% and ≤ 50%)	Very likely (> 50%)
Significant (> €100 million)	Medium	Medium	High	High
Moderate (> €75 million and ≤ €100 million)	Low	Medium	Medium	High
Low (> €35 million and ≤ €75 million)	Low	Low	Medium	Medium
Insignificant (≤ €35 million)	Low	Low	Low	Low

The combination of the probability of occurrence and extent of net loss related to the 95% Value at Risk per risk aggregate determines the classification of risks into the risk category low, moderate or high from the Group's perspective. In line with our risk methodology, only moderate and very likely as well as significant and likely or very likely aggregate risks are classified as high risks.
→ ◎ Risk matrix

Even with appropriately set up and fully functional systems of risk reporting, it is not absolutely certain that all risks can be identified. Based on our current knowledge and the information available to us, we have appropriately taken into account and presented the risks associated with business operations.

On the basis of the risk classification system described, the FUCHS Group is not currently subject to any aggregated risks rated as high. This also applies to the overall consideration of all risks.

Risk aggregation

Although the FUCHS Group does not currently have any knowledge of risk aggregates categorised as significant, risks are presented below which, due to their importance for the Group and the individual companies are regulary analyzed.

The overview on the following page reflects the current assessment of the continuously monitored and identified company-specific risks. The risk aggregates were also adjusted accordingly in 2023 in connection with the revision of the risk catalog. → ◎ 65 Overview of risk aggregates

Overall economic and strategic risks

Like every global company, the FUCHS Group is also exposed to risks arising from an unknown future development of the overall economic climate that cannot be fully covered within the scope of comprehensive risk management. Any deterioration in the general economic conditions in our sales regions can potentially impair the sales revenue and earnings position of the Group. Geopolitical and economic crises can impact regional markets.

The systematic alignment of our business activities with the major economic areas of Europe, North and South America, and Asia-Pacific and Africa limits any dependency on individual customer countries and therefore helps to diversify risk. The diversified product, region and customer portfolio also helps to at least partially compensate for temporary economic fluctuations, such as those caused by more favorable developments in other regions, markets or sectors.

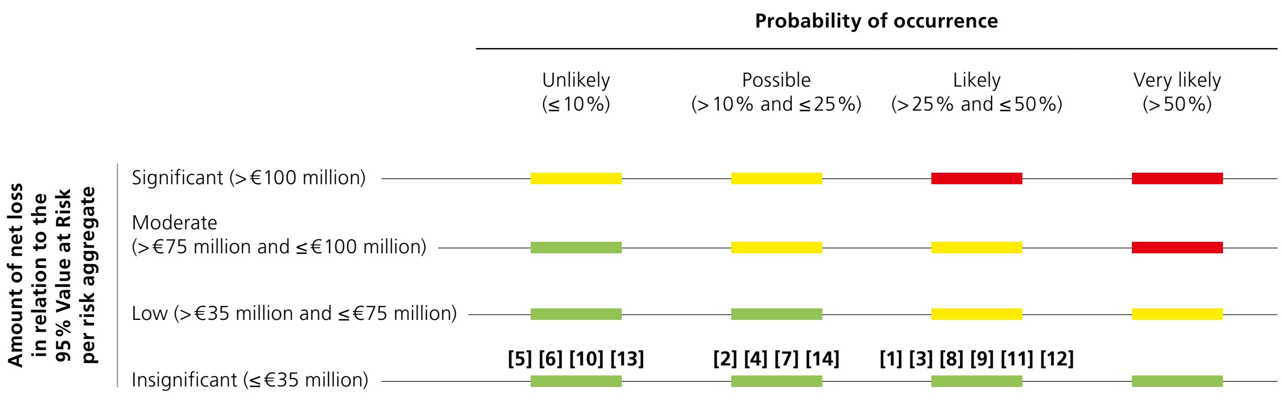
[1] Macroeconomic risks

The macroeconomic risks include both political risks and risks arising from natural disasters. They constitute the risk aggregate with the second highest level of net damage and are therefore presented differently below.

- Political risks

The current strained geopolitical situation in many regions of the world may pose a risk to the further development of our sales regions.

Overview of risk aggregates



No.	Risk aggregate	Risk classification
	Overall economic and strategic risks	
[1]	Macroeconomic risks (in the broad sense of political risks and risks from natural disasters)	Low
[2]	Strategic risks (investment and acquisition risks)	Low
	Company-specific risks	
[3]	Customer-related risks	Low
[4]	HR risks	Low
[5]	IT risks	Low
[6]	Production-related risks	Low
[7]	Procurement risks	Low
[8]	Product-related risks (mainly risks from research and development)	Low
	Legal, regulatory and compliance risks	
[9]	Legal, regulatory and compliance risks	Low
[10]	Other sustainability risks	Low
	Financial risks	
[11]	Currency risks	Low
[12]	Inflation risks	Low
[13]	Credit risks	Low
[14]	Impairment risks	Low

Although FUCHS is active in many industries with a broad product portfolio, further escalating geopolitical tensions and trade conflicts between sovereign states could negatively affect some market segments and pose a risk to demand for segment-specific products.

The impact of the Russian war of aggression in Ukraine has placed a continued burden on the global economy and is also affecting FUCHS' business development. Our Ukrainian and Russian national companies are directly affected, but indirect effects can also be seen in other parts of the world.

In addition, the consequences of the Israeli-Palestinian conflict could spill over to neighboring countries and lead to declines in sales revenues at the regional level.

These are to be compensated for by a broad geographical positioning and a diversified portfolio.

- Risks arising from natural disasters

The impact of climate change and related natural disasters, such as extreme weather events, can affect both FUCHS operations and our upstream and downstream supply chain. As a result, raw materials and consumables needed for production and day-to-day operations may become scarce or no longer available. This can have an immediate effect on our own plants and sites and may limit or even prevent FUCHS from fulfilling its orders. The analysis of insurance-related physical climate risks shows that the FUCHS sites have a very low level of risk. To the extent that climate hazards may pose a potential danger to our own sites, any resulting financial losses are transferred to insurance policies. As climate risks affect different business areas, they are taken into account in different risk aggregates. The climate risk analysis is updated twice a year as part of the opportunity and risk reporting. For example, fire protection measures or rain containment measures at our plants are an important countermeasure. Due to our presence in all regions of the world, potential climate-related failures in individual plants could also be absorbed by other production sites.

- Risks from new mobility

The shift in societal awareness of climate change and associated regulatory requirements is leading to accelerated automobile electrification. This has an impact on the further development of the conventional powertrain and the suitable lubricants for it. However, regional differences must be taken into account in the transition to battery electric vehicles. The transition is likely to progress most rapidly in Europe, as the European Union has decided to allow only zero-emission new cars from 2035. As one of the world's largest automotive markets, China is showing strong growth overall. In terms of powertrains, China is showing an openness to technology, which is why the growing demand for automobiles will affect vehicles with both conventional and innovative powertrains. The transition to electric mobility in the US is currently not clearly discernible and further development is therefore difficult to estimate. Through a balanced portfolio of customers and products, FUCHS seeks to diversify, with the majority of products made and sold by FUCHS being independent of the powertrain. Over the longer term, there is a risk that the removal of the internal combustion engine could lead to a potential decline in sales for certain product groups, such as engine oils and, in some cases, transmission oils. However, the resulting sales losses are expected to be offset by gains in sales revenues and profitability for the new, higher-priced products for electric vehicles.

[2] Strategic risks

Investment and acquisition projects are regularly associated with complex risks. If there are unforeseen changes to economic or legal frameworks, the respective project costs may increase. Planned project completion dates may also be delayed. Investment and acquisition decisions are therefore implemented on the basis of specific processes and procedures, are subject to careful examination in a multi-stage process and are comprehensively monitored by comprehensive project and cost controlling.

Company-specific risks

[3] Customer-related risks

Intensive competition on sales markets, rising customer quality standards and technological progress are crucial to the FUCHS Group. This exposes us to general customer-related risks. The shortage of semiconductors and the resulting slowdown in various industries continues to affect key customers and industries, albeit to a lesser extent, and may herald additional risks.

Although the Group's business operations are already highly diversified, we are keen to further expand these operations through the incorporation of new client groups, markets, and industries. In this context, we wish to maintain and further consolidate our position as technological leader in strategically important business fields and niches directly with customers through continuous innovation activities, partnership-based research and development work and application-based support. Thus, changing customer needs can be identified and addressed early on, for example, in relation to certain product specifications.

To continue to ensure compliance with customer-specific or legal requirements, we have launched a certification strategy and work closely together in various networks within the Group.

In addition, the expiry and/or re-tendering by customers of tender-based, time-limited customer contracts pose a potential risk for the loss of this business or a reduction in our earnings.

[4] HR risks

The commitment and competence of our employees is the foundation of our economic success. For this reason, we address the risk of staff availability with global processes and standards that focus on talent selection, succession planning, recruitment and employer branding. Our goal is to recruit highly qualified technical and managerial staff, to develop them and to retain them in our company for the long term. We use multi-faceted HR marketing initiatives to make the attractiveness of the FUCHS Group as an employer known in the market. In order to retain top performers and talented employees in the company for the long term, we have a variety of measures including having learning paths for sustainable employee management and offering interested employees extensive opportunities for structured training and development. In the spirit of lifelong learning, we redesigned the FUCHS Learning Hub and implemented it with a variety of training paths. This includes the provision of entrepreneurial understanding and skills as well as social skills that will be required to deal with the changing business and work environment in the future. Our values and management principles form the basis for FUCHS' appeal as an employer.

Further potential pandemics can still pose a potential health risk to our employees and have far-reaching consequences for business operations.

[5] IT risks

IT risks arise from the increasing complexity of the organizational and technical interconnection of sites and systems, not least as a result of ongoing digitalization. Major technical malfunctions or failures of relevant systems could lead to significant impairments in business and production processes, resulting in operational disruptions or interruptions. To mitigate these risks, we have a global IT strategy, work with established IT service providers, and use robust backup and recovery procedures.

Additional IT risks are those resulting from cybercrime and cyberattacks, which, for example, use the Internet as a means of action. The criminal misuse of digital technologies is an increasing challenge. In addition to targeted attacks on our systems, for example through ransomware, virus or phishing attacks, we also consider the theft of internal data and the various forms of so-called CEO fraud, among other thing, as risks. We counter these risks by rigorously safeguarding our systems and IT infrastructure using the latest technology. Among other things, we operate a Cyber Security Operations Center with a service provider, including in-house alerting processes for early detection and tracking of attacks in operations, and have an expert team on call for immediate damage limitation in response to successful attacks. These measures are supplemented each year by proactive penetration testing conducted by a reputable external auditor to identify and close vulnerabilities. Our employees are also kept up to date on current practices, developments, and technologies through annual mandatory training, policies and guidance, and are thus made aware of potential fraud attempts.

In order to strengthen the importance of IT within the FUCHS Group, a Digital Board Committee has been established, consisting of the Chief Digital Officer (CDO), senior group IT executives, and the regionally responsible CDOs. Monthly meetings discuss IT strategy and information security issues, and the whole Executive Board is regularly briefed on key developments. In addition, important data protection incidents are immediately reported to the competent authorities in accordance with legal regulations.

[6] Production-related risks
The production, filling, storage and transport of chemical raw materials, products, and waste entail potential product and environmental risks. These can present themselves in the form of incidents with a direct impact on persons, the environment and production processes. We therefore work to high technical (safety) standards when building, running, and maintaining our plants. We also use targeted measures to comply with soil and water protection regulations. The insurance programs in place throughout the Group are used to reduce the risks of damage to property, liability risks, transport risks and the risks posed by potential business interruptions. We also counter the effects of unplanned business interruptions in our plants with safety stocks and our global production network.

[7] Procurement risks
Over the course of 2023, the availability of raw materials improved significantly, in particular due to an improved global supply chain situation and increased facility availability with our suppliers. However, the procurement of raw materials in foreign currencies increased our transaction risk. Organizationally, both central departments and functions at regional level monitor procurement markets to detect adverse developments early on and ensure a quick response. In addition, we secure the supply of base oils and important chemicals via a broad procurement base, continuously search for alternative suppliers and work in technical committees to achieve greater substitutability of base oils.

The use of raw materials by the FUCHS Group is divided into chemical raw materials and base fluids. Many raw materials have a petrochemical origin and are directly dependent on crude oil. Other parts of the sourced commodity portfolio used by FUCHS undergo a long sequence of value-added stages that follow crude oil. Therefore, the price movement of these commodities is not directly linked to the price movement of crude oil, but is instead influenced by many different factors along the value chain.

In addition to the procurement of essential raw materials, this risk aggregate also takes into account risks related to the procurement of operating resources.

A potential failure of an energy supplier at a production site could require necessary investments in the use of alternative energies.

Increased requirements for the recovery and recycling of products associated with a limited range of service providers for the collection and recycling of these products could also occasionally lead to an increase in costs, which we would seek to limit through intensive negotiations.

[8] Product-related risks
At the same time, the opportunities arising from our strong capacity for innovation and our high level of specialization entail risks related to a complex portfolio and the limited predictability of research and development projects. To manage these risks, most products are developed in close collaboration with our customers. We also do research together with universities and research institutions. Technological developments that make company-specific know-how widely available regularly pose a potential risk to technology leadership. The development

of new and innovative products therefore requires the effective and comprehensive protection of know-how, which we ensure throughout the company through appropriate internal processes.

As a result of using our products on critical machine components in continuous operation, among other things, and for the first fill of vehicles and the commissioning of production facilities, deviations in product quality may lead to product liability risks, especially in the case of business interruptions or recalls. We counter these risks by subjecting our finished goods to an extensive quality control process and comprehensive insurance cover. Besides product-related risks under liability legislation, the unauthorized use of our trademark rights on counterfeit products, for example, represents another fundamental product-related risk.

Legal, regulatory and compliance risks

[9] Legal, regulatory and compliance risks

Legal, regulatory and compliance risks represent the risk aggregation with the highest amount of net loss for the FUCHS Group and are therefore analysed in more detail below.

- Legal risks

We aim to control legal risks and keep them as low as possible. We have therefore taken the necessary precautions to identify threats and to defend our rights if necessary. We are also exposed to legal risks in areas such as product liability, labor and competition law, and environmental protection, as well as against service providers in the event of improper performance of services. Legal disputes, the emergence of new legal disputes as well as the settlement of existing ones are therefore a normal condition of our business activities, our global presence and our diversified product portfolio. We counter these risks through the legal expertise embedded in our Global Functions and with the help of external specialists. We regularly map the expected outcome of these disputes in budgets and projections and review their status constantly. A transaction tax dispute remains unresolved and is the subject of ongoing legal proceedings.

Illegal conduct harbors the risk of damaging the company's image, weakening our market position and even causing us financial harm. The FUCHS SE Executive Board has implemented a Group-wide compliance management system (CMS) to ensure legally compliant and social-ethical conduct. The prevention and detection of violations, and responding to these, are key components of the CMS. We do not tolerate any non-compliance with legal provisions, the FUCHS Code of Conduct, our five core values, or other internal policies. The CMS is presented in more detail in the corporate governance declaration in the Corporate Governance Report.

- Regulatory risks

Regulatory risks mainly refer to amendments in regulation policy and legislation – globally and on individual sales markets. We address these risks with the expertise of dedicated specialists, as well as appropriate legal and insurance consulting.

In particular, amendments to chemicals regulations and the Globally Harmonized System (GHS) constitute specific regulatory risks to the chemicals industry. The European REACH (Registration, Evaluation, and Authorization of Chemicals) regulation is making fundamental changes to legislation governing chemicals in the EU member states. In line with the "no data, no market" principle, all substances that are put on the market in quantities of more than one ton per year in the EU have had to be REACH registered since May 31, 2018. During the evaluation process, the European Chemicals Agency (ECHA) may request further studies. There is a risk that these studies may identify further major risks that affect the marketability of our products. We address these risks by communicating regularly with our suppliers to ensure that we receive relevant information early to develop alternative solutions and products on time.

In addition to the Chemicals Regulation, the "Green Deal" adopted by the EU will bring new regulatory challenges. The Green Deal aims to directly develop and implement measures to make the European economy climate-neutral and sustainable by 2050. The main elements are mandatory evidence of the carbon footprint of imported goods, CO_2 taxation (including for imports), promoting the hydrogen economy, promoting the circular economy, and a generally emission-free economy. Based on the Green Deal, the European Chemicals Strategy for Sustainability has been developed with the aim of removing substances from the European market that have a potential negative effect on living organisms or the environment. We address these risks through close contacts with industry organizations and the EU, as well as through the early development of a substitution strategy.

In addition to the European chemical and sustainability regulations, other chemical regulations around the world are also being established or updated at the national and international level. Political developments can have a significant impact on our business. We must meet different regulatory requirements to enable the sale of our products within the EU and worldwide. This is why we have set up a network of experts who analyze the relevant legislation and ensure compliance with the respective regulations in close cooperation with our suppliers.

With its GHS, the United Nations is seeking to introduce a uniform worldwide system for the classification and labeling of chemicals. The introduction of GHS requires a reassessment of the hazardous properties of materials and formulations. We are supporting the introduction of GHS worldwide by creating appropriate organizational structures. The classification and labeling requirements could, however, mean that FUCHS products are subject to restrictions or bans and can no longer be sold unreservedly. We have already developed alternative formulations for potentially affected products. Our expert teams are also working on further alternatives.

[10] Other sustainability risks

In the area of sustainability, additional regulatory requirements create additional risks. Different stakeholders from different sectors have diverse expectations of the FUCHS Group, which we aim to meet. This may result in additional costs and liability risks. Failure to meet these requirements can lead to devaluation by credit rating agencies, reduced attractiveness for customers and employees, reputational damage, or regulatory constraints. We are committed to economic, environmental and socially sustainable economies and have defined targets for the respective factors as part of the FUCHS2025 strategy.

For a detailed presentation of the sustainability strategy, please refer to the separate Sustainability Report.
→ www.fuchs.com/group/technology-sustainability/sustainability/sustainability-reports

Financial risks

Major financial risks are monitored and controlled by the central treasury department of FUCHS SE. There are detailed guidelines and requirements, approved by the company's Executive Board, specifying how financial risks are to be controlled. Financial and currency risks are reduced by matching maturity and currency financing and the use of derivatives. We use these funds exclusively for hedging purposes. The fair value of the forward currency transactions is calculated on the basis of recognized valuation models and current market data. The models are assigned to Level 2 in the fair value hierarchy under IFRS 13. This control is carried out strictly in accordance with binding internal policies which, through a dual-control principle, ensure that there is a sufficient functional separation between trading and settlement.

[11] Currency risks

In regard to currency risks, we distinguish between transaction and translation risks. Transaction risks occur as a result of income and expenses in foreign currency, such as in the procurement of raw materials. Owing to the structure of the lubricants business, which does not entail long run-up periods or a high level of orders on hand, there is no long-term hedging of currency positions in operating business. By contrast, the exchange rate risks resulting from granting intra-Group loans in foreign currency loans are hedged.

The translation risk is due to currency conversion of balance sheets and income statements into Group currency, the euro. As the FUCHS Group includes many Group companies not based in the euro area, exchange rate fluctuations can influence the Group's results. In some cases, transactional and translation risks at Group level have a temporary counter-effect and thus in some instances a compensatory effect.

[12] Inflation risks

Large parts of the Western world, in particular, are still in a period of high inflation. The FUCHS Group also continues to face the challenge of having to cope with further cost increases, particularly for energy, services and freight, in addition to the increase in raw material prices. These may not be fully offset despite close monitoring and regular and thorough price calculations.

[13] Credit risks

Receivables can become impaired if customers do not meet their payment obligations. The operating units of the FUCHS Group work with standard Group specifications for receivables management, which define controlling and auditing activities for the prevention of bad debts. These include credit assessments for new customers and the regular analysis of existing customers and the review of and, if applicable, reduction in the credit limits granted. Depending on the nature of the business relationship, additional collateral, such as credit insurance, deposits, bank guarantees, letters of credit and guarantees, may be required to complete the business.

[14] Impairment risks

The determination of the recoverability of goodwill takes place annually on the basis of planning based on past experience, the current operating results, and the best possible estimate of corporate management regarding future developments. In particular, changes in conditions on sales, procurement, and financial markets may result in devaluation risks.

Other non-quantifiable opportunities and risks

The digitalization and increasing networking of the industry will cause business processes to change, technology to be supplanted and individual business models and sectors to be called entirely into question. In the long term, the growth of alternative propelling systems will reduce demand for FUCHS products in conventional propelling systems. At the same time, demand will increase for lubricants used in alternative systems. For FUCHS, the topics of digitalization and new mobility entail both risks and opportunities. They do not currently result in individual risks that are material for the Group.

As part of digitalization, processes at global companies will increasingly coalesce and become more intertwined. If our core processes are not harmonized worldwide, this may lead to inefficiencies.

In accordance with the materiality analysis in the non-financial statement, we have expanded our risk assessment to include non-financial risks that may have a material impact. As part of the structured risk reporting process conducted by the management of the operational units and the Global Functions, we did not identify any other material non-financial risks.

Overall assessment of the Group's opportunities and risks

The way in which the Group presents opportunities is a consolidated assessment of all significant opportunities in the forecast period. The way in which risks are presented throughout the Group is a consolidated assessment of all risks derived from the budget and risk reports submitted by both the individual companies and Global Functions for the forecast period. The overall risk profile of the FUCHS Group has not changed since the previous year.

The Executive Board cannot currently discern any risks jeopardizing the company as a going concern. We consider it unlikely that all the individual risks would occur at the same time.

Significant features of the internal control and risk management system with regard to the Group accounting process

The accounting-related internal control and risk management system is part of the overall ICS and RMS and has the overarching objective of ensuring the regularity of financial reporting in terms of consistency of the consolidated financial statements and combined management report of the FUCHS Group and the annual financial statements of FUCHS SE, as the parent company, with all relevant regulations.

The systems in place for monitoring the entire company comprise a comprehensive control system for monitoring operational and financial processes in the form of periodical financial reports, projections, budgets, compliance reports, and audit reports. There are also stipulations at the level of the individual companies on the dual control principle, the segregation of duties, and compliance with authorization levels. These controls are supported by our IT systems as part of an authorization concept. The SAP authorization concept is tested for conflicts by using software.

The Group accounting process is designed in such a way that uniform reporting of all business transactions is guaranteed throughout the Group in line with legal requirements, generally accepted accounting principles, international accounting standards as adopted by the EU (International Financial Reporting Standards, or IFRS), as well as the complementary group-wide policies, is ensured. All companies included in the scope of consolidation report in a standardized form.

The decentralized organization of the Group accounting process starts with the information in the financial statements of the individual companies of the Group, and comprises reporting with comprehensive monthly key figures in addition to detailed quarterly and annual financial statements. These are regularly checked within the Group for completeness, accuracy, and plausibility. The information is aggregated using a technical, Group-wide reporting system.

The Group accounting requirements are prepared centrally and described in a regularly updated accounting manual. Any amendments to existing accounting regulations affecting the consolidated financial statements of FUCHS SE are analyzed promptly and communicated to the Group companies for implementation. The professional competence of the staff involved in the financial accounting process is ensured through their careful selection, as well as training and continuing professional development. The largely standardized IT systems and corresponding security concepts give the IT systems used in accounting the best possible protection against unauthorized access. Within the scope of its audits over the course of the year, Internal Audit reviews the effectiveness of the internal control system. The internal controls of financial reporting are also checked for appropriateness and effectiveness by the statutory auditor applying a risk-oriented audit approach.

The various activities that make up the internal control and risk management system (particularly with regard to the Group accounting process) at FUCHS SE are specifically designed to detect and reveal potential risks and undesirable developments as early as possible. However, even our systems cannot provide absolute security against potential errors. In the annual audit, the statutory auditor confirmed that the Executive Board has duly implemented the measures required pursuant to Section 91 para. 2 German Stock Corporation Act (AktG). These requirements include the establishment of a monitoring system capable of early detection of developments that could endanger the status of the company as an ongoing concern.

2.9 Forecast report

Group alignment: FUCHS broadly diversified

The FUCHS Group has a broad regional base, serves a large number of industries and special applications, and our portfolio contains a very broad range of products. The FUCHS Group is therefore widely diversified. The Group is continuously improving its existing products, which make high demands on technology and require a lot of servicing. New products are also being developed with the aim of reducing costs for customers, solving technical problems and improving sustainability.

The sales markets include highly developed industrialized countries and emerging markets that often post faster economic growth.

General economic development forecasts

Due to geopolitical risks, global economy continues to show only modest growth. In its January 2024 forecast, the IMF expects the world economy to grow at an unchanged rate of 3.1 % in 2024. Drivers for the economy are among others the expected fall in interest rates. The faster inflation rates decline, the more room the central banks have to maneuver. The US Federal Reserve and the ECB have put forward possible interest rate cuts in 2024 if inflation rates fall.

The expected market developments in our customer industries and in the three world regions are presented in the "Macroeconomic and sector-specific conditions" section. The development in the reporting year 2023 and the forecasts for 2024 are explained on page 40 ff.

→ 40 Macroeconomic and sector-specific conditions

Anticipated results of operations, net assets and financial position

The general economic uncertainty is accompanied by uncertainty about the further development of raw material prices, and thus sales prices. At present, the FUCHS Group expects another sales revenue increase to around €3.6 billion in 2024 on the basis of its global and widely diversified structure.

This growth is largely driven by volume, assuming stable prices. As a result, FUCHS expects to generate EBIT of around €430 million. This will be achieved through continued rigorous cost management and a firm limitation on new hires. At the same time, however, we have to bear further inflation-related cost increases, especially in the area of staff costs, and prepare for the SAP S/4HANA rollout.

Forecast performance indicator

	Actual 2023	Forecast 2024
Sales revenues	**€3,541 million**	around €3.6 billion
EBIT	**€413 million**	around €430 million
FVA	**€212 million**	around €240 million
Free cash flow before acquisitions	**€465 million**	around €250 million

All regions will contribute to the expected sales revenues of around € 3.6 billion with slight organic growth. External growth has not been taken into account in the planning, as it remains to be seen whether acquisitions can be made in the course of 2024. The forecast presented is based on plans that were informed by exchange rates as they stood at the end of August 2023. There is no significant currency effect when converting the planned sales revenues into the Group currency, the euro, using the January 2024 exchange rates.

The achievement of our sales revenues and earnings forecast presupposes that the macroeconomic assumptions made for 2024 are correct. Should the global economy and global lubricant consumption grow more weakly than forecast, lower sales revenues and EBIT should also be expected.

Moderate increase in NOWC, investments at previous year's level

Given the expected slight growth in sales revenues, with constant NOWC relative to sales revenues at year-end 2024, we expect net operating working capital to be slightly higher than in the previous year.

Investments will be at the level of the previous year and are planned at around €80 million. The focus of investment activities in 2024 will be on modernizing and expanding the US sites. In addition, as in previous years, the focus is on Germany and China, as well as South Africa. The expansion of production capacities, which began there already in 2023 as a basis for further growth on the African continent, is being completed and represents the Group's largest single investment in the coming year. In China, the expansion of the Wuijang site will be driven by investments in a specialty plant, while Germany will benefit from maintenance and modernization activities.

FVA above previous year's level, normalization of free cash flow before acquisitions

For 2024, we expect an FVA of around €240 million. Both the improvement in EBIT to around €430 million and an expected reduction in the capital costs will have a positive impact. The latter results from a reduction in the average tied-up capital, assuming a constant weighted average cost of capital (WACC) of 10.5%. The average tied-up capital calculated over five quarters in 2023 was still heavily influenced by the high net operating working capital in the fourth quarter of 2022 and the first two quarters of 2023. Following a significant reduction in net operating working capital at the end of 2023 and only a moderate expected increase over the course of 2024, we expect a lower level of tied-up capital in 2024.

We expect free cash flow before acquisitions to normalize after the uniquely high figure in 2023. Given the forecasted result, constant investments and a slight build-up of NOWC at the end of the year compared with the previous year, we are expecting free cash flow before acquisitions around €250 million.

2.10 FUCHS SE (HGB)

FUCHS SE is the parent company and strategic management holding of the FUCHS Group. It operates direct subsidiaries and associates and secures both the continued existence and further growth of the Group with its employees. In addition to business management activities, its important functions include the development and transfer of technical expertise and marketing as well as the protection of the FUCHS brand.

Most of the income generated by FUCHS SE takes the form of dividend income and income from investments, as well as royalties from technical expertise and trademark rights. Its financial position is essentially determined by the commercial success of the Group. FUCHS SE's expenses are mainly related to administration, technical development and brand management. Furthermore, tax payments need to be made for the tax consolidation group and dividends paid to the shareholders.

FUCHS SE is in a very good economic position, with solid results of operations, net assets and financial position.

The annual financial statements of FUCHS SE are prepared in line with the regulations of the German Commercial Code (HGB) and German Stock Corporation Act (AktG).

Forecast comparison

The investment income and earnings after tax are used as key performance indicators to manage FUCHS SE.

Earnings after tax in the past financial year was €231 million (161), €70 million or 43 % above that of the previous year. The initial expectations for the financial year 2023 were thus significantly exceeded, with earnings after tax for the year slightly above the previous year's level in 2022.

This was mainly due to earnings contributions from the subsidiaries, which achieved higher levels than expected. Earnings were also boosted by a positive financial result, which exceeded expectations, as well as write-ups on financial assets.

→ ## Results of operations FUCHS SE

Results of operations FUCHS SE

in € million	**2023**	2022
Sales revenues	78	73
Investment income	266	189
Other operating income	14	11
Staff costs	–33	–30
Depreciation and amortization	–3	–2
Other operating expenses	–51	–44
Earnings before interest and tax (EBIT)	**271**	**197**
Financial result	16	3
Earnings before tax	**287**	**200**
Income taxes	–56	–39
Earnings after tax	**231**	**161**
Retained earnings brought forward from the previous year	0	0
Transfer to other retained earnings	–84	–13
Unappropriated profits	**147**	**148**

Results of operations

During the reporting year, FUCHS SE reported sales revenues of €78 million (73). These resulted from licenses of €57 million (56) and allocations of €21 million (17).

The income statement is, however, dominated by investment income. This is based on profit distributions of €151 million (132) from foreign stock corporations, and on profit and loss transfer agreements in place with German subsidiaries, from which €104 million (72) were collected, and on income from write-ups on financial assets totaling €13 million (2). Income from investments for the past financial year was slightly reduced by depreciation and amortization on financial assets of €2 million (17). With a total of €266 million in 2023, it was €77 million higher in 2023 than in the previous year, thanks to increased profit distributions and profit transfers as a result of the Group's significant improvement in earnings from 2022 to 2023.

Other operating income, which resulted primarily from the transfer of expenses charged by the holding company, rose slightly, by €3 million to €14 million (11), in the past financial year.

The total of sales revenues, investment income and other operating income of €358 million (273) was offset by expenses – consisting of staff costs, depreciation and amortization and other operating expenses – of €87 million (76) and thus €11 million more than in the previous year. This increase was mainly attributable to staff costs and, in particular, to other operating expenses. Staff costs increased by €3 million to €33 million (30) as a result of collectively agreed pay increases and additional employees. Other operating expenses amounted to €51 million (44), a large portion of which came from compensation for services provided by subsidiaries to the holding, as well as ERP and IT costs. The €7 million increase in other operating expenses compared to the previous year was mainly due to higher advertising, legal and consultancy costs as well as increased ERP and IT costs. FUCHS SE purchases numerous ERP and IT services for the Group as a whole, but also transfers a large part of these costs proportionately to its subsidiaries.

Earnings before interest and tax (EBIT) improved by €74 million year-on-year to €271 million (197) with a significant increase in revenue and despite higher costs. After accounting for the financial result, which improved from €3 million to €16 million as a result of higher interest, the earnings before tax was €287 million (200). After taxes of €56 million (39) for the tax consolidation group, earnings after tax amounted to €231 million (161).

Unappropriated profits as of December 31, 2023, amounted to €147 million (148) after an allocation of €84 million (13) to retained earnings.

Net assets and financial position

Net assets and financial position FUCHS SE

	December 31, 2023		December 31, 2022		
	in € million	in %	in € million	in %	Change in € million
Intangible assets and property, plant and equipment	34	3	36	3	–2
Financial assets	799	68	534	43	265
Receivables due from affiliated companies	326	28	650	53	–324
Cash and cash equivalents and current securities	0	0	0	0	0
Other assets	9	1	13	1	–4
Total assets	**1,168**	**100**	**1,233**	**100**	**–65**
Total equity	**1,138**	**97**	**1,174**	**95**	**–36**
Provisions	22	2	9	1	13
Liabilities	8	1	50	4	–42
Total equity and liabilities	**1,168**	**100**	**1,233**	**100**	**–65**

Assets essentially comprise financial assets and receivables due from affiliated companies

Being the holding company, the assets of FUCHS SE essentially comprise shares and investments in companies, as well as receivables due from these companies. With a slight reduction of €2 million in comparison to the previous year due to depreciation and amortization, intangible fixed assets and property, plant and equipment therefore only account for around 3 % of the total equity and liabilities, while financial assets and receivables due from affiliated companies total €1,125 million (1,184) or 96 % (96) of assets.

While financial assets amounted to €534 million in 2022, they were reported at €799 million at the end of the past financial year. The main reason for this increase by €265 million was the capital increase in the course of the contribution to the capital reserve at a German subsidiary. In addition, there were write-ups of €13 million on shares in the Swedish subsidiary and write-downs of €2 million on the investment in Zambia.

In return for the capital increase, and due to the lower funding requirements of the operating companies financed through the parent company, receivables due from affiliated companies were halved. As in previous years, a large proportion of the remaining total receivables, which amounted to €326 million at the end of the reporting period, related to receivables from domestic companies. The Group's financing company FUCHS FINANZSERVICE GMBH alone utilized €252 million (581) or 77 % (89) of the total amount as of the end of the reporting period.

Holdings of cash and cash equivalents and current securities remained at €0 million as in the previous year.

Equity ratio improved to 97 % despite share buyback

In December of the past financial year, FUCHS decided to expand and extend the share buyback program launched in June 2022. In addition to the existing scope of the ongoing share buyback program, up to an additional 2 million shares are to be purchased, including up to an additional 1 million ordinary shares and up to an additional 1 million preference shares. The expanded and extended share buyback program thus comprises the acquisition of up to 8 million shares (previously 6 million), of which up to 4 million are ordinary shares (previously 3 million) and up to 4 million are preference shares (previously 3 million). The total purchase price (excluding incidental acquisition costs) was increased from the previous maximum of €200 million to a maximum of €280 million.

Since the start of the program, shares corresponding to 4.3 % (1.7) of the share capital were acquired at the end of the reporting period of the reporting year. The acquired shares have not yet been withdrawn. A cumulative total of €184 million (62) was spent on the buyback of these shares and deducted from total equity, of which €122 million was spent in the course of 2023.

As a result, FUCHS SE's total equity was reduced by €36 million, despite continued retention, to €1,138 million (1,174). The equity ratio nevertheless increased by 2 percentage points and remains at a very high level of 97% (95).

Provisions account for just 2% (1) of the total equity and liabilities and are largely attributable to taxes and employee obligations for variable compensation.

Despite the share buyback, FUCHS SE's financing requirements were reduced due to the positive cash flow development at the operating companies financed by the parent company and the balance sheet item of liabilities was reduced by €42 million to €8 million.

FUCHS SE's off-balance sheet contingent liabilities decreased by €4 million year-on-year to €102 million (106). They resulted entirely from guarantees in favor of affiliated companies or in favor of companies in which an interest is held.

Other financial obligations were not of any significant extent as at December 31, 2023.

Forecast report (separate financial statements)

The performance of the FUCHS Group has direct effects on the performance of FUCHS SE. The assumptions and statements made in the Group's forecast report are therefore equally relevant for FUCHS SE.

Present planning anticipates a moderate increase in investment income for 2024. Accordingly, we also expect earnings after tax to be slightly higher than the 2023 level.

Unappropriated profits and dividend proposal

Based on the result under the German Commercial Code, in which unappropriated profits of €147 million (148) was reported, the Executive Board and Supervisory Board will submit a proposal to the Annual General Meeting that the dividends be increased by €0.04 per share over the previous year

- to €1.10 (1.06) per ordinary share entitled to a dividend and
- to €1.11 (1.07) per preference share entitled to a dividend

and to transfer the amount attributable to non-dividend-bearing ordinary and preference shares to retained earnings.

2.11 Non-financial Group declaration

Introduction

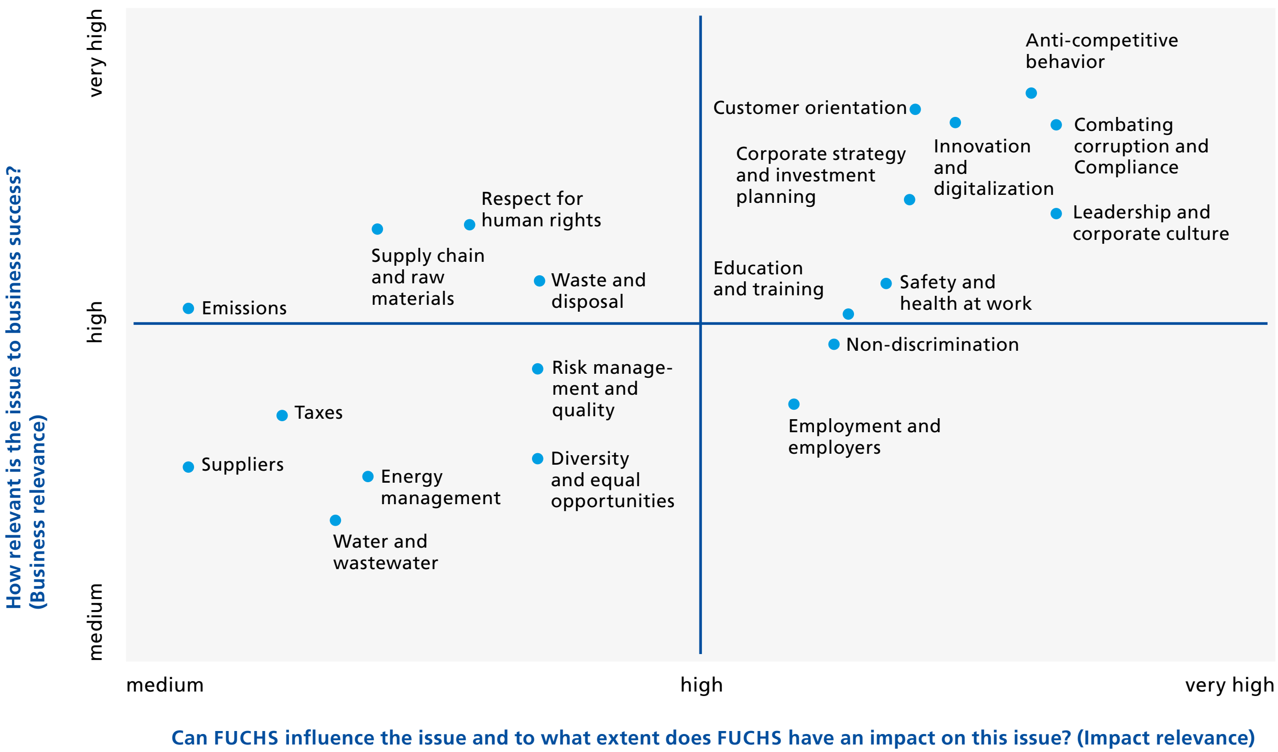
Pursuant to Sections 315(b) and (c) and Sections 289(c) to 289(e) of the German Commercial Code (HGB) respectively, the FUCHS Group (FUCHS) publishes a non-financial declaration (nfd). All information in the nfd applies to the fully consolidated companies of the Group in the financial report. To avoid duplication in the Combined Management Report, the relevant sections refer to information in other sections of the management report.

FUCHS also provides information on the implementation of EU Taxonomy Regulation 2020/852 – hereinafter "EU Taxonomy" – for the reporting year 2023. FUCHS is obliged to produce the nfd and thus, under Article 1 of the EU Taxonomy, to meet the resulting requirements. Details on the EU taxonomy can be found at the end of the nfd.

The auditor's opinion on the Group management report does not extend to the contents of the non-financial Group declaration (nfd). As in the prior year, the nfd was subjected to a business audit in accordance with ISAE 3000 (Revised) with limited assurance by Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, (PwC). PwC issued an unqualified audit opinion. Notes referring to available information outside the combined management report are supplementary explanations and not part of the nfd or of the audit.

FUCHS has set up targets, measures and due diligence processes for environmental, employee and social concerns in addition to respecting human rights and combating corruption and bribery. The following nfd contains information provided by FUCHS on the non-financial aspects or these related matters.

Materiality matrix



In 2021, FUCHS conducted a comprehensive materiality analysis in order to identify the key topics (topics) for the nfd.

These topics were assessed with the involvement of the main stakeholders in FUCHS. For this purpose, the relevant stakeholders were identified by means of a stakeholder analysis. From a tentative list of potentially material topics, a short list was created based on an internal assessment of relevance to FUCHS, which was inputted into the FUCHS' stakeholder dialogue. The stakeholder dialogue was implemented using an electronic standardized survey and evaluated in a materiality matrix format.

A total of 20 topics were identified to which the dual materiality criterion applies according to business and impact relevance and which have a medium to high business or impact relevance in the materiality matrix. This section of the materiality matrix is shown in the following graphic. → ◎ 79 Materiality matrix

The topics identified can be grouped as follows and largely form the breakdown for the nfd:

Contents of the non-financial declaration

Nfd-components	Topics
Introduction	
	Corporate strategy
	Risk management
Environmental concerns	Emissions
	Energy management
	Waste and disposal
	Water and wastewater
	Investment planning
Employee concerns	Employment and employers
	Education and training
	Leadership and corporate culture
	Safety and health at work
	Diversity, equal opportunities and non-discrimination
Social concerns	Supply chain, materials and (quality of) raw materials
	Taxes
Respect for human rights	
Combating corruption and bribery, anti-competitive behavior	
Technology and customer interests	Innovation and digitalization
	Customer orientation
EU taxonomy	

■ Key topics of the materiality analysis

The result of the 2021 materiality analysis was reviewed for timeliness in preparation for the nfd 2023 and also serves as the basis for separate sustainability reporting. FUCHS is also preparing for future requirements at European level, the Corporate Sustainability Reporting Directive (CSRD) and has therefore decided not to use a framework pursuant to Section 289d HGB for the creation of this year's nfd. However, FUCHS followed the Global Reporting Initiative (GRI) framework for the first time in its 2021 Sustainability Report, and continued to use this form of disclosure in the 2022 Sustainability Report (taken from and updated in line with the 2021 GRI standard).
→ www.fuchs.com/sustainabilityreport

FUCHS produces lubricants and related specialties that are primarily used in customers' operations to ensure and improve problem-free functioning of machinery and equipment by reducing wear and friction and protecting against corrosion. High-quality lubricants help extending the service life of machinery and greatly increase its energy efficiency. FUCHS collaborates closely with many customers to develop customized products that are precisely tailored to the application so as to ensure optimal operation and minimize losses.
→ 30 Business model

Meanwhile, FUCHS also works closely with upstream suppliers to prepare individual lifecycle analyses (LCA) along the entire value chain. This methodology and expertise was also built up further internally in terms of personnel at FUCHS as of 2023 and will continue to be developed in subsequent years. The goal is to compare unavoidable emissions from the extraction and manufacturing process with the savings using uniform standards, while at the same time accurately analyzing the impact on other environmental factors, as well as avoiding unwanted "burden shifting". For example, in previous years, FUCHS already published an LCA for hydraulic oils of different quality levels in a real-world application in a construction machine. In 2023, FUCHS and a partner completed an LCA for the application of high-efficiency engine oils in passenger cars and performed external testing in accordance with ISO 14040/44. Furthermore, as a basis for a future packaging strategy, an LCA was completed on different types of containers of different materials and externally tested in line with the standards named above.
→ www.fuchs.com/group/technology-sustainability/sustainability/empowering-to-perform-more-sustainably/

FUCHS assumes corporate and social responsibility. This responsibility comprises legal and socio-ethical aspects that FUCHS intends to adhere to while operating successfully as a company. FUCHS is committed to conducting business in a fair and transparent manner and aims to behave in accordance with the law and regulations in all countries where the company operates.

The FUCHS mission statement with the set of values – trust, creating value, respect, reliability and integrity – form the foundation and benchmark for the responsible conduct of FUCHS. The two core elements, mission statement and set of values, enable the organization to act target-oriented within a fair and transparent corporate culture.

To ensure future viability, sustainability is firmly embedded in the values of FUCHS. Taking social and ecological responsibility is part of FUCHS' corporate identity. Therefore the three sustainability dimensions – economy, ecology and society – are core elements of good corporate governance for FUCHS. To FUCHS, sustainability also means constantly evolving and optimizing. FUCHS respects human rights and actively fights against corruption and bribery. Therefore business activities are also focused on the supply chain as a strategically important part of our business relationships.

The Executive Board lays down the basic principles for sustainable business at FUCHS, which are summarized in the form of a sustainability guideline. On January 1, 2023, Dr. Sebastian Heiner assumed the role of CTO on the Group Executive Board. The departments relevant to environmental sustainability have since reported to Dr. Heiner as CTO.

The Chief Sustainability Officer (CSO) appointed at the Group level accompanies the company-wide activities relevant to sustainable business, in particular ecological and social aspects. FUCHS has established a Local Sustainability Officer (LSO) at every national unit with production operations. In 2023, the establishment of a regional sustainability management level was completed: Regional Sustainability Officers (RSOs) were also installed for the

regions North- and South America, EMEA, Asia-Pacific and China to improve regional coordination and implementation of the goals. The LSOs coordinate and track local activities, and the RSOs ensure regional alignment and serve as an interface for the CSO function to ensure the needs coming out of the regions are met and to enable target tracking in the regions. The CSO function conntects every two months with the RSO functions in joint core team meetings. The Executive Board defines the strategic framework for this purpose in close cooperation with the CSO. The sustainability network consisting of the RSOs and LSOs ensures information sharing within the Group along the value chain. Further information can be found in the Sustainability Report.
→ www.fuchs.com/sustainabilityreport

Corporate strategy
As part of the FUCHS2025 transformation program, the 2025 strategy, in which FUCHS sets out its plans and aspirations for the future, was published in 2020. The transformation program itself highlights the three dimensions of strategy, culture and structure, because FUCHS strongly believes that all three aspects must be in step with each other in order to achieve success in the long term.

The strategy is based on six strategic pillars. These serve as guidance for strategic action with the aim of fulfilling the “Being First Choice” vision for 2025. Specific strategic goals have been defined within each pillar. Even at the top strategic target level, the themes of sustainability as well as employees and organization are firmly anchored. This underlines the importance of environmental and social sustainability to the Group, but also the responsibility as a company towards employees and society.
→ 32 Group strategy

The strategy is put into action by means of several implementation elements. On the one hand, strategy development and implementation are reflected in the holistic market segment approach adopted in customer and market-related activities. On the other hand, we have set up the Group-wide topic areas on a project basis as strategic initiatives with global, cross-functional teams. Firstly, this ensures that cultural, specialist, and market-specific viewpoints are incorporated in the implementation of the objectives. Secondly, important core elements of the strategy are addressed and managed with global projects.

In 2023, FUCHS further supplemented its corporate strategy with a sustainability strategy, the core element of which is a science-based target formulation to reduce emissions along the value chain (“cradle-to-grave”) down to “net zero” emissions by 2040. FUCHS has been guided by the rules of the “Science Based Targets Initiative (SBTi). 2021 has been used as the base year for determining the target path. → 83 Environmental concerns – Emissions

In 2021, FUCHS strategically chose to have the company’s sustainability development progress reflected upon and externally evaluated using the Carbon Disclosure Project (CDP) rating system. For this reason, FUCHS continued to respond to the Group’s “Climate Change” and “Water Security” questionnaires in 2023 (“Forest” is not relevant to FUCHS’ activities) and achieved a rating of B- for both categories again in 2023 against a backdrop of increased demands from CDP. This corresponds to the “management level” in CDP’s classification and represents the second-highest rating class.

Risk management
As part of the existing risk management system, FUCHS considers and assesses the potential material risks associated with its business activities, its business relationships and its products and services that very likely have, or will have, severely negative repercussions on the non-financial aspects. No reportable net residual risks within the meaning of Section 289c (3) 3 and 4 of the German Commercial Code (HGB) were identified for 2023.
→ 60 Opportunity and Risk Report

Environmental concerns

Emissions

Emissions are a key issue for FUCHS as a production company. As part of the annual corporate carbon footprint (CCF) recording and accounting, direct and indirect emissions are recorded and converted to CO_2equivalents (CO_{2e}) based on the Greenhouse Gas (GHG) Protocol requirements.

Currently, the detailed survey of CO_{2e}-emissions for the reporting year 2023, based on primary data, relates exclusively to the production and operational processes within the plant gates, also known as the "gate-to-gate" scope. As with the GHG Protocol Corporate Accounting and Reporting Standard, included in the calculation are, firstly, Scope 1 emissions that originate directly at FUCHS. These include, for example, own heat generation, leaks in refrigeration systems, and the vehicle fleet. Secondly, (indirect) emissions generated in the production of purchased energy, such as electricity, steam and district heating, are covered by Scope 2. Other selected categories from Scope 3 are also part of the data collection and emissions calculation of the CCF, to the extent that FUCHS can assign them directly to the business under the gate-to-gate scope:

- Category 3.1: Purchased goods. Here: Fresh water consumption
- Category 3.3: Fuel and energy-related emissions (not in Scope 1 and 2)
- Category 3.5: Wastewater and waste generation
- Category 3.6: Business travel
- Category 3.7: Employee commuter traffic

For some leased distribution sites, consumption-related emissions were partly calculated on the basis of the leased space.

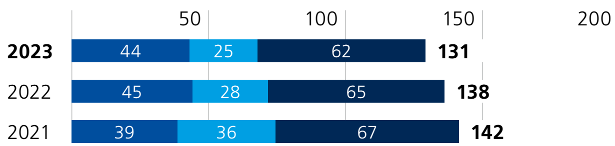
Scope 3 categories beyond this such as emissions stemming from purchased raw materials (upstream) (Category 3.1) or generated in the use phase (downstream) or avoided emissions from customers are not included in the calculations, as they are outside the chosen gate-to-gate scope. These are nonetheless partially determined but postponed, as the determination of the baseline data and the calculation are significantly more complex and cannot be completed within the timeframe of producing the nfd. Thus, information on the cradle-to-grave CCF is not part of the nfd for the reporting year 2023. Further information on the previous year's cradle-to-grave CCF is provided at the end of this section.

[1] Estimates have been made for average distances attributable to official travel and employees commuting, as well as for the number of actual days worked on site.

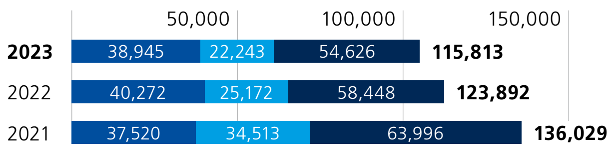
2 Fully consolidated companies in accordance with the control approach pursuant to the GHG Protocol.

CO_2 emissions ("gate-to-gate")

Specific CO_2-emissions / emission intensity
(in kg/ton produced, excluding certificates of origin for green electricity)



Absolute CO_2-emissions
(in tons, excluding green electricity certificates of origin)



- Scope 1: Direct emissions, including own energy generation.
- Scope 2: Indirect emissions through purchased energy.
- Scope 3: Other indirect emissions along the value chain.

The absolute gate-to-gate CCF[1] of the FUCHS Companies[2] was reduced by 7% in 2023, with production volumes falling 2% year-on-year. This resulted in a 5% reduction in specific emissions (emissions per ton produced).

The reported gate-to-gate CCF includes both location-based (in accordance with GHG Protocol) and market-based (in accordance with GHG Protocol) emissions.

For 2024, in addition to the emissions savings achieved, FUCHS has also chosen to voluntarily offset the remaining emissions by purchasing climate protection certificates that meet certification standards such as the GOLD standard or one of the VERRA standards. In line with the triple-element "Avoid – Reduce – Offset" approach, the aim is to further cut down on generated emissions in order to gradually reduce future investment in climate mitigation projects that serve as offsetting measures.

The offsetting of emissions for the coming financial year 2024 is based on the reporting year 2023 gate-to-gate emissions less the credit for proofs of origin for "green electricity" in Europe and offsets already made by the suppliers for eco-gas. Thus, the amount of emissions to be offset was 121,287[3] tons, a fall of 6 % compared to the previous year. In 2024 FUCHS will cancel climate protection certificates to compensate for this amount. As a result, for the fourth consecutive time, FUCHS has achieved its goal of continuously reducing voluntary offsetting benefits, managing a drop of 20 % since 2019.
→ www.fuchs.com/group/technology-sustainability/sustainability/our-path-towards-climate-compensation/

The switch in 2021 to the quarterly collection of emissions-related environmental Key Performance Indicators (KPIs) for all sites helps FUCHS to increase data quality and make these indicators trackable and usable in a timely manner for optimization at the company sites.

To reduce its cradle-to-grave emissions to zero (Net Zero) by 2040, FUCHS has the following plan: Based on a science-based targeting methodology (taken from the Science Based Target initiative, SBTi), FUCHS is committed to reducing by the 2030 medium-term target its Scope 1 and 2 emissions by at least 42 %, and its Scope 3 emissions by at least 25 % compared to the 2021 base year. By 2040, FUCHS plans to reduce total cradle-to-grave emissions by at least 90 %. An action plan has been established and is being validated and further completed. FUCHS is following the development of a sectoral SBTi standard for the chemical industry.

The following emission categories are considered to determine the 2021 cradle-to-grave emission base:

- Scope 1: Direct emissions[4]
- Scope 2: Indirect emissions from purchased energy[4]
- Scope 3
  - 3.1 Purchased goods and services[4,5,6]
  - 3.2 Capital goods[6]
  - 3.3 Fuel- and energy-related emissions (not in Scope 1 and 2)[4]
  - 3.4 (Upstream) transport and distribution[6]
  - 3.5 Waste[4]
  - 3.6 Business travel[4]
  - 3.7 Employee commuting[4]
  - 3.12 Handling of products sold at the end of their life cycle[6]

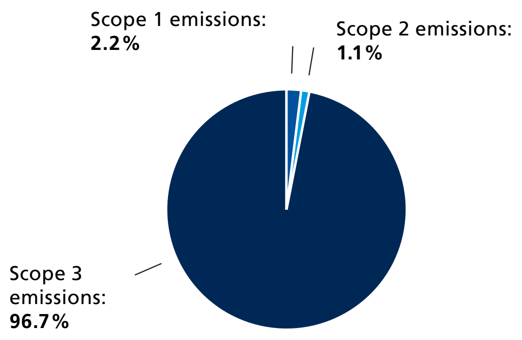
The emission fields not mentioned in the above listing of Scope 3 categories were analyzed and found to be either non-material or irrelevant.[5]

The assessment of packaging and raw material emissions is subject to inaccuracies, as FUCHS does not receive accurate data from most suppliers on the PCFs of materials purchased. In the absence of such data, generally available secondary data from public databases and sources were used. FUCHS works with external service providers to expand and improve specific secondary data for purchased raw materials.

[3] The compensation will be applied to all European FUCHS companies, holding companies and joint ventures.
[4] Taken from the calculation of the gate-to-gate CCF (also applies to category 3.1 Water).
[5] The calculation and thus the level of CO_2 equivalents of the cradle-to-grave CCF was not part of PwC's review.
[6] An assessment of the Scope 3 emissions of the upstream value chain for 2023 can only be finalised after the publication of this report, but will be finalised in 2024.

Taking these uncertainties into account, FUCHS' emissions along the value chain for 2022[6] (cradle-to-grave CCF) were determined at 2,043,968[5] tonnes of CO_2 equivalents (2021: 2,101,870 t CO_2e)[5]. Scope 1 and 2 emissions represent only a small part of these, with most of the emissions occurring in the categories of Scope 3 considered:

Corporate Footprint (CCF) "cradle-to-grave" in accordance with GHG Protocol Scopes 2022[5,6]



Within GHG Scope 3, category 3.1 "Purchased Goods and Services" is the largest contributor, accounting for over 85%[5]. Any emissions beyond the gate-to-gate scope are not part of FUCHS' voluntary compensation.

FUCHS wants to further increase transparency in the recording and calculation of emissions. Upstream Scope 3 emissions have a special weight in this regard, and in particular those in category 3.1 including "purchased raw materials". In order to build the (primary) database needed to do so, we have been requiring our raw material suppliers to provide Product Carbon Footprint (PCF) data on sourced raw materials since 2022. In order to achieve comparability of raw material data, FUCHS uses a methodology for calculating PCF published in 2022. All suppliers are required to provide PCF data according to this methodology. As in the previous year, in 2023 FUCHS worked intensively with the Union of the European Lubricants Industry (UEIL) and the Association Technique de l'Industrie Européenne des Lubrifiants (ATIEL) to harmonize PCF calculation in the lubricants sector. Under the chairmanship of FUCHS, the UEIL Sustainability Committee, in a joint working group with ATIEL and other stakeholders, has developed and published a harmonized methodology document for calculating PCF for lubricants. This methodology was subject to an external audit by TÜV Rheinland towards the end of 2023.

→ www.fuchs.com/group/product-carbon-footprint

Energy management

Responsibility for energy management and consumption lies with the FUCHS companies. This requires setting and pursuing individual objectives based on local circumstances. FUCHS has decided to use the ISO 50001 energy management standard as a tool to record, monitor, and reduce its energy consumption. To do this, FUCHS is working on a plan to have its main plants certified in line with ISO 50001 by 2027. Currently, six production sites in the EMEA region are ISO 50001-certified. These companies cover 28% of the energy used in the FUCHS Group.

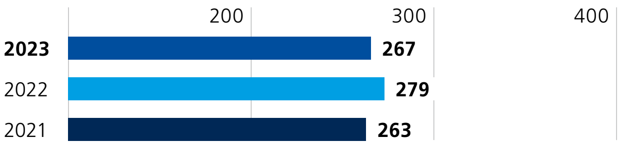
In addition to saving energy through consistent energy management, the switch to electricity from renewable sources ("green electricity"), in-house production using renewable energies, and the use of residual heat from production are elements of this management approach.

As a manufacturing company, FUCHS will always have an external energy requirement. In order to reduce energy-related emissions, FUCHS is working on a gradual global switch to "green electricity" by 2025, provided these instruments are available in the respective countries.

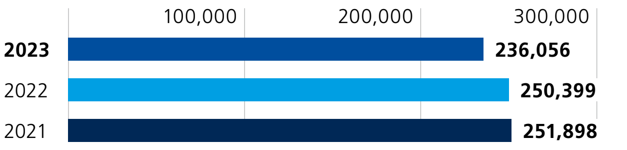
The absolute energy consumption of FUCHS companies was disproportionately reduced by 6% in 2023 compared with the previous year, with a 2% decrease in production volume. This reduced the energy intensity (energy consumption per ton produced) by almost 4%. The decreased intensity can be explained by lower heating requirements in Kansas City (USA), Mannheim (Germany) and Isando (South Africa), among others, as well as lower electricity consumption in the Harvey (USA) and Suzhou (China) sites, for example.

Energy consumption

Specific energy consumption / energy intensity
(in kWh/ton produced, excluding certificates of origin for green electricity)



Absolute energy consumption
(in MWh, excluding certificates of origin for green electricity)



In 2023, European sites were supplied with energy from green electricity on the basis of supply contracts with energy suppliers or, as in the previous year, through the purchase of certificates of origin for renewable energy from geothermal block heating plants ("green electricity") at sites whose supply contracts could not yet be switched to green electricity.

To reduce its external energy requirement, FUCHS is also focusing on expanding its in-house energy generation capacity, for example through solar power installations. For example, 13 FUCHS sites already have such installations in their buildings, generating 2,082,666 kWh of electricity in 2023. New solar installations with a total power of 2,197 kWp were added in 2023 at sites such as Melbourne (Australia), Yingkou (China), Västerhaninge (Sweden) and New Castle (USA). This brings the theoretical peak photovoltaic power installed at FUCHS sites worldwide in 2023 to 3,763 kWp.

In addition, FUCHS uses waste heat from production to heat plants or buildings in pilot and new construction projects.

Waste and disposal
Waste management is the responsibility of the individual FUCHS companies. This requires setting and pursuing individual objectives based on local circumstances. In 2023, the CO_2equivalents generated by the disposal of waste during the production of the lubricants accounted for a large share being 20 % of the chosen gate-to-gate Scope 3 emissions. Hence, to achieve the overall goal of continuously reducing gate-to-gate emissions, a focus on effective waste management is essential.

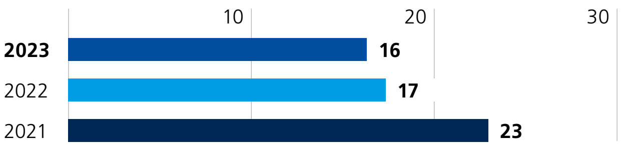
Investment in modernizing plants is also made with the aim of reducing flushing oils used in plants, thus making them more resource-efficient. For example, in the new polyurea grease production plant in Kaiserslautern, an innovative flushing concept was implemented in 2022 that completely prevents the occurrence of flushing oil waste during continuous production of the same product and reduces the occurrence of flushing oil by at least 60 % during product changes. This measure is still in operation and will therefore reduce the amount of waste generated in the years to come.

Absolute waste generation of FUCHS companies decreased disproportionately by 9 % year-on-year in 2023, with a 2 % decrease in production volume. This effect was mainly achieved by reducing flushing oil quantities in the Harvey (USA) and Melbourne (Australia) plants and by reducing waste from finished products, mainly in Kaiserslautern (Germany) and Suzhou (China).

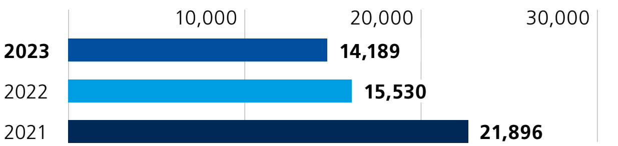
As a result of this reduction, waste intensity (waste generated per ton produced) also decreased by 7 % compared to the previous year.

Waste generation

Specific waste generation / intensity
(in kg / ton produced)



Absolute waste generation
(in ton, excluding quantities of flushing oils that have been proven to be recycled or reused)



Water and wastewater

Each of the FUCHS companies is responsible for its water management. Water and wastewater account for only a small share of FUCHS' gate-to-gate emissions, at 0.2 %. Only a small proportion of the product range uses water as a raw material.

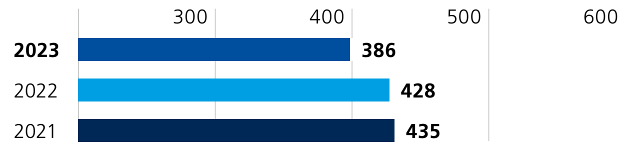
There is therefore no global target for water consumption. Nevertheless, attention is paid to keeping drinking or groundwater consumption as low as possible in factories' new buildings and maintenance. Depending on local conditions, efforts are made to use rainwater and reduce wastewater. For example, FUCHS operates a sewage evaporation plant at its site in Suzhou to reduce the amount of sewage discharged and to relieve the burden on the sewage networks.

The reported absolute water consumption of the FUCHS companies fell by 11 % in 2023, a year where production volume decreased by 2 % compared with the previous year. The main driver of this drop was reduced water usage, especially at the plants in Kaiserslautern (Germany), Kansas City and Harvey (both United States). As a result, water intensity (water consumption per ton produced) was reduced by 10 %.

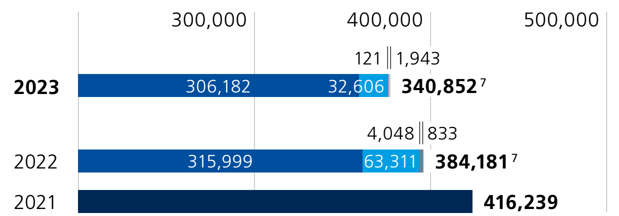
Compared to the prior year, the proportion of used rainwater more than doubled from 833m³ to 1,943m³ in the past financial year.

Water consumption

Specific water consumption / water intensity
(in liters / ton produced)



Absolute water consumption
(in m³)



2022 and 2023 stacked by category
- Mains water
- Groundwater
- Surface water
- Rainwater

[7] Detailed breakdown only available since 2022 and part of the part of the audit by PwC for the first time in 2023.

Investment planning
A multi-stage collaborative planning process is being implemented with regard to specific capital asset planning (construction of new plants and other major areas of investment). This ensures that the broad experience available in the area of operations/supply chain is exploited in the planning of new projects. As part of the regional investment planning workshops, all major supply chain investment projects were clustered to determine whether they contribute to our sustainability goals. The aim is to further develop and formalize this approach in the future. Since 2023, sustainability has been a fixed point of assessment in the investment approval process.

FUCHS' production sites are mostly based in purely industrial zones or business districts. In planning and operations, FUCHS is guided by internal and external environmental and safety regulations. Neighboring residents or communities will be involved in expansion and conversion projects according to local regulations.

Employee concerns

The foundation of sustainable human resources management is a modern leadership and corporate culture. This will enable important projects in the areas of employment conditions, education and training, health and safety at work, diversity, equal opportunities and non-discrimination to be implemented and firmly established.

Employment and employers
The company is systematically pursuing the goal of striking a balance between the Group's business interests and the private and family needs of employees. Employee flexibility is gaining importance as a means of recruiting talented and motivated specialists and becoming an attractive employer. Flexible working time models are an important part of this. In addition to traditional flextime models, flexible part-time options, ranging from 15 to 32 hours per week and which can involve job-sharing or shift work, are also available in Germany. Flexible work-from-home arrangements allow office staff additional opportunities in terms of self-determined work and personal flexibility as part of the long-established trust-based working schedule arrangement for Management, or flexible working time arrangements. The increasing shortage of specialists means that it is vital for FUCHS to get young parents in particular back to work quickly. More and more fathers also wish to spend precious time with their children and therefore take parental leave. FUCHS facilitates this by offering part-time working hours during parental leave, for instance. Also, individual part-time programs have increasingly been flexibly adapted to changing individual needs and working hours have been modified. Moreover, the promotion of daycare and covering of holiday periods, for example through subsidized holiday programs, is increasingly being sought by applicants and will therefore continue to gain importance in the future.

Education and training
Alongside vocational training, needs-driven continuing professional development remains the foundation for developing specialist personnel and high potentials. To meet these needs more specifically and in a more forward-looking manner in future, further progress on the establishment of a structured, global personnel development program was made in 2023. The global human resources development strategy has been expanded to include digital skills needs. In order to implement the digital education strategy, the objectives for structured training plans to prepare for the digital transformation have been established together with a wide range of stakeholders from different fields of expertise. For the first time, a global talent management strategy has been developed with the countries, and in future this will form a kind of bracket function for education, training, talent development and succession planning. As part of general continuing professional development, topics such as the Code of Conduct, Compliance and IT tools through to specific knowledge relating to FUCHS were offered in addition to basic technical subjects relating to lubricants. Specific training on diversity and equal treatment for employees and managers has been rolled out for the holding, as has a new concept for recruiting new employees. The Resilience learning pathway was designed for the first time and offered globally to address complex demands in an ever-changing world. In addition, the learning pathways

Performance Management and Networking have been initiated to enhance the competencies of managers. The pilot training for managers on their role in transformation and cultural development, which was introduced in 2022, was rolled out globally in 2023 using in-house trainers, giving managers key tools to ensure a work environment in which employees can utilize their skills and talent to the best of their ability. For the onboarding of new managers, the existing Executive Program was adapted to the strategic developments and the new participants were nominated. The program enables executives to acquire important competencies in target-oriented management of employees across sites in a globalized environment, in line with ACT GLOBAL.

An international working group and HR IT designed a reboot in 2023 – both conceptually and in terms of content – for the entire e-learning sector. In addition to introducing technical innovations and improvements for users, the strategic goal of lifelong learning has been incorporated in a redesigned learning offer. Employees can now access over 100 interactive virtual training sessions and dedicated learning paths in different languages for free, based on learning goals agreed with their line manager. Our training catalogue includes courses on business and leadership skills, as well as communication and interaction skills, and also provides valuable support for personal development and growth. Traditional classroom training will still be offered in the future by the FUCHS ACADEMY. As a global training institution, the FUCHS ACADEMY regularly offers a wide range of technical and specialist seminars and provides our sales experts, for instance, with sound background knowledge of the products and their applications. In 2023, discussions were held with the global function holders on how the offering can be set up even more broadly in the future and how its reach can be widened. Some of the projects of the HR initiative under FUCHS2025 dealt with the training and development of junior staff. In line with the new concept, a group of global talents, who were selected in 2022, were trained via several modules on leadership topics. In addition, current projects in the company were selected in which participants can collaborate on milestones and thus apply newly acquired skills and knowledge about tools directly in their work. For local talents, a recommendation concept for introducing career paths in the specialist functions has been finalized and presented in the HR community. This allows specialist functions to highlight career paths to employees, aside from purely hierarchy-based career opportunities.

In light of the global structure of the Group organization, intercultural competence is a key success factor for staff. These competencies can be developed in day-to-day practice through increased networking and international exchanges. Therefore, working and learning together was also a priority in 2023.

FUCHS has set itself the goal of investing significantly in the establishment and development of employee competencies. For this reason, it was decided in 2021 to measure continuing professional development hours per employee. The aim is to increase the number of continuing professional development hours per employee by 5% per year. The KPI, continuing professional development hours per employee, measured for the first time in 2022, was increased in 2023 by 2 hours per employee, from 13 hours to 15 hours. This represents an increase of 15%. Each employee's continuing professional development hours are now recorded, reported, and tracked worldwide using an improved system, in accordance with a guideline with precise definitions. KPI-based tracking ensures that professional development activities are more transparent, making it easier to identify areas where improvement is required. The continuing professional development KPI is produced annually based on ambitious mid-term goals in an annual goal achievement analysis.

Leadership and corporate culture

An essential element of FUCHS2025 is the development of the culture within the company. This involves the further development of a culture encompassing the increasingly agile market environments and requirements for future business success. The two key elements here are an actively practiced open feedback culture and hierarchy-free communication. Employees are called upon to see themselves as a self-responsible element that is part of one "great whole" and to actively engage in line with the globally defined competencies. These include creative drive and initiative, an agile mindset, application of critical thinking in all activities, the development of communication skills, and collaboration and teamwork. The Cultural Scouts jointly launched the "Growth Mindset" training concept this year as part of the annual FUCHS2025 roadshow and also through an e-learning offering. One of the aims of this cultural work is to sharpen our customer focus, so that both internal and external customers receive customized services and products. To develop the culture, it takes managers who are aware of their role model function and therefore lead by example. In order to provide clarity about the requirements for managers as part of the transformation process, they received management training on their role in the leadership behaviors. Managers encourage and promote change, are role models and make the essential decisions to drive change processes and cultural development forward. Clear communication and identifying with change are just as much a part of their tasks as actively keeping up with change by maintaining the necessary activities within the organization.

Safety and health at work
Workplace safety is of great importance to FUCHS. The company is subject to various national and international regulations on occupational health and safety at its different locations. The respective applicable occupational health and safety provisions form the minimum standard for the measures to be implemented.

The entire FUCHS workforce is informed at least once a year of the laws, regulations and internal occupational health and safety guidelines relevant to them and are instructed to comply with them.

Each FUCHS company's training plans to be prepared annually also include statutory recurring training or instruction in occupational health and safety. If the training is not completed, or not completed on time, appropriate measures are taken.

Particular focus is placed on the issue of safety in the sense of "awareness" in order that unsafe conditions and behaviors can be identified and rectified at an early stage to avoid serious accidents.

Suggestions for improvement in terms of health and safety from employees are encouraged.

In 2023, there were a total of 9 notifiable occupational accidents in the FUCHS Group with more than three absence days per 1,000 full-time employees, 3 of which were accidents on the way to or from work. As in the previous year, there were no fatal accidents at work. FUCHS is aiming to reduce the number of notifiable occupational accidents by 5 % every year on a continuous basis. This target was not just achieved in 2023, but was exceeded by a significant margin. This shows that the measures in the field of occupational safety have been successful. Nevertheless, we will continue in 2024 with additional safety training and regular safety inspections. These measures are intended to help achieve the target set again in 2024.

As of the end of 2023, 17 out of a total of 32 manufacturing companies worldwide were certified in line with the ISO 45001 standard for occupational health and safety. This represents 53 % of all manufacturing companies, a 1 % increase year-on-year. Although the target of a two per cent increase was narrowly missed, FUCHS plans to continue to increase the number of certified manufacturing companies by 2 % annually.

Occupational health management now includes training in areas such as load handling, skin protection, and ergonomics at computer workstations. The Mannheim site provided new offerings in the areas of skin screening, bowel cancer prevention, and stroke prophylaxis. Influenza vaccinations, which have been offered for many years, were also increasingly taken up by employees in 2023. In addition, FUCHS encourages initiatives from employees to play a variety of sports together and also set up partnership arrangements with fitness clubs.

The crisis teams set up to collaborate closely with the operational health service and with the company doctors and respective site management in order to contain the effects of the Covid-19 pandemic were dissolved in 2023. The hygiene concepts have been adapted everywhere to the changing situation (endemic). Protective measures, such as the offer of tests and masks, as well as regular advice on proper behavior in the event of illness, were of course retained.

Diversity, equal opportunities and non-discrimination
To FUCHS, a responsible HR policy means equal opportunities and strictly prohibiting discrimination. FUCHS supports the International Labor Organization's (ILO) Declaration on Fundamental Principles. These include freedom of association, the right to collective bargaining, the elimination and prohibition of forced and child labor and the prohibition of discrimination in employment and occupation. FUCHS does not tolerate any form of discrimination and, within the framework of the respective statutory provisions, is committed to upholding the principles of equal opportunities when hiring and promoting employees. Furthermore, FUCHS respects employees' rights to equal treatment, regardless of their race and nationality, religion or belief, gender or sexual orientation, political or trade union activity, age, illness or disability, or other personal characteristics. FUCHS takes into account peoples' disabilities and creates an environment in which they can use their skills in the business.

FUCHS ensures a non-discriminatory working environment and actively promotes the various aspects of diversity. The integration of different nationalities is a matter of course for the company. As part of globalization, colleagues from the sites are increasingly motivated to apply internally for vacancies abroad. Vacancies are posted internally through the Human Capital System, and accessible to all employees. By focusing job searches on factual expertise, experience and in behavioral terms on the globally binding core competencies model, the selection criteria for internal candidates is made as transparent as possible and is materially scrutinized by means of the new competency-based interview techniques and process, thus minimizing any possible discrimination through objectification.

Social indicators

	2023	2022	2021
Average age of employees in years	43	43	43
Age structure of employees in %			
< 30 years	13	14	15
31–40 years	28	28	28
41–50 years	28	27	27
> 50 years	31	30	30
Average length of service of employees in years	10	10	10
Employee fluctuation[1] in %	5.6	6.6	4.7
Work-related accidents[2] per 1,000 employees	9	12	10
Days lost due to sickness per employee	10	10	9
Number of fatal accidents	0	0	0
Proportion of women in management positions in %	25	24	24
Average further training and education per employee in hours	15	13	12

[1] Share of employees leaving the company voluntarily.
[2] Number of reported accidents with more than three absence days.

Since its establishment, FUCHS has been part of an initiative of German economic leaders that presented a Code of Responsible Conduct for Business under the patronage of the Wittenberg Center for Global Ethics. As a subscriber to the model, the Executive Board is committed to a success-driven and value-oriented system of corporate governance in the sense of the social market economy. This includes fair competition, a social partnership, the performance principle and sustainability.

We consider mixed management teams to be a significant strengthening of our company. For this reason, FUCHS also places particular emphasis on the targeted support of women and ensure that appropriate consideration is given to them when filling management positions in the company. As in the previous year, women accounted for 26 % of the total workforce. The share of women in management positions increased by 1% to 25 %.

The key social indicators relating to the interests of employees are listed in the table above.

Almost all social indicators remained largely unchanged compared with the previous year. Employee fluctuation alone dropped from 7 % to 6 % in 2023. In addition, there was an average increase of 2 hours in continuing professional development hours per employee.
→ # 91 Social indicators

Social concerns

For FUCHS, social acceptance is a key requirement for economic success. Many of our FUCHS companies have deep roots in their regions. The company sees itself as a partner in these regions, and takes part in educational and cultural initiatives and cooperation partnerships. In addition, FUCHS supports numerous social projects and non-profit organizations through the FUCHS Sponsorship Award. In order to extend the development of social projects to all local entities and anchor them in their respective local objectives, FUCHS has committed all fully consolidated companies to the goal of spending at least 0.1 % of local EBIT on CSR projects. In 2023, 75 % of all companies met this target. Joint ventures are invited to adopt this objective.

In 2023, FUCHS supported a total of 298 CSR projects worldwide with 45 companies[6]. These projects primarily supported the following Sustainable Development Goals (SDGs) of the United Nations: 32 % SDG 3 “Good Health and Well-Being”, 18 % SDG 1 “No Poverty”, and 12 % SDG 4 “Quality Education” (multiple assignments allowed).

Further information can be found in the Sustainability Report. → www.fuchs.com/sustainabilityreport

Supply chain, materials and (quality of) raw materials

The manufacture of these products involves a large number of externally procured raw materials from renewable and fossil sources. A competitive and reliable supply of raw materials, services and technical goods is ensured by close, open, and transparent cooperation with suppliers. The aim is, in collaboration with suppliers, to continuously drive transparency and sustainability all the way along the supply chain. To achieve this, a binding supplier code of conduct has been created, which, among other things, is based on the principles of the UN Global Compact and explicitly formulates FUCHS’ expectations of its suppliers. FUCHS calls on its suppliers to recognize the Supplier Code of Conduct and ensure that they comply with it along the value chain. In addition, the supplier code of conduct was revised this year, adding important expectations of FUCHS for its suppliers in terms of compliance, the prohibition of child labor and discrimination, and compliance with human rights, laws, and accepted labor and environmental standards. Furthermore, only raw materials that comply with all applicable EHS regulations (environment, health and safety) are used. Interdisciplinary teams of experts work continually together with the suppliers to utilize alternative raw material solutions from renewable sources, thereby gradually reducing the use of fossil-based raw materials.

Raw materials are key to ensuring the consistent quality of the products, and therefore the ongoing maintaining and monitoring of raw materials and supplier portfolios plays a vital role. Both supplier management and raw material procurement are organized and carried out in line with standard global Group specifications.

Back in 2022, we made major changes to the purchasing organization with the aim of improving expertise in the markets. In this regard, we have introduced a so-called category structure. In addition, we have established regional structures in the three world regions of North and South America, Asia-Pacific, and EMEA to monitor and manage the regional markets. In 2023, based on the new structure, we adapted and documented various processes and procedures to enable a more efficient way of working. In addition, we completed the implementation of the new organizational structure in the three regions.

[6] FUCHS production, distribution and holding companies.

As part of its active supplier management, FUCHS evaluates all its strategic raw material suppliers every year. The supplying companies are therefore asked to self-assess issues such as quality, pricing, and sustainability. In addition, various functions within FUCHS also carry out a systematic and transparent evaluation. For the first time in 2023, similar to the global strategic supplier assessment, a regional assessment was also conducted in the EMEA region, an exemplary process that demonstrates the synergies that can be achieved from the new regional organizational structure. If this comparison finds room for improvement or expectations that have not been fulfilled, clear action plans are agreed at regular intervals with the relevant companies and a strict follow-up process conducted at regular intervals is established to ensure these have been implemented. The demands made by FUCHS regarding compliance, the barring of discrimination and child labor, and with regard to compliance with laws and recognized labor and environmental standards are all part of the supplier code of conduct, delivery conditions and annual assessment of strategic suppliers. By combining direct actions in its own supply chain and indirect actions through collaboration in various working groups, FUCHS supports social sustainability criteria and ethical behavior along the value chain of the lubricant industry.

FUCHS produces almost none of its own raw materials. As a result, most greenhouse gas emissions associated with the products are not produced on the company's directly controllable premises ("gate-to-gate"), but instead further upstream in the supply chain at the raw material suppliers. Accordingly, FUCHS has been working in partnership with its strategic suppliers for several years to meet, for example, the expectations of a step-by-step calculation and communication of the greenhouse gas emissions caused by the suppliers. This is why in 2023, FUCHS again requested the PCF figures for the sourced raw materials from its top 40 key suppliers. This monitoring query will be repeated regularly in the future. As a result, the importance and requirements in the strategic supplier assessment are also gradually increasing in terms of sustainability considerations. In last year's strategic supplier assessment (which includes aspects such as reliability, quality, compliance with sustainability requirements, technical cooperation, etc.), more than 30 % of key suppliers were given an A status for sustainability, despite the streamlining of human rights criteria. Status A corresponds to more than 80 % and status C to less than 70 % fulfilment of the criteria.

As part of supply chains, FUCHS has already been actively involved in the German Supply Chain Due Diligence Act (LkSG). As a result of the implementation obligation as of January 1, 2024, FUCHS already sees an obligation to begin preparations to implement the due diligence requirements.

For this purpose, a cross-company task force has been set up at FUCHS to actively address and deal with the law, due diligence and related tasks. Since FUCHS has already implemented activities and processes in these areas, it is important to examine the existing processes for potential improvement and to introduce further processes. In this context, various events were attended and initial workshops held to raise awareness of the project among the relevant internal stakeholders. Our business partners and suppliers have been made aware of the upcoming law and the requirements for a FUCHS partner through a new edition of the FUCHS supplier sustainability letter.

In order to identify, assess, and avoid human rights and environmental risks and violations within our own operations and supply chains, as a first step we have developed a risk analysis. We are aware that risks and violations can occur at different levels, such as the country, industry or commodity level. The complexity of the supply chains, the potential risks, and the monitoring obligation led us to decide to draw on external expertise by using a cloud-based INTEGRITY NEXT platform.

In addition to the digital solution, we also see tremendous potential in sharing and collaborating with other companies. This is why we are actively involved in the Automotive Industry Dialogue, a multi-stakeholder initiative of which we are a member.

Taxes

FUCHS SE's corporate tax department advises the Group management and local management on tax matters and reports directly to FUCHS' Chief Financial Officer. Tax department staff have the necessary professional qualifications, and these are regularly updated through external training. FUCHS is assisted by external tax advisors in the assessment of tax matters and in the determination of tax positions as well as its tax return. FUCHS pays taxes in the countries it operates in. It is the responsibility of local management to submit tax returns correctly and on time, as well as to pay taxes in full and on time, and is an expression of responsibility to stakeholders in the respective countries. In this context, national legal provisions and relevant case-law each form the legal framework. Some tax regulations leave room for different interpretations. If FUCHS represents a tax position that differs from the interpretation of the tax authorities, FUCHS shall disclose this to the tax authorities in a transparent manner. Tax strategies aimed at tax avoidance are strictly rejected. Business decisions and operational structures are based on economic considerations rather than the objective of generating any tax benefits. To illustrate this, the tax rate can be taken as a ratio of income taxes to the FUCHS Group's 2023 earnings before tax, adjusted by at equity income, of 30.3% (27.9%). FUCHS aims to achieve a high level of transparency and legal certainty in tax matters. Respectful and open communication with the relevant authorities is maintained worldwide.

→ 47 Results of operations

Respect for human rights

For FUCHS as a responsible company, observance of human rights is an essential part of business ethics. It forms the basis of all its business activities and therefore also includes relationships with customers, suppliers, and other business partners as a matter of course. The FUCHS Code of Conduct, which was last updated by the Executive Board in the financial year 2022 and adapted in 2023 in line with the company name change, is a material expression of this lived understanding within the Group, and is the guideline for safeguarding our human rights due diligence obligations. In accordance with the Code of Conduct and the Human Rights Policy rolled out in early 2024, FUCHS respects human rights and supports the United Nations Universal Declaration of Human Rights, the Declaration of Principles of the International Labour Organization (ILO) and the Sustainable and Responsible Corporate Governance Initiative (UN Global Compact). These include freedom of association, the right to collective bargaining, the elimination of forced and child labor, and the prohibition of discrimination in employment and occupation. The Code of Conduct is publicly available on the FUCHS website and has been assigned to all employees worldwide through the e-learning tool for the purposes of self-study. The Human Rights Policy has been publicly available on the FUCHS website since February 2024.

→ www.fuchs.com/group/the-company/corporate-governance/guidelines/

In its global purchasing conditions, FUCHS obliges its suppliers to adhere to the ten principles of the UN Global Compact as well as the four basic principles of the ILO. The five FUCHS values – trust, creating value, respect, reliability, and integrity – are the foundations of the Group's business activities and an essential element of FUCHS2025, the key strategy for FUCHS. The Modern Slavery Act Statement submitted each year in the UK underscores FUCHS' unconditional commitment to preventing the criminal exploitation of human labor, for instance in the form of human trafficking, forced and child labor and slavery, beyond its own operations and in its supply chain as well. FUCHS ensures respect for human rights in the upstream value chain at its suppliers by means of contractual agreements, self-regulatory declarations by the supplier and on-site audits. Potential violations can be reported anonymously by any person via an electronic whistleblower platform accessible to the public through the FUCHS website. Any such information is followed up as part of our internal investigations. In 2023, we received no indications of human rights violations.

Combating corruption, bribery, and anti-competitive behavior

In competition, FUCHS relies on the quality and intrinsic value of its products and services. The FUCHS Code of Conduct, together with the Anti-Corruption Directive and the Antitrust Directive – the latter having been updated in the financial year 2022 and adapted in the financial year 2023 to reflect the change of company name – contains binding guidelines to prevent corrupt or anti-competitive conduct of any kind and assists all employees in complying with laws and regulations to prevent corruption, bribery and anti-competitive conduct. The aim is to ensure that neither FUCHS employees nor business partners or officials are influenced by unlawful and inappropriate conduct in their decision-making. The aim is also to ensure the proper conduct of FUCHS employees in line with the antitrust law requirements.

FUCHS has established a compliance management system (CMS) that covers the entire Group and is consistent with the IDW auditing standard: Principles of Proper Audit of Compliance Management Systems (IDW PS 980). Important components of the CMS are the establishment and dissemination of a suitable compliance culture by the Executive Board of FUCHS SE and the managers of the FUCHS Group, the Group-wide compliance organization and a compliance program geared to adequate and effective measures, e.g. in the form of consulting, training courses, information events, an electronic whistleblower platform for employees and business partners, and other measures and processes derived from the compliance guidelines.

The company's compliance organization has developed various objectives to be achieved with the Group's CMS, based on the risks and regulations that are of particular importance to FUCHS. At FUCHS, one of the primary goals of the CMS is the prevention, detection, and sanctioning of violations of the law and misconduct, including corruption and bribery as well as anti-trust law violations. The guidelines and accompanying materials are available to all employees of the FUCHS Group on the intranet. The Code of Conduct is publicly available on the FUCHS website.
→ www.fuchs.com/group/the-company/corporate-governance/guidelines/

FUCHS has implemented a centralized and decentralized compliance organizational structure. Belonging to the centralized organization are the Chief Compliance Officer (CCO) and the Group Compliance Committee (GCC). The decentralized compliance organization is represented by the Local Compliance Officer (LCO) appointed in each Group company and the appointed Regional Compliance Officer (RCO). In communicating and consolidating the culture of compliance, the Executive Board and senior management play a leading role and act as role models. Compliance objectives are communicated through various channels such as the Code of Conduct, policies and guidelines, training, the intranet, and other information. Implementation is carried out by the Group-wide compliance organization, managed by the CCO together with the GCC.

The Executive Board continuously monitors and reviews the quality of the CMS, decides on how to deal with the findings from the risk analyses and compliance investigations, and consults regularly with the Supervisory Board and the Audit Committee. The Executive Board continues to develop the CMS and ensures that identified weaknesses in the CMS are addressed through appropriate action. These measures can include both procedural and organizational adjustments to the CMS. Violations of compliance stipulations pose a threat to key success factors for FUCHS and are not tolerated. Potential compliance violations are identified and resolved as part of the defined compliance process. All employees are required to report potential compliance violations. Any identified violations are sanctioned appropriately, with the specific sanction dependent, among other things, upon its nature, severity, duration and degree of culpability. Sanctions can be imposed to the full extent permitted by law, including extraordinary termination of employment, claims for damages and criminal charges.

The most effective measure in ensuring a functioning CMS as well as eliminating its possible weaknesses is to educate and train employees on the relevant compliance topics. With a view to combating corruption and bribery, all managers as well as FUCHS employees from relevant fields are required at all Group sites worldwide to provide basic compliance training through online training. This training must be repeated every three years. In addition, the FUCHS Group provides online further training in the areas of corruption prevention and fair competition. The global target group of these repeated and additional training courses every two years consists of the senior management levels as well as all sales and procurement employees. These training courses are available in all relevant Group languages.

To monitor the functionality and adequacy of the CMS, FUCHS assesses the level of information of employees on the compliance fields that are relevant to them. This measures the extent to which employees have successfully completed the training they need in the areas of compliance relevant to them. The aim is to educate as many of the company's employees as possible about the compliance fields of relevance to them in each case. Besides basic training sessions on compliance, training in compliance areas such as prevention of corruption and compliance with anti-trust law is also paramount. Measurement is carried out by determining the rate of e-learning and other compliance training delivered by the respective defined target group by the reporting date. At the end of the financial year, the following training rates were achieved for the e-learning training courses:

- Basic compliance training: 87 %
- Training on prevention of corruption: 89 %
- Antitrust training: 87 %

A further measure is the continuous performance of compliance risk analyses on which basis any need to amend the CMS is identified. A business-related risk assessment of the relevant compliance areas up to the level of the individual Group company is the basis for the regular analysis of compliance risks. Relevant data from third parties, such as the Corruption Perception Index (CPI) issued by Transparency International Germany e. V., may also be used to assess risks. This indicates that the main risk areas for the CMS include the risks of violations against antitrust law and against the prohibitions of corruption and bribery.

When integrating newly acquired companies and businesses into the FUCHS CMS, the objective is to swiftly integrate the acquisitions into the compliance processes relevant to them and the company's risk evaluation.

The internal audit department reviews the functionality and adequacy of the CMS in the form of regular audits.

Further information on the CMS can be found in the unaudited Declaration of Corporate Governance.
→ **113 Declaration of Corporate Governance**

Technology and customer interests

Innovation and digitalization
Innovation and digitalization are seen as a great opportunity for the sustainable and positive development of the FUCHS Group. Drivers and priorities differ from region to region. To make the most of the existing opportunities, FUCHS is using its global presence and strengthening regional structures, particularly through its three centers in Mannheim (Germany), Chicago (USA) and Shanghai (China), in the areas of research and development and digitalization – two key components for innovation.

In research and development, centrally managed by the Chief Technology Officer, FUCHS continues to strive to build and expand its technological lead in strategically important areas and to drive innovation.
→ 36 Research and Development

In 2022, regional Chief Digital Officers (CDOs) and Digital Transformation Managers who work closely with the Group's CDO were given an introduction to the area of digitalization. In 2024, the network will continue to expand and the digital strategy will continue to be implemented. Regular reporting to the Executive Board or the Group Management Committee (GMC) ensures the involvement of the Group's management. Competencies in the field of big-data and AI were built upon. Implementation of the digital strategy "FUCHS goes Digital", developed in 2022 as part of FUCHS2025, has begun and will guide the Group through the years of its digital transformation. The focus here is on a broad setup in the customer channels with an appropriate customer experience. Focusing inwards, "FUCHS goes Digital" aims to improve efficiency and the necessary skills of employees. The existing digital solutions will be continuously expanded functionally from 2024 onwards and rolled out into further application areas.

From the digitalization strategy, FUCHS derived its SAP strategy and decided to carry out a transformation project to modernize/standardize processes and ERP for the years to come. In 2023, Fuchs successfully completed its S/4 HANA pre-project. In 2024, following the selection of the implementation partner, construction of the S/4 HANA template will begin.

A strong innovation culture is needed to support R&D and digitalization strategies, while fostering an innovation mindset and overall innovation strength. To this end, innovation programs have been implemented at local and global levels to promote the culture of innovation, with digitalization as an important component.

For research and development, this means, among other things: by using chemical and mechanical simulation models to increase understanding of the lubricant's interactions with its environment; Design of Experiment to develop the optimal product through statistical evaluations with as few trials as possible; Smart Technologies that will enable in 2024 new service concepts to help customers maintain lubricant performance at its original level for an extended period of time. Furthermore, the evaluated data can lead to improvements in lubricants and production processes at the customer. In addition, the laboratories are being progressively automated to reduce input errors and speed up routine activities. Both chemical and mechanical simulation models aim to increase efficiency and achieve predictability in the performance of new formulations. More targeted formulations are intended to reduce development times.

Customer orientation
As part of FUCHS2025, the Group Executive Board has defined customer orientation as one of six strategic pillars and is actively working to implement this within the company. We value long-term customer relations that are based on mutual trust as well as on the ability to identify and understand our customers' requirements and implement these together with them. With our emotional statement *"MOVING YOUR WORLD"* we stand alongside our customers, provide input and impetus, and set their world in motion.

FUCHS with its lubricant solutions helps our customers to run their business more sustainably. Our mission is to achieve this with innovative products and services and thus to always be able to offer customers added value.

Despite challenging market conditions, raw material shortages and logistical constraints, we were able to ensure the supply to our customers at all times. In 2023, the FUCHS Group again conducted a customer satisfaction analysis. Fourteen national companies, which account for 85 % of the group's direct sales revenues, sent out a questionnaire to their customers. The overall result was good, at 5.2 points, in line with the last survey of 2021. In particular, the quality of FUCHS products was evaluated positively with 5.4 out of 6.0 possible points.

In 2023, we again achieved the target of representing more than 50 % of the business globally in managed business segments. We aim to continue to increase the share of sales revenues with globally managed business segments in the future (2021: 50.9 %; 2022: 51.1 %; 2023: 54.4 %). Growth in 2023 was driven by an increase in existing focus segments and the selection of additional focus segments. In these business segments, cross-functional teams work closely with their respective customers to identify sustainable lubricant solutions.

In the vehicle industry, this means FUCHS is involved at an early stage, for example when new engines or transmissions are created, in order to develop lubricants tailored to aggregates and make these available to customers worldwide to the same level of quality.

In the production and manufacturing industries, our focus is on ensuring the maximum operational availability of machines at our customers. As well as supplying the right product, FUCHS allows customers to focus on creating their own value through individual service concepts relating to the lubricant.

Through the FUCHS Smart Services product line and the systematic integration of the Nye products into our segment/product portfolios, we are making ourselves more attractive to our customers in the long term.
→ 36 Research and Development

EU Taxonomy

The EU Taxonomy is an important component of the European Green Deal and the action plan "Financing Sustainable Growth", which aims to make the EU climate neutral by 2050. The key objectives of EU Taxonomy are to create transparency for capital market participants and to direct capital flows into environmentally sustainable economic activities. The EU Taxonomy Regulation was published in June 2020. The delegated act on the first two environmental objectives, climate change mitigation and adaptation, and the act on reporting obligations (Art. 8 of the EU Taxonomy Regulation) entered into force at the end of December 2021. In June 2023, the European Commission published the Delegated Regulation (EU) 2023/2486 ("Environmental Act") for environmental objectives 3 to 6, to supplement Delegated Regulation (EU) 2020/852 of the European Parliament and of the Council. This Environmental Act contains, among other things, four annexes on the technical assessment criteria for the activities of environmental objectives 3 to 6. At the same time, the Delegated Act amending the Climate Law Act (Regulation 2023/2485/EU) was published, which contains adjustments to established activities as well as new activities under objectives 1 and 2. In addition, a large number of other EU Taxonomy documents, such as FAQs, have been published.

The EU Taxonomy is a classification system that describes specific economic activities for the six environmental objectives. These economic activities are, in principle, eligible under the taxonomy. Based on criteria specified in the EU Taxonomy Regulation, the economic activities can be classified as environmentally sustainable, or Taxonomy compliant. The assessment of environmental sustainability is undertaken in a three-step process. Essentially, a substantial contribution to one of the six environmental objectives must be made in the first step:

1) Climate Change (CCM)
2) Climate Change Adaptation (CCA)
3) Sustainable use and protection of water and marine resources (WTR)
4) Transition to a circular economy (CE)

5) Pollution prevention and control (PPC)
6) Protection and restoration of biodiversity and ecosystems (BIO).

This is demonstrated by the fulfillment of technical assessment criteria defined in the Delegated Acts of the EU Taxonomy Regulation. The second step then follows, known as the “do no significant harm” (DNSH) test, according to which none of the other five environmental objectives must be significantly affected. In the final step, the minimum safeguard criteria “human and consumer protection, anti-corruption and bribery, taxation and fair competition” must be met. Only when all the criteria are met cumulatively is an economic activity considered to be taxonomically compliant.

Economic activities that do not fall within the scope of the EU Taxonomy Regulation are not classifiable under the taxonomy and therefore not taxonomy compliant.

With the phased introduction of the EU Taxonomy set out in the delegated act on Article 8 of the EU Taxonomy Regulation, listed companies such as FUCHS already had to report the proportion of sales revenues, capital expenditure (CapEx) and operating expenditure (OpEx) subject to the taxonomy for the first two environmental targets for 2021. In financial year 2022, the reporting requirement was extended to include taxonomy-compliant proportions of sales revenues, capital expenditure, and operating expenditure for the first two environmental targets. As of financial year 2023, the reporting requirement for taxonomically identifiable proportions of sales revenues, capital expenditure (CapEx) and operating expenditure (OpEx) for environmental objectives 3 to 6 as well as the new activities of environmental objectives 1 and 2 also apply for the first time.

Our approach

As part of our EU Taxonomy Implementation Project, as we did last year, we first checked all of FUCHS’ economic activities against the scope of the EU Taxonomy Regulation and identified the economic activities on which the taxonomy has a bearing. The development, manufacture and distribution of lubricants are outside the scope of the EU Taxonomy Regulation, so revenues that are subject to taxonomy cannot be derived. FUCHS’ economic activities relevant to the EU Taxonomy Regulation relate exclusively to CapEx and OpEx, which can be divided into two sub-areas:

a) Real-estate-related activities include the following activities:

- Construction of new buildings
- Renovation of existing buildings
- Installation, maintenance and repair of energy-efficient equipment
- Installation, maintenance and repair of charging stations for electric vehicles in buildings and in parking lots attached to buildings
- Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings
- Installation, maintenance and repair of renewable energy technologies
- Acquisition and ownership of buildings (leasing)

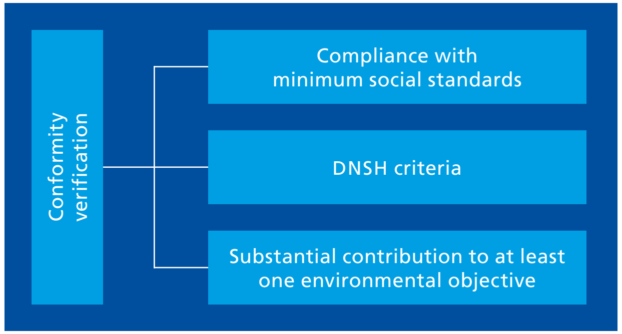
b) Vehicle-related activities include the following:

- Manufacture of other low-carbon technologies
- Transport by motorcycles, passenger cars and light commercial vehicles
- Freight transport services by road

Our approach

Based on the key financial figures of all fully consolidated companies of the FUCHS Group, the results were validated by an interdisciplinary team from controlling, finance and governance as part of a Group-wide analysis.

The eligible economic activities for environmental objectives 1 and 2 subject to the taxonomy were subsequently analyzed by FUCHS for compliance via three testing steps:



The technical evaluation criteria were reviewed throughout the Group on the basis of checklists completed by the national companies. At the central level, these checklists were evaluated and grouped by individual business activities. In many cases, the economic activities were classified as being subject to the taxonomy but could not meet the technical evaluation criteria. A climate risk analysis in accordance with Appendix A of Regulation 2021/2139/EU is also required as part of the conformity assessment. To address this requirement, geographic site data were matched with climate data on temperature, wind, water, and solids. For climate risks, the RCP 8.5 scenario, which is a worst-case scenario, was used. In addition, data from an insurance partner of the FUCHS Group on the risks of earthquakes, wind, and flooding were included in the risk analysis. The analysis did not reveal any significant physical climate risks for the FUCHS sites and thus for the FUCHS activities CCM6.5, CCM7.4, CCM7.5 and CCM7.6. FUCHS ensures compliance with procedures on minimum social standards in the areas of human rights including employee rights and consumer protection, bribery and corruption, taxation, and fair competition.

→ 88 Employee concerns
→ 92 Social concerns
→ 94 Respect for human rights; fight against corruption, bribery and anti-competitive conduct

A taxonomy-compliant proportion of CapEx or OpEx is only reported if all criteria of the test steps are met cumulatively. The details per key performance indicator are given in the explanations below.

All FUCHS activities relate to Environmental Goal 1 "Climate Change Mitigation" (hereinafter "CCM" for "Climate Change Mitigation") as no separate CapEx or OpEx were identified for environmental goal 2 "Adaptation to climate change" that specifically contribute to adaptation to climate change. Activity CCM 7.1 New Construction has the potential to contribute to environmental objective 4 "Transition to a Circular Economy" (hereinafter "CE" for "Circular Economy"), and Activity CE 3.1, respectively. The activity Renovation of Existing Buildings CCM 7.2 also has the potential to contribute to environmental objective 4 "Transition to a Circular Economy" or Activity CE 3.2. In the reporting forms in accordance with Annex V of the amendments to the Annexes to Delegated Regulation (EU) 2021/2178, the environmental objective 1 "Climate protection" for activities CCM 7.1 and CCM 7.2 is indicated in bold to avoid double counting of economic activities in the KPIs of financial companies.

Key figures

Sales revenues

The EU Taxonomy defines sales revenues as net sales revenues (denominators as per EU Taxonomy, sales revenues from customer contracts in accordance with IFRS 15). The fact that FUCHS does not fall within the primary scope of EU Taxonomy does not result in sales revenues that are covered by or comply with the taxonomy (numerator as per EU Taxonomy). In the 2023 financial year, sales revenues amounting to €3,541 million were achieved.

→ 130 Consolidated Financial Statements of FUCHS SE
→ 130 Income Statement

CapEx
The EU Taxonomy defines capital expenditure as all additions and investments in intangible assets, property, plant and equipment as defined in IAS 16, rights of use as defined in IFRS 16, and, where applicable, capitalized development costs as defined in IAS 38 (denominator as defined in the EU Taxonomy). The numerator shows the proportion of the CapEx corresponding to the aforementioned activities that is eligible to the Taxonomy or that is taxonomy-compliant. Based on the key financial figures from the annual financial statements of all fully consolidated companies, the various activities were allocated to the items in the financial statements by means of a separate Group-wide query.

It is irrelevant whether FUCHS performs the activity itself or has it performed by a third party. In accordance with 1.1.3.2. Point (c) of the Annex to the legal act on disclosure requirements should also cover the acquisition of such services.

Breakdown of taxonomy-compliant activities (CapEx)

Activity	Additions of owned property, plant and equipment	Additions to capitalized rights of use of property, plant and equipment	Total	Of which acquisitions in the context of mergers	Of which part of a CapEx plan
	in € million	in € million	**in € million**	in € million	in € million
CCM 6.5	0.1	0.3	**0.4**		
CCM 7.4	0.1		**0.1**		
CCM 7.5	0.2		**0.2**		
CCM 7.6	0.8		**0.8**		
Total	**1.2**	**0.3**	**1.5**		

Description of significant activities in the past financial year with contribution to the CapEx KPI

CCM 3.6 Manufacture of other low-carbon technologies, (Electric forklifts; IAS 16: €0.5 million; IFRS 16: €1.1 million)

CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles, (category company vehicles M1; IAS 16: €0.4 million; IFRS 16: €1.0 million)

CCM 6.6 Freight transport services by road (heavy goods vehicles of category N2 and N3; IFRS 16: €0.1 million)

CCM 7.1 / CE3.1 Construction of new buildings, (FUCHS new construction projects; IAS16: Vietnam, new plant €3.8 million; China, PU grease plant and warehouse €12.0 million)

CCM 7.2 / CE3.2 Renovation of existing buildings, (energy-related renovation of production and non-production buildings; IAS 16: Spain €1.3 million and USA €1.2 million)

CCM 7.3 Installation, maintenance and repair of energy-efficient equipment (IAS 16: USA, heating systems, LED bulbs, etc. €1.4 million)

CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and on parking lots attached to buildings, (installation of e-charging stations; IAS 16: in Australia, Germany and France)

CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings, (installation of smart metering equipment; IAS 16: Italy €0.2 million)

CCM 7.6 Installation, maintenance and repair of renewable energy technologies (installation of photovoltaic systems; IAS 16 China €0.6 million)

CCM 7.7 Acquisition and ownership of buildings (IAS 16: Brazil €6.9 million; IFRS 16: Germany; Duisburg extension of office building €3.1 million, Sweden extension of rent for office building €1.3 million, USA €1.0 million, Australia €0.9 million)

The activities were initially quantified and described as part of a query. The taxonomy compliance of the CCM 7.4, CCM 7.5 and CCM 7.6 activities was verified using product descriptions, technical data sheets, energy efficiency benchmarks and invoices on a sample basis. In the case of activity CCM 6.5 Transportation by motorcycles, passenger cars and light commercial vehicles, the CO_2 emissions, the Euro 6 Standard and the mass percentages of recyclability and recoverability were checked on the basis of the registration documents. In addition, the values for rolling noise and the rolling resistance coefficient of the tires were determined for the road vehicles in class M using the purchase or leasing contracts or by asking dealers.

The taxonomy-eligible and taxonomy-compliant activities amount to €46.1 million and include additions from property, plant and equipment in accordance with IAS 16 in the amount of €33.8 million, as well as capitalized right-of-use assets in accordance with IFRS 16 in the amount of €12.3 million. Of the taxonomy-eligible activities, €1.5 million are taxonomy-compliant.

The audit of the taxonomy conformity of the CCM 6.5 activity initially resulted in a reported amount of €0.4 million, which essentially led to the increase in the taxonomy-compliant CapEx KPI compared to the previous year.

The taxonomy-compliant CapEx breakdown of economic activities is is shown in the table on the previous page.
→ # **101** Breakdown of taxonomy-compliant activities (CapEx)

The total amount of CapEx in the financial year 2023 is €101 million. This includes the balance-sheet items "Tangible fixed assets" (€79 million); "Intangible assets" (€4 million) and "Capitalized rights of use" (€18 million).

OpEx

The EU Taxonomy defines operating expenditure as expenses for uncapitalized research-and-development costs, short-term leasing, low-value leasing, building maintenance, and maintenance and repair (denominators as per EU Taxonomy). The numerator includes operating expenses for buildings that are subject to the taxonomy and taxonomy-compliant (e.g. maintenance).

The total amount of OpEx in the financial year 2023 is €105 million. This includes the profit & loss items: "repair and maintenance expenses"; "research-and-development expenses"; and "rent and lease expenses for short-term leases". In determining repair and maintenance costs that are subject to the taxonomy, the percentage of building repair and maintenance expenses in the total repair and maintenance expenses of selected representative individual companies amounted to 8.6% (2022: 4.9%) and was transferred to the overall group.

The taxonomy-eligible but non-taxonomy-compliant activities amounting to €9.0 million are limited exclusively to the activity "Renovation of existing buildings", which serve the environmental objectives of climate change mitigation and transition to a circular economy CCM7.2 / CE3.2. The taxonomy-eligible expenditure of €9.0 million for the renovation of existing buildings is not taxonomy-compliant.

For financial year 2023, the key figures are as follows [1]:

[1] FUCHS is not a service provider or supplier in the field of energy generation and is therefore not significantly affected by the activities relating to natural gas and nuclear energy (activities 4.26 - 4.31). Due to this the specific reporting forms required by the Delegated Regulation in relation to economic with regard to economic activities in certain energy sectors are not used.

Turnover

	2023			Substantial contribution criteria						DNSH criteria ("Does not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ million	in %	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
Of which enabling		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								0.0	E	
Of which transitional		0.0	0.0	0.0													0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		**3,541.0**	**100.0**																
TOTAL		**3,541.0**	**100.0**																

a) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
b) EL – Taxonomy-eligible activity for the relevant objective
N/EL – Taxonomy-non-eligible activity for the relevant objective

Turnover

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

CapEx

	2023			Substantial contribution criteria						DNSH criteria ("Does not Significantly Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ million	in %	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.4	0.4	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0		T
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.1	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.2	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.8	0.8	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1.5**	**1.5**	**1.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.4**		
Of which enabling		1.1	1.1	1.1	0.0	0.0	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y	Y	0.4	E	
Of which transitional		0.4	0.4	0.4						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)										
Manufacture of other low carbon technologies	CCM 3.6	1.6	1.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.9		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1.0	1.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5.3		
Freight transport services by road	CCM 6.6	0.1	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3		
Construction of new buildings	**CCM 7.1**/CE 3.1	19.6	19.4	EL	N/EL	N/EL	N/EL	EL	N/EL								26.9		
Renovation of existing buildings	**CCM 7.2**/CE 3.2	3.5	3.4	EL	N/EL	N/EL	N/EL	EL	N/EL								4.4		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1.9	1.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Acquisition and ownership of buildings	CCM 7.7	16.9	16.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.2		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**44.6**	**44.0**	**42.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**46.8**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**46.1**	**45.5**	**45.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**47.2**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		**55.3**	**54.5**																
TOTAL		**101.4**	**100.0**																

a) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective."

b) EL – Taxonomy-eligible activity for the relevant objective
N/EL – Taxonomy-non-eligible activity for the relevant objective.

CapEx

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	1.5%	45.5%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	22.8%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

OpEx

	2023			Substantial contribution criteria						DNSH criteria ("Does not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ million	in %	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y; N; N/EL (a)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0**														**0.0**		
Of which enabling		0.0	0.0														0.0	E	
Of which transitional		0.0	0.0														0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)	EL; N/EL (b)										
Renovation of existing buildings	**CCM 7.2**/CE 3.2	9.0	8.6	EL	N/EL	N/EL	N/EL	EL	N/EL								4.9		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**9.0**	**8.6**	**8.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**4.9**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**9.0**	**8.6**	**8.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**4.9**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities		**95.9**	**91.4**																
TOTAL		**104.9**	**100.0**																

a) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
b) EL – Taxonomy-eligible activity for the relevant objective
N/EL – Taxonomy-non-eligible activity for the relevant objective

OpEx

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	8.6%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	8.6%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

FUCHS' contribution to sustainability in the downstream value chain

FUCHS supports the overarching objective of the EU Taxonomy Regulation to promote private financing of sustainable economic activities in order to make Europe the first climate-neutral continent in the world by 2050. As a company aiming to establish a climate-neutral business model across its value chain by 2040, we welcome initiatives that serve this goal. For this purpose, we as a company have set ourselves specific goals and are systematically accountable for their achievement every year.

→ www.fuchs.com/sustainabilityreport

The current scope of the EU Taxonomy covers defined economic sectors at present which are jointly responsible for a substantial proportion of greenhouse gas emissions in the EU. In the view of the European Commission's experts, these sectors can make a significant contribution to reducing emissions. The European Commission approach and focus described above means that lubricant producers such as FUCHS are outside the direct scope of the six environmental objectives and are therefore able to report only a limited amount of activity in this regard.

Although FUCHS is currently unable to identify products and related sales revenues as taxonomically eligible and taxonomy compliant due to the above definition of EU taxonomy, the lubricants and functional fluids manufactured and supplied by FUCHS serve the environmental objectives of climate change mitigation, adaptation to climate change, sustainable use and change mitigation of water and marine resources, and the transition to a circular economy, which are anchored in the EU taxonomy:

- The use of lubricants in our customers' applications results in reduced friction, in turn resulting in increased efficiency and/or lower energy consumption.
- The use of lubricants leads to less wear and tear and thus to a longer lifetime of parts.
- In addition, lubricants contribute to the corrosion protection of components in many applications, thereby reducing material consumption and indirectly reducing energy consumption.

Many of our customers' activities covered by and subject to the EU Taxonomy are made more efficient, or even made possible, through the lubricants developed and manufactured by FUCHS. These include, in particular, lubricants for use in wind turbines, functional fluids in electric powertrains of motor vehicles, and cleaners for solar panels.

FUCHS also demands the highest standards in the production process and related supply chains in terms of energy efficiency, the use of renewable energy, and resource-efficient processes.

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting [1]

To FUCHS SE, Mannheim

We have performed a limited assurance engagement on the non-financial group statement of FUCHS SE, Mannheim, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Non-financial Group Statement") included in section "Non-financial Group declaration" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section EU taxonomy of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section EU taxonomy of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Audit Firm's Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis – IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU taxonomy of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
- Identification of likely risks of material misstatement in the Non-financial Group Statement
- Analytical procedures on selected disclosures in the Non-financial Group Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Non-financial Group Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
- Inquiries on the relevance of climate-risks
- Evaluation of CO_2 compensation certificates exclusively with regard to their existence, but not with regard to their impact

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion
Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU taxonomy of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use
We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the afore-mentioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, March 11, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke ppa. Eva Springer
Wirtschaftsprüfer
[German public auditor]

2.12 Corporate Governance

FUCHS sees corporate governance as a central prerequisite for achieving its company targets and increasing enterprise value. In particular, sound and responsible management and monitoring geared towards sustainable value added processes include:

- close and trusting cooperation between Executive Board and Supervisory Board,
- consideration of shareholders' interests,
- open corporate communication,
- transparency in accounting,
- responsible handling of risks and opportunities and
- sustainable business activities.

Effective and transparent corporate governance plays an important part at FUCHS in how it sees itself, and is a standard that covers all departments and divisions within the company. It is an essential foundation for business success at FUCHS. Investors, financial markets, business partners, employees and the general public put their trust in FUCHS with respect to its corporate conduct. FUCHS is keen to confirm this trust in the long-term, and also to develop corporate governance continuously within the Group.

Declaration of Corporate Governance

The Executive Board and the Supervisory Board submit the Declaration of Corporate Governance for FUCHS SE and also for the Group in accordance with Sections 315d and 289f of the German Commercial Code (HGB). The statements apply both to FUCHS SE and to the Group, unless stated otherwise below.

A. Declaration of the Executive Board and the Supervisory Board of FUCHS SE concerning the recommendations by the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG)

On December 7, 2023, the Executive Board and the Supervisory Board of FUCHS SE agreed to issue the following Declaration of Compliance:

Since issuing its last Declaration of Compliance on December 9, 2022, FUCHS SE has complied with all recommendations set forth in the German Corporate Governance Code dated April 28, 2022, i.e. its version published in the official section of the Federal Gazette (Bundesanzeiger) on June 27, 2022 by the German Ministry of Justice. FUCHS SE intends to continue to comply with all the recommendations, without exception, in the future.

Mannheim, December 7, 2023

Dr. Christoph Loos	Stefan Fuchs
Chairman of the Supervisory Board	Chairman of the Executive Board

The Declaration of Compliance is available on the company's website at:
→ www.fuchs.com/group/declaration-of-compliance

B. Compensation report

The main features of the compensation system and the individual compensation of members of the Executive Board and the members of the Supervisory Board are described in the compensation report. → www.fuchs.com/group/the-company/compensation-systems/

C. Corporate governance practices

FUCHS SE and the Group adhere to the following key corporate governance practices:

Governance systems

The German Corporate Governance Code ("DCGK") provides for disclosures on the internal control and risk management system that go beyond the statutory requirements for the management report and is therefore exempt from the auditor's examination of the content of the Combined Management Report ("non-management report disclosure").

Internal control system (ICS) and risk management system (RMS)

In addition to the risk management system (RMS), the FUCHS Group has an internal control system (ICS) that aims to ensure regular, accurate and effective accounting and financial reporting as well as compliance with the key legal provisions and internal regulations relevant to the company. Sustainability aspects and their specific regulatory development will also be included. The system is incorporated into the underlying business processes in all relevant legal units and Global Functions and is developed on an ongoing basis.

While overall responsibility for the ICS and the RMS rests with the Executive Board, local management has responsibility for the implementation, adequacy, and effectiveness of internal controls. The Global Functions develop corresponding specifications in the respective functional areas. The Audit Committee of the Supervisory Board is regularly briefed on the risks, the risk management system, and the internal control system and is the highest executive committee to oversee the governance systems.

Compliance with requirements is checked through different reporting systems of the respective functional areas. In addition, the audit of the adequacy and effectiveness of the internal control system is part of Internal Audit's audit plan, which acts on behalf of the Executive Board. The audit takes a risk-based audit approach. Using samples, the Internal Audit assesses the existence and effectiveness of internal controls and reports the results to the Executive Board in a timely manner through audit reports. At the end of the financial year, the adequacy and effectiveness review activities are summarized and the results of all identified internal controls and processes with significant potential for improvement are reported to the Supervisory Board.

Nonetheless, there are inherent limitations, which is why a statement regarding the adequacy and effectiveness of the internal control system cannot, by its very nature, be made with definitive certainty. Even if the ICS is carefully designed and monitored, it cannot be ruled out that weaknesses or gaps will not be identified in individual cases. During the past financial year, the Executive Board saw no evidence to suggest that the internal control system was not adequate or effective in any material respect.[1]

There is no evidence that the risk management system established by the Executive Board and practiced worldwide is not adequate and effective in material respects with regard to the opportunity and risk profile of the FUCHS Group. The opportunity and risk management system is constantly being developed, taking into account new opportunities and risks.[1]
→ 72 Significant features of the internal control and risk management system with regard to the Group accounting process

[1] The disclosures in this paragraph are disclosures not included in the Combined Management Report as defined in the explanatory notes to this management report.

Compliance management system (CMS)

The CMS is the third pillar of the governance system, alongside the ICS and the RMS, and is aligned with the organizational structure and risk situation of the FUCHS Group.

The company understands compliance to mean observing rights, laws and the company's Articles of Association, adherence to internal rules and making voluntary personal commitments. Unlawful conduct harbors the risk of financial harm, weakening the company's own market position, and damaging its image. Without exception, the management and employees are required to observe laws, directives, and social standards applicable to them within the scope of their duties.

In order to avoid the aforementioned risks and damage, FUCHS has set up a CMS. The FUCHS Code of Conduct and the compliance guidelines, particularly those that relate to complying with rules on competition, preventing money laundering, corruption and venality, and dealing with insider information, are essential foundations of the CMS. The Code of Conduct and the compliance guidelines form a binding framework for FUCHS to ensure lawful and social-ethical conduct. They are supplemented by various information and training activities, instructions such as Dos and Don'ts for sensitive situations involving competition law, a compliance risk management system, an electronic whistleblower platform for reporting illegal conduct, the systematic processing and appropriate sanctioning of compliance violations, regular compliance reporting to the Executive Board and Supervisory Board, and compliance audits performed by Internal Audit. The individuals with authorized access to insider information are listed in the mandatory insider list in accordance with Art. 18 of the EU's Market Abuse Regulation (MAR) and informed of their legal obligations and possible sanctions.

The CMS is continuously being developed. In 2023, a GAP analysis was conducted by an audit firm using the IDW auditing standard "Principles of Proper Auditing of Compliance Management Systems (IDW PS 980)". This has given FUCHS a solid basis of compliance measures and structures in all seven elements of the IDW PS 980. The recommendations for action needed to improve the CMS will now be addressed and implemented step by step on a priority basis. In addition, FUCHS has adapted its electronic whistleblower portal to the requirements of Directive (EU) 2019/1937 on the protection of persons reporting infringements of European Union law and to the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG).

The CMS is implemented by a Group-wide compliance organization, overall responsibility for which lies with the Chief Financial Officer (CFO). The Chief Compliance Officer (CCO) appointed by the Executive Board manages the CMS globally with the Group Compliance Committee (GCC), as well as regionally (RCOs) and locally (LCOs) appointed Compliance Officers, and supports and advises employees. The CCO is also responsible for the further development of the CMS on all compliance-relevant issues. Alongside the CCO, overall responsibility for personnel and governance also lies with the GCC and the Senior Compliance Officer. The GCC works out the strategic focus of the compliance organization setup on the basis of its own rules of procedure, supports the CCO and comprehensively bundles the expertise for the CMS within the company. In addition, the GCC ensures the sharing of information between the central Group and specialist departments that mainly deal with compliance topics, monitors the processing and investigation of events relevant to compliance, and arranges for appropriate sanctions in the event of compliance violations. The RCOs are using the compliance strategy at regional level and deal with all compliance incidents within their respective responsibility with the help of an electronic case handling program integrated into the whistleblower portal. The electronic whistleblower platform gives all employees as well as all business partners and other external parties the chance to initiate a dialog with the compliance organization offices, while remaining anonymous if so desired. As a result, weaknesses can be identified and the CMS can be further developed from the findings gained. All employees are explicitly required to immediately report compliance-relevant conduct and incidents to the relevant responsible offices.

Corporate governance policies

The Articles of Association of FUCHS SE, the Code of Conduct, the Declaration of Corporate Governance and other corporate governance documents such as the FUCHS Sustainability Guideline are available on the company's website. Compliance policies, such as the Anti-Corruption Directive and the Antitrust Directive, with accompanying information documents, are available to employees via the global intranet. In accordance with Recommendation F.5 of the Code, the company makes non-current declarations of corporate governance and declarations of compliance with the recommendations of the Code available on its website for at least five years.

→ www.fuchs.com/group/declaration-of-compliance

Commitment to sustainable, success- and value-oriented corporate governance

The terms trust, creating value, respect, reliability and integrity form the core values of our Code of Conduct and accordingly shape the company's mission statement for good corporate governance. This mission statement expresses a common attitude on the part of the management levels and provides a clear guideline for acting responsibly. The core values apply to the FUCHS Group as a benchmark for internal objectives and form the basis for individual actions.

Good corporate governance also includes the adoption of sustainable business principles. FUCHS has summarized its basic principles for sustainable activities in a comprehensive Sustainability Guideline. Further information on sustainability is provided in the combined non-financial declaration and the Sustainability Report.

→ 79 Non-financial Group declaration
→ www.fuchs.com/sustainabilityreport

Opportunity and risk management

Sound corporate governance also includes the responsible handling of opportunities and risks. The Executive Board has set up an internal control and risk management system that is appropriate and effective in terms of the scope of business and risk exposure of the company. The Executive Board and the Supervisory Board regularly discuss existing opportunities and risks, changes therein and the measures to be taken. The internal control system, the risk management system and the internal audit system are developed on an ongoing basis and adapted to a changing framework. The Internal Audit System was audited in 2023 in accordance with the auditing standard IDW PS 983. Details on this can be found in the report on opportunities and risks.

→ 60 Opportunity and risk report

D. Disclosures on the working practices of the Executive Board and the Supervisory Board and the composition and working practices of their committees

1. Management and control structure

As a European corporation (Societas Europaea – "SE"), FUCHS SE, with its registered office in Mannheim, is subject in particular to the provisions of the SE Regulation, the German SE Implementation Act, the SE Employee Participation Act, the SE Employee Participation Agreement concluded with the employees, and the German Stock Corporation Act (AktG). In accordance with the requirements of German stock corporation law, FUCHS has a two-tier board system with the separation of personnel between the Executive Board as a management body and the Supervisory Board as a monitoring and advisory body, each of which has its own independent responsibilities. Sound corporate governance requires the ongoing development of this two-tier board system, with all divisions being included.

2. Corporate management by the Executive Board

Working practices of the Executive Board

The Executive Board manages the company on its own responsibility. As a management body, it has a commitment to the company's interests and to increasing the companies' enterprise value in the long term. In so doing, the members of the Executive Board are jointly responsible for all management activities. Notwithstanding the overall responsibility of the Executive Board, the individual members of the Executive Board also manage the divisions assigned to them under their own responsibility within the scope of Executive Board resolutions.

In particular, the Executive Board makes decisions on corporate strategy, business policy, and annual and multi-year planning. The Executive Board ensures that the risks associated with business operations are handled responsibly by way of a suitable and effective opportunity and risk management system. The Executive Board has put in place an internal control and risk management system that is appropriate and effective in terms of the scope of business and risk exposure of the company. By means of an appropriate CMS geared toward the company's risk situation, the Executive Board ensures compliance with legal provisions, official regulations, and internal policies, and works toward their observance within the company (compliance).

The Executive Board pays attention to diversity and adequate representation of women when filling management positions in the company.

Decisions of the Executive Board shall as a matter of principle be taken at regular meetings. Executive Board meetings are to be held once a month. The Executive Board is quorate if all members are invited and at least three members take part in the vote on the resolution. Decisions are generally taken by a majority of the votes cast; in the event of a tie, the vote of the Chairman of the Executive Board is decisive. In making their decisions, the Executive Board members must not pursue any personal interests or business opportunities available to the company for their own personal gain. In accordance with recommendation E.2 of the Code, the rules of the procedure of the Executive Board regulate its obligation to disclose possible conflicts of interest to the Chairman of the Supervisory Board and to the Chairman of the Executive Board. There were no conflicts of interest in the reporting year.

The Supervisory Board has adopted rules of procedure and an allocation of responsibilities for the work of the Executive Board. These govern the work and the allocation of responsibilities of the Executive Board members. The rules of procedure contain regulations on the Executive Board's obligations to keep the Supervisory Board informed. In addition, the Supervisory Board has stipulated the need for the approval of the Supervisory Board for certain fundamentally important business processes, such as setting the investment budget or larger acquisitions.

Composition of the Executive Board

The Executive Board of FUCHS SE is composed of five members at the time of issuance of the Declaration of Corporate Governance:

- Mr. Stefan Fuchs, Member of the Executive Board since 1999, Chairman of the Executive Board since January 1, 2004
- Dr. Timo Reister, Member of the Executive Board since January 1, 2016, and Vice-Chairman of the Executive Board since January 1, 2024
- Ms. Isabelle Adelt, Member of the Executive Board since November 1, 2022
- Dr. Ralph Rheinboldt, Member of the Executive Board since January 1, 2009
- Dr. Sebastian Heiner, Member of the Executive Board since January 1, 2023

Mr. Dr. Lutz Lindemann retired on March 31, 2023, and thus left the Executive Board. Further details and the allocation of duties within the Executive Board (organization of responsibilities, regions and divisions) are shown in detail in the section on organization. → 15 Organization

The Supervisory Board is responsible for appointing the Executive Board in accordance with Article 39 of the SE Regulation. Together with the Executive Board, the Supervisory Board ensures long-term succession planning and receives reports on the respective status of planning and implementation of the criteria specified therein. The Supervisory Board has assigned responsibility for preparing decisions to the Personnel Committee. The number of Executive Board members is based on the requirements resulting from the business and the division of work in the Executive Board. In accordance with recommendation B.3 of the Code, initial appointments of members of the Executive Board are for no more than three years.

As a global innovation-driven company in the lubricants industry, FUCHS SE's systematic management development and long-term succession planning for the Executive Board pays attention to:

- the early identification of suitable candidates of different disciplines, taking varied professional and personal experience into account,
- proven strategic and operating creative drive and a proven role model function as a manager in the implementation of the FUCHS mission statement.

Taking account of the terms of the existing Executive Board mandates and the necessary skills for the respective positions to be (re-)filled, potential candidates within the

Group are identified and presented to the Supervisory Board at an early stage. Where necessary, potential external candidates are identified via suitable service providers and taken into account in succession planning.

The crucial factor for appointment to the Executive Board at FUCHS SE is ultimately the assessment of the person's professional and personal qualifications. The current composition of the Executive Board ensures comprehensive compliance with the duties required of the executive board of a listed company.

Diversity
FUCHS ensures that the Executive Board as a whole has the following profile in line with a diversity concept:

- years of experience in scientific, technical and commercial areas,
- appropriate international experience due to background and/or professional activity,
- at least one female member of the Executive Board (target until December 9, 2026: one female member on a five-member Executive Board) and
- balanced age structure.

In accordance with recommendation B.5 of the Code, the Supervisory Board has set an age limit of 65 years for Executive Board members.

The diversity concept for the Executive Board is implemented by ensuring that the Supervisory Board and the Personnel Committee adequately take account of the aspects specified in the diversity concept when seeking and selecting suitable candidates for an Executive Board position.

3. Monitoring and advising the corporate management by the Supervisory Board

Working practices of the Supervisory Board
The Supervisory Board appoints and dismisses the members of the Executive Board and both advises and monitors the Executive Board in its management of the company. The Executive Board informs the Supervisory Board regularly, promptly, and comprehensively about all relevant issues for the company, particularly the strategy, planning, the business development, the risk situation, risk management, and compliance. The Chairman of the Supervisory Board is immediately informed by the Chairman of the Executive Board of any major events that are significant for the assessment of the company's situation and development and for the management of the company. In addition, the Chairman of the Supervisory Board maintains regular contact with the Chairman of the Executive Board and advises him on all important issues for the company. The continuous dialog between the Executive Board and the Supervisory Board, which is based on mutual trust, forms an important foundation for FUCHS' success.

The Supervisory Board is quorate if a duly convened meeting is attended by at least four members, including the Chair or the Deputy Chair. Attendance also includes attendance via teleconference or video conference, although this should not be the norm. The Supervisory Board reaches its decisions through resolutions, which are passed by a simple majority of those members of the Supervisory Board participating in the vote. In the event of a tied vote, the Chairman has the casting vote. Minutes of the Supervisory Board's resolutions and meetings are prepared and then approved by resolution at the next meeting. Decisions may also be taken by order of the Chairman of the Supervisory Board by means of a written statement, a statement made by telephone, or using other common means of communication such as e-mail. In making their decisions, the Supervisory Board members must not pursue any personal interests or business opportunities available to the company for their own personal gain. In accordance with Recommendation E.1 of the Code, the rules of procedure of the Supervisory Board require that any member of the Supervisory Board must immediately disclose any conflict of interest to the Chairman of the Supervisory Board. There were no conflicts of interest in the reporting year.

If necessary, separate preliminary meetings of the shareholder representatives and the employee representatives take place. In accordance with recommendation D.6, the Supervisory Board also regularly meets without the Executive Board.

At its meeting on December 7, 2023, the Supervisory Board adopted a new version of the rules of procedure for the Board. The current version of the rules of procedure for the Supervisory Board is available on the website: → www.fuchs.com/sup_board

The Supervisory Board regularly assesses for itself how effective its work and that of its committees is. To this end, the Chairman of the Supervisory Board holds individual discussions with all regular members of the Board each year. The results of the survey are then discussed at a meeting of the Supervisory Board. If necessary, measures for improvement are defined. The last self-assessment was conducted at the Supervisory Board meeting on December 7, 2023. The Supervisory Board did not identify any significant need for improvement. The next routine self-assessment is scheduled for the end of 2024.

Composition of the Supervisory Board

The Supervisory Board of FUCHS SE consists of six members. Of these, the shareholders elect four members at the Annual General Meeting. The European Works Council (SE Works Council) and the representatives of the company's European employees elect two members as employee representatives. The current members of the Supervisory Board and their attendance at meetings are listed below:

Mr. Jens Lehfeldt and Ms. Cornelia Stahlschmidt are the employee representatives on the Supervisory Board.

Ms. Ingeborg Neumann is a financial expert, with expertise in the field of accounting and auditing as defined in Section 100(5) of the German Stock Corporation Act (AktG) and in recommendation D.3 on pp. 1 and 2 of the Code. As Chairwoman of the Audit Committee, she thus also meets the requirements of recommendation D.3 on p. 3 of the Code. Ms. Neumann was an auditor for many years at an international audit firm and is a long-term member of the Audit Committee of FUCHS SE and SGL Carbon SE, as well as a managing partner of Peppermint Holding GmbH, based in Berlin.

As a financial expert, Dr. Markus Steilemann has expertise in the field of accounting as defined in Section 100(5) of the German Stock Corporation Act (AktG) and in recommendation D.3 on pp. 1 and 2 of the Code. Dr. Steilemann, a long-time member of the Executive Board and, since 2018, Chairman of the Board of Directors of Covestro AG, is particularly familiar with accounting issues.

Overview of Supervisory Board members' attendance at each meeting in the financial year 2023

Responsibilities	Members	Attendance/meetings
Supervisory Board	Dr. Christoph Loos (Chairman)	5/5
	Dr. Susanne Fuchs (Deputy Chairwoman)	5/5
	Jens Lehfeldt	5/5
	Ingeborg Neumann (Financial Expert)	5/5
	Cornelia Stahlschmidt	5/5
	Dr. Markus Steilemann (Financial Expert)	5/5

Further details, such as the members' CVs, their current position or main occupation, membership of statutory supervisory boards and comparable supervisory bodies, and the date of their first appointment are available online at → www.fuchs.com/sup_board

Details on the Board's work in the reporting year are presented in the report of the Supervisory Board.
→ 17 Report of the Supervisory Board

Skills profile

The Supervisory Board is composed of people who ensure compliance with the duties of a listed company, in particular providing qualified advice to the Executive Board and performing the Supervisory Board's monitoring duties. On the basis of their expertise and practical experience, integrity, motivation, independence and personality, the members of the Supervisory Board are capable of performing their duties in an international group operating in the lubricants industry and preserving the reputation of the FUCHS Group in public. In 2022, the Supervisory Board examined the skills profile for the Board as a whole and revised the objectives for its composition. It regularly focuses on the issue of long-term succession planning for the shareholder representatives, most recently at its meeting on July 20, 2023.

In accordance with the criteria decided by the Supervisory Board, the Supervisory Board as a whole must match the following profile:

- international business experience and/or leadership experience with associations and networks,
- knowledge and experience in the chemical sector or related value chains,
- accounting expertise (specific knowledge and experience in the application of accounting policies, internal control procedures and risk management systems, and also sustainability reporting),
- expertise in the field of auditing (specific knowledge and experience in auditing, auditing of sustainability reporting),
- knowledge and experience in the sustainability issues relevant to the company,
- knowledge and experience in the field of human resources and corporate culture,
- knowledge and experience in the field of innovation and
- knowledge and experience in governance and compliance.

All criteria of the skills profile are met by the Supervisory Board in its entirety, as indicated in the adjacent matrix of qualifications:
→ # Skills matrix

Skills matrix

	Dr. Christoph Loos (Chairman)	Dr. Susanne Fuchs (Deputy Chairwoman)	Jens Lehfeldt	Ingeborg Neumann	Cornelia Stahlschmidt	Dr. Markus Steilemann
International business experience and/or leadership experience with associations and networks	•	•	•	•		•
Knowledge and experience in the chemical sector or related value chains	•	•	•	•	•	•
Accounting (specific knowledge and experience in the application of accounting policies, internal control procedures and risk management systems as well as sustainability reporting)	•			•		•
Statutory Auditing (specific knowledge and experience in statutory auditing, auditing of sustainability reporting)				•		
Governance and compliance	•	•	•	•		•
Human resources and corporate culture	•	•	•	•	•	•
Sustainability	•	•		•		•
Innovation	•			•		•
Independence from the company and its Executive Board	•		Employee representative	•	Employee representative	•
Independence from controlling shareholders	•		Employee representative	•	Employee representative	•
Internationality	•	•		•		•
Gender	m	f	m	f	f	m
Age	55	59	43	66	65	53
Year of first appointment to the Supervisory Board	2020	2017	2019	2015	2020	2022

In accordance with recommendation D.11 of the Code, FUCHS SE provides the Supervisory Board members with adequate support for their induction and for training and continuous professional development measures. Details can be found in the report of the Supervisory Board.

Diversity
With the objective of maximum benefit for the company, the Supervisory Board strives for sufficient diversity among the shareholder representatives. Diversity is understood not merely in terms of gender or compliance with gender-specific targets, but also in regard to personality, internationality (international experience based on origin, career or activity) and professional background (education and professional experience). Furthermore, members of the Supervisory Board should not be over 75 years old at the time they are elected. This age limit was not exceeded by any of the Supervisory Board members.

Corporate co-determination at FUCHS SE in accordance with the agreement on the involvement of employees contributes to diversity in terms of professional experience and cultural background. Employee representatives for the Supervisory Board are appointed and elected through the autonomous decision of the employees in accordance with the provisions of laws on SE employee participation and the SE employee participation agreement concluded with the employees.

The diversity concept for the Supervisory Board is implemented by ensuring that the Nomination Committee adequately takes account of the aspects specified in the diversity concept when seeking and selecting suitable shareholder representatives. All the criteria of the diversity concept are met at FUCHS.

Independence
In the Supervisory Board's opinion, three of the four shareholder representatives listed in the section "Composition of the Supervisory Board," and thus an appropriate proportion of the shareholder representatives, are independent within the meaning of recommendation C.6 of the Code. These include Dr. Christoph Loos, Ms. Ingeborg Neumann and Dr. Markus Steilemann.

The term in office of the Supervisory Board is five years. The current term in office began when the Supervisory Board members were elected at the Annual General Meeting on May 5, 2020. No member of the Supervisory Board has been on the Board for more than twelve years.

Committees of the Supervisory Board
The Supervisory Board of FUCHS SE has created an Audit Committee in accordance with Section 107(3) p. 2 and (4) p. 1 of the German Stock Corporation Act (AktG). It has also set up a Personnel Committee and a Nomination Committee in accordance with recommendation D.4 of the Code. In accordance with recommendation D.2 of the Code, the qualified committees prepare and complement the work of the Board as a whole. The committees contribute to the Supervisory Board working efficiently. The Personnel Committee and the Audit Committee usually meet several times a year, while the Nomination Committee convenes for meetings when necessary based on its allocation of duties. The respective chairs of the committees regularly report to the Supervisory Board on the work of the committees.

In accordance with Section 107(3) p. 2 of the German Stock Corporation Act (AktG), the key tasks of the **Audit Committee** include auditing the accounts, monitoring the accounting process, examining the effectiveness of the internal control, risk management and internal audit system, and the audit of the financial statements by the statutory auditor and with Compliance. The Chairwoman of the Audit Committee and the auditor also regularly exchange views on the progress of the audit outside meetings, and the chairman of the Audit Committee reports on this to the Audit Committee. In addition, the Audit Committee and Executive Board also discuss the interim reports and financial reports to be published on the capital markets in advance. The members of the Audit Committee and their attendance at meetings are listed below:

Overview of Audit Committee members' attendance at each meeting in the financial year 2023

Responsibilities	Members	Attendance/ meetings
Audit Committee	Ingeborg Neumann (Chairwoman, Financial Expert)	5/5
	Dr. Susanne Fuchs	5/5
	Dr. Markus Steilemann (Financial Expert)	5/5

The **Personnel Committee** focuses on personnel matters concerning the Executive Board. The members of the Personnel Committee and their attendance at meetings are listed below:

Overview of Personnel Committee members' attendance at each meeting in the financial year 2023

Responsibilities	Members	Attendance/ meetings
Personnel Committee	Dr. Christoph Loos (Chairman)	3/3
	Dr. Susanne Fuchs	3/3
	Ingeborg Neumann	3/3
	Dr. Markus Steilemann	3/3

The **Nomination Committee** advises on and nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. In accordance with recommendation D.4 of the Code, the Nomination Committee shall consist exclusively of shareholder representatives. The Nomination Committee did not meet during the financial year 2023.

E. Gender-specific targets

In accordance with the provisions of the Second Executive Positions Act, the Supervisory Board has set the following targets for the period ending December 9, 2026, as minimum targets for the proportion and number of female members on the Supervisory Board and Executive Board:

- Female members on the Supervisory Board: 33.3 %. This corresponds to the total target number of two women on the Supervisory Board from a total of six members.
- Female members on the Executive Board: 20.0 %. This corresponds to the total target number of one woman on the Executive Board from a total of five members.

The aforementioned targets will be met for the Executive Board at the end of the financial year 2023. Regarding the Supervisory Board, the abovementioned target was exceeded at the end of the financial year 2023.

The Executive Board has defined the two management levels of FUCHS SE below the Executive Board as follows:

- The first management level comprises the Group Management Committee members employed by FUCHS SE and division heads with a direct line of reporting to a member of the Executive Board.
- The second management level consists of those employed at FUCHS SE

  (i) as division heads and department heads with a direct line of reporting to a member of the Group Management Committee or (other) division head and
  (ii) as department heads with a direct line of reporting to a member of the Executive Board.

The Executive Board has established the following targets for the period ending November 1, 2026, as minimum targets for the proportion of female managers at the two management levels of FUCHS SE below the Executive Board:

- Female managers at the first management level of FUCHS SE: 20.0 %. This corresponds to a projected size of the first management level of 20 people in relation to the end of the term of a target number of four female managers.
- Female managers at FUCHS SE's second management level: 32.0 %. This corresponds to a projected size of the second management level of 25 people in relation to the end of the term of a target number of eight female managers.

The target for the proportion of women at the first management level below the Executive Board will be 33.3 % at the end of 2023 (5 female managers out of 15 persons), thus significantly exceeding the target level. The target for the proportion of women at the second management level below the Executive Board will be 20.7 % at the end of 2023 (6 female managers out of 29 positions), thus still significantly below the target level.

The reason for the fluctuations in the proportion of women at the two management levels compared to the previous year and the over- and under-achievement of targets is, on the one hand, that temporary changes to the internal organizational structure relating to the changes in the Executive Board at the turn of the year 2022/2023 were then changed again at the beginning of 2023. On the other hand, there have been individual changes at both management levels as a result of changes on the Executive Board. In addition, as part of the implementation of FUCHS2025, new positions were created that were not anticipated when the targets were set. Ultimately, this also reflects the fact that, in general, newly created management positions were filled solely on the basis of the qualifications of the employees and regardless of their gender. The qualifications of employees will continue to be the sole criterion for the selection of managers in the future. FUCHS SE will however intensify its efforts to provide women with the necessary skills as part of a enterprise-wide succession approach.

F. Corporate reporting and audit

High transparency through comprehensive information

FUCHS SE keeps capital market participants updated on the economic situation of the Group and key events through regular, prompt, uniform, and comprehensive information. This reporting takes the form of the annual report, half-year financial reports and interim reports. Furthermore, FUCHS SE also provides information through press releases and ad hoc disclosures. In accordance with recommendation F.1 of the Code, the shareholders are immediately provided online with all significant new facts that are communicated to financial analysts and similar addressees. All information can be viewed online at → www.fuchs.com/group. The website also features a financial calendar showing the dates of all major events and publications.

Also published on the website in accordance with Art. 19 of Regulation (EU) No. 596/2014 of April 16, 2014, on market abuse (Market Abuse Regulation) are share transactions by Executive Board members, Supervisory Board members, and other managers, including certain closely related parties (managers' transactions) that have to be reported.
→ www.fuchs.com/group/investor-relations/statutory-publications/managers-transactions-directors-dealings/

Accounting and audit

The consolidated financial statement and half-year financial report of FUCHS SE are prepared in accordance with the International Financial Reporting Standards (IFRS). The statutory annual financial statements, which are relevant for the distribution of dividends, are prepared by FUCHS SE in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). After being prepared by the Executive Board, the auditor elected by the Annual General Meeting audits the annual and consolidated financial statements together with the combined management report. The Supervisory Board approves the annual and consolidated financial statements after reviewing them itself. The annual financial statements are hereby adopted.

The Supervisory Board has agreed with the auditor that the Chairwoman of the Audit Committee is to be informed immediately of any issues identified during the audit that might give rise to grounds for exclusion or bias in the auditor's report unless these issues can be resolved immediately. In accordance with recommendation D.8 of the Code, the auditor shall also inform the Audit Committee immediately of all findings or conclusions that emerge during the audit and are of significance for the duties of the Supervisory Board. The auditor must also inform the Supervisory Board in accordance with recommendation D.9 of the Code and record it in the audit report if he detects any facts while performing the audit that suggest any part of the Declaration of Compliance submitted by the Executive Board and Supervisory Board in accordance with Section 161 German Stock Corporation Act (AktG) is inaccurate. In accordance with Section 107(3) p. 2 of the German Stock Corporation Act (AktG), the Audit Committee regularly assesses the quality of the audit. In accordance with recommendation D.10 on page 1 of the Code, the Audit Committee also discusses the audit risk assessment, the audit strategy and planning, and the results of the audit with the auditor.

Information on the auditor

Following the proposal of the Supervisory Board, the Annual General Meeting of FUCHS SE on May 3, 2023, elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Mannheim branch, as the auditor of the annual and consolidated financial statements for the financial year 2023 and as the auditor for any audit reviews of interim reports for the financial year 2023 and the first quarter of 2024. The responsible auditor is Ms. Christina Erkmen, who took over the mandate from Mr. Dirk Fischer due to the required rotation. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was first appointed as the auditor of the annual and consolidated financial statements for the financial year 2018.

G. Shareholders and the Annual General Meeting

Share classes and movements in these classes

FUCHS SE has issued both ordinary and preference shares. The holders of ordinary shares represented at the Annual General Meeting pass resolutions on all matters assigned to the Annual General Meeting by law, such as the appropriation of earnings, amendments to the Articles of Association, the election of members of the Supervisory Board, approval of the actions of the Executive Board and the Supervisory Board, and the election of the auditor. Each ordinary share grants the holder one vote. Around 55 % of the ordinary shares are held by Schutzgemeinschaft Familie Fuchs. The preference shares only grant voting rights in the cases prescribed by law. However, preference shares grant the holders a preference right on the distribution of unappropriated profits and entitle them to an increased (preference) dividend.

Takeover law disclosures can be found in the corresponding section of the management report:

→ 124 Takeover law disclosures

Rights of shareholders at the Annual General Meeting

The holders of ordinary and preference shares exercise their co-determination and control rights at the Annual General Meeting held at least once a year. In compliance with the legal conditions and those of the Articles of Association, all shareholders are entitled to participate in the Annual General Meeting. Shareholders who do not attend the Annual General Meeting in person can have their voting right exercised by proxies, such as a bank or a shareholders' association. In addition, the company offers them the option of having their voting right exercised by a voting representative appointed by the company.

The reports, documents and information, including the Annual Report, required by the German Stock Corporation Act (AktG) to be submitted for annual general meetings are available online, where the agenda of the Annual General Meeting and any counter-motions or nominations by shareholders to be made public can also be found. In addition, the speech by the Chairman of the Executive Board at the Annual General Meeting can be watched online.

Related parties

The consolidated financial statements explain relationships with shareholders who qualify as related parties for the purposes of the applicable accounting standards.

→ 127 Report on relationships with affiliated companies

Publications on transactions with related parties in accordance with Section 111c German Stock Corporation Act (AktG) can be found on the website:

→ www.fuchs.com/rel_party_trans

Takeover law disclosures

The takeover law disclosures required pursuant to Sections 289a and 315a of the German Commercial Code (HGB) are presented below.

Composition of issued capital

As of December 31, 2023, the issued capital of the company amounted to €139 million. The share capital is divided into 69.5 million no-par-value registered ordinary shares and 69.5 million no-par-value registered preference shares. Each share class therefore accounts for 50% of the company's share capital. Each share is assigned a nominal value of €1 as of the end of the reporting period. The ordinary shares grant the rights provided for by the German Stock Corporation Act (AktG). The preference shares grant the same rights relating to company issues, with the exception of voting rights. The rights and duties of the shareholders are based on the regulations of the German Stock Corporation Act (AktG), and in particular on Article 9 of the SE Regulation in conjunction with Sections 12, 53a et seq., 118 et seq. and 186 of the AktG.

In accordance with the company's Articles of Association, the unappropriated profits are used in the following order:

a. For payment of any remaining profit shares on the non-voting preference shares from previous years
b. For payment of a preference profit share of €0.03 per non-voting preference share of no par value
c. For payment of an initial profit share of €0.02 per ordinary share of no par value
d. For equal payment of further profit shares on the ordinary shares and the non-voting preference shares, unless the Annual General Meeting decides on another use.

Restrictions relating to voting rights or the transfer of shares

RUDOLF FUCHS GMBH & CO. KG, Mannheim, together with members of the Fuchs family, forms Schutzgemeinschaft Fuchs. Within Schutzgemeinschaft Fuchs, there are restrictions on the exercise of voting rights and the transfer of shares. The voting rights of all members of Schutzgemeinschaft Fuchs are exercised uniformly by the management of the Schutzgemeinschaft. In the event of paid and free transfers of shares by members of the Fuchs family or by RUDOLF FUCHS GMBH & CO. KG to third parties, the shares must first be offered internally within Schutzgemeinschaft Fuchs.

In addition, RUDOLF FUCHS has GMBH & CO. KG and several members of Schutzgemeinschaft Fuchs have also concluded a voting trust and escrow agreement. This states that shares may only be transferred to signatories of this voting trust and escrow agreement.

Shares which are offered for sale to entitled employees in Germany at preferential conditions within the context of the employee share program have a one-year lock-up period. Preference shares acquired by members of the Executive Board and the Supervisory Board as part of their remuneration scheme have a vesting period of four years which also continues to apply if the member leaves the respective executive body.

The Executive Board is not aware of any other restrictions on voting rights or the transfer of shares that go beyond the statutory provisions such as Sections 136 and 71b of the German Stock Corporation Act (AktG).

Capital holdings exceeding 10% of voting rights

The following direct or indirect holdings of the company's capital exceed 10 % of voting rights:

Schutzgemeinschaft Fuchs holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO. KG holds 50% of the voting rights. The individuals who are members of the Fuchs family hold a further 5%. Schutzgemeinschaft Fuchs therefore holds 55% of the total voting shares.

Shares with special rights bestowing control

There are no shares with special rights bestowing control.

Nature of voting right control if employees hold interests in capital and do not exercise their control rights directly

As is the case with other shareholders, employees who hold interests in the company's capital can exercise their control rights directly in accordance with the legal provisions and terms of the company's Articles of Association.

Statutory regulations and provisions of the Articles of Association for the appointment and dismissal of Executive Board members and the amendment of the Articles of Association

With regard to the appointment and dismissal of Executive Board members, the company's Articles of Association, in their current form, comply with the legal requirements of Article 39 of the SE Regulation, Section 16 of the German SE Implementation Act, and Sections 84 and 85 of the German Stock Corporation Act (AktG). The Supervisory Board thereby determines the number of Executive Board members (at least three), appoints the Executive Board members and may appoint a chairman and a vice-chairman. The members of the Executive Board shall be appointed for a maximum term of five years. In line with Recommendation B.3, initial appointments should be made for a maximum of three years. Re-appointments are permitted. If good cause for dismissal exists, the Supervisory Board may remove a member of the Executive Board at any time. The Supervisory Board shall decide on appointments and dismissals at its own discretion.

Amendment of the company's Articles of Association is subject to Art. 59(1) of the SE Regulation which requires a decision by the Annual General Meeting taken by a majority of not less than two-thirds of the votes cast, unless the rules applicable to German public limited companies provide for or permit a larger majority. For amendments to the Articles of Association, Section 179(2) of the German Stock Corporation Act (AktG) stipulates that a majority of at least three-quarters of the share capital be represented in the decision-making process. The Supervisory Board shall, in accordance with Section 12(1) of the Articles of Association, have the right to make amendments to the statutes which concern only the wording.

Authorization of the Executive Board to issue and buy back shares

The Articles of Association contain no authorization to perform a capital increase from authorized capital.

The Annual General Meeting on May 5, 2020 authorized the Executive Board, with the approval of the Supervisory Board, to acquire own ordinary or preference shares by May 4, 2025 for all legally admissible purposes up to a value of 10 % of the share capital in place at the date of the resolution. The authorization to acquire and then use own shares that have been acquired can be exercised once or on multiple occasions in full or in part. These authorizations can be exercised to acquire and use both ordinary shares and preference shares, or to acquire and use only ordinary shares or only preference shares.

On June 21, 2022, the FUCHS SE Executive Board – with the approval of the Supervisory Board – made use of the authorization provided by the Annual General Meeting of May 5, 2020, to launch a share buyback program for ordinary shares and preference shares. Under this share buyback program, FUCHS SE intends to acquire up to 6 million shares, including up to 3 million ordinary shares and up to 3 million preference shares of the company, from June 27, 2022, to March 29, 2024, at the latest, at a total purchase price of up to €200 million. On December 7, 2023, the Executive Board, with the approval of the Supervisory Board, decided to expand and extend the share buyback program. Under the extended share buyback program, it is now expected that in the period from June 27, 2022, until at the latest September 30, 2024, up to 8 million shares, of which up to 4 million ordinary shares and up to 4 million preference shares of the company, will be acquired at a total purchase price of up to €280 million. By December 31, 2023, FUCHS SE had repurchased 2,974,300 ordinary shares and 2,954,017 preference shares.

Significant company agreements subject to a change of control following a takeover bid

The company has agreements with one bank that enable the termination or repayment of a line of credit/loan granted with a total value of €62 million in the event of a change of control, insofar as it is not possible to reach an agreement on the continuation of credit facilities.

Company agreements for compensation of Executive Board members or employees in the event of a takeover bid

There are no agreements for compensation with the members of the Executive Board or employees in the event of a takeover bid.

Dependent company report / report on relationships with affiliated companies

The Fuchs family holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO. KG, via which most of the Fuchs family's ordinary stock is held, is the controlling enterprise for FUCHS SE, which is a dependent company.

A dependent company report has therefore been prepared on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) with the concluding declaration: "In the legal transactions listed in the report on relationships with affiliated companies and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No measures subject to disclosure occurred on the instruction or in the interest of the controlling company or any company affiliated with it."

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Mannheim branch, the independent auditor of FUCHS SE, has audited this dependent company report and provided it with an unqualified audit opinion.

Financial Report

€ 3,541 million
Sales revenues

€ 413 million
EBIT

€ 212 million
FUCHS Value Added

3

Financial Report

* Part of the notes.

The figures in parentheses refer to the same period of the previous year. Percentages refer to full millions.

3.1 Consolidated financial statements of FUCHS SE

Income statement

in € million	Note	2023	2022	Change absolute	Change relative in %
Sales revenues	(1)	3,541	3,412	129	4
Cost of sales	(2)	–2,396	–2,358	–38	2
Gross profit		**1,145**	**1,054**	**91**	**9**
Selling and distribution expenses	(3)	–481	–458	–23	5
Administrative expenses	(4)	–182	–169	–13	8
Research and development expenses	(5)	–71	–69	–2	3
Other operating income and expenses	(6)	–5	–2	–3	–
EBIT before income from companies consolidated at equity		**406**	**356**	**50**	**14**
Income from companies consolidated at equity	(7)	7	9	–2	–22
Earnings before interest and tax (EBIT)		**413**	**365**	**48**	**13**
Financial result	(8)	–10	–8	–2	25
Earnings before tax (EBT)		**403**	**357**	**46**	**13**
Income taxes	(9)	–120	–97	–23	24
Earnings after tax		**283**	**260**	**23**	**9**
Thereof					
Non-controlling interests	(10)	1	1	0	0
Profit attributable to shareholders of FUCHS SE		282	259	23	9
Earnings per share in €	(11)				
Ordinary share basic		2.08	1.87	0.21	11
Ordinary share diluted		2.08	1.87	0.21	11
Preference share basic		2.09	1.88	0.21	11
Preference share diluted		2.09	1.88	0.21	11

Statement of comprehensive income

in € million	2023	2022
Earnings after tax	**283**	**260**
Other comprehensive income		
Amounts of other comprehensive income that may be reclassified to profit or loss in future periods		
Change in foreign currency translation adjustments		
of foreign subsidiaries	–47	11
Shares in companies consolidated at equity	0	4
Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods		
Remeasurements of defined benefit pension commitments	–9	21
Profit-neutral fair value changes of equity instruments	–1	0
Deferred taxes on these amounts	3	–6
Total other comprehensive income	**–54**	**30**
Total income and expenses for the period	**229**	**290**
Thereof		
Non-controlling interests	1	1
Profit attributable to shareholders of FUCHS SE	228	289

For further explanations, see note 26 to the consolidated financial statements.

→ 174 Pension provisions

Balance sheet

in € million	Note	Dec 31, 2023	Dec 31, 2022	Change absolute	Change relative in %
Assets					
Goodwill	(14)	249	254	–5	–2
Other intangible assets	(14)	72	93	–21	–23
Property, plant and equipment	(15)	751	751	0	0
Shares in companies consolidated at equity	(16)	55	54	1	2
Other financial assets	(17)	7	8	–1	–13
Deferred tax receivables	(18)	38	38	0	0
Other receivables and other assets	(22)	8	7	1	14
Non-current assets		**1,180**	**1,205**	**–25**	**–2**
Inventories	(19)	524	635	–111	–17
Trade receivables	(20)	500	507	–7	–1
Tax receivables	(21)	7	8	–1	–13
Other receivables and other assets	(22)	36	42	–6	–14
Cash and cash equivalents	(23)	175	119	56	47
Assets held for sale	(24)	1	7	–6	–86
Current assets		**1,243**	**1,318**	**–75**	**–6**
Total assets		**2,423**	**2,523**	**–100**	**–4**

Balance sheet

in € million	Note	Dec 31, 2023	Dec 31, 2022	Change absolute	Change relative in %
Equity and liabilities					
Subscribed capital		139	139	0	0
Group reserves		1,379	1,440	–61	–4
Group profits		282	259	23	9
Equity of shareholders of FUCHS SE		1,800	1,838	–38	–2
Non-controlling interests		4	3	1	33
Total equity	(25)	**1,804**	**1,841**	**–37**	**–2**
Pension provisions	(26)	10	7	3	43
Other provisions	(28)	8	9	–1	–11
Deferred tax liabilities	(18)	46	53	–7	–13
Financial liabilities	(30)	28	18	10	56
Other liabilities	(31)	2	1	1	100
Non-current liabilities		**94**	**88**	**6**	**7**
Trade payables	(27)	260	231	29	13
Other provisions	(28)	17	15	2	13
Tax liabilities	(29)	32	18	14	78
Financial liabilities	(30)	35	161	–126	–78
Other liabilities	(31)	181	169	12	7
Current liabilities		**525**	**594**	**–69**	**–12**
Total equity and liabilities		**2,423**	**2,523**	**–100**	**–4**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Equity capital generated by the Group	Currency translation [1]	Shareholders' equity	Non-controlling interests	Total equity
As of December 31, 2021	**139**	**97**	**1,558**	**–41**	**1,753**	**3**	**1,756**
Share-based compensation with equity instruments			0		0	0	0
Dividend payments			–142		–142	–1	–143
Earnings after tax 2022			259		259	1	260
Share buyback			–62		–62	0	–62
Change in other comprehensive income			15 [2]	15	30	0	30
As of December 31, 2022	**139**	**97**	**1,628**	**–26**	**1,838**	**3**	**1,841**
Share-based compensation with equity instruments			0		0	0	0
Dividend payments			–144		–144	–1	–145
Earnings after tax 2023			282		282	1	283
Business transaction with non-controlling interests			0		0	1	1
Share buyback			–122		–122	0	–122
Change in other comprehensive income			–7 [2]	–47	–54	0	–54
As of December 31, 2023	**139**	**97**	**1,637**	**–73**	**1,800**	**4**	**1,804**

[1] Income and expenses recognized in equity of shareholders of FUCHS SE.
[2] Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods consist of remeasurements of defined benefit pension provisions and profit-neutral fair value changes of equity instruments. These amounts are included in the equity capital generated in the Group.

Changes in the equity are illustrated in note 25.
→ 172 Total equity

Statement of cash flows

in € million	2023	2022
Earnings after tax	**283**	**260**
Depreciation, amortization and impairment of non-current assets	98	94
Change in non-current provisions and in other non-current assets (covering funds)	–6	–1
Change in deferred taxes	–5	–6
Non-cash income from companies consolidated at equity	–7	–9
Dividends received from companies consolidated at equity	6	8
Gross cash flow	**369**	**346**
Gross cash flow	369	346
Change in inventories	89	–131
Change in trade receivables	–6	–77
Change in trade payables and remaining other liabilities [1]	34	2
Change in other assets and other liabilities (excluding financial liabilities)	60	–11
Net gain/loss on disposal of non-current assets	–3	–1
Cash flow from operating activities	**543**	**128**
Investments in non-current assets	–83	–69
Proceeds from the disposal of non-current assets	5	2
Cash paid for acquisitions	–4	–2
Cash acquired through acquisitions	0	0
Cash flow from investing activities	**–82**	**–69**
Free cash flow before acquisitions [2]	465	61
Free cash flow	**461**	**59**
Dividends paid for previous year	–145	–143
Purchase of own shares	–122	–62
Change in financial liabilities	–133	119
Business transaction with non-controlling interests	1	0
Purchase of non-controlling interests	–1	0
Cash flow from financing activities	**–400**	**–86**
Cash and cash equivalents as at Dec 31 of the previous year	**119**	**146**
Cash flow from operating activities	543	128
Cash flow from investing activities	–82	–69
Cash flow from financing activities	–400	–86
Effect of currency translations	–5	0
Cash and cash equivalents at the end of the period	**175**	**119**

Income taxes paid amount to €107 million (111) and are included in the cash flow from operating activities.

Interest payments amount to €12 million (9), and the interest payments received amount to €2 million (1). Both are included in the cash flow from operating activities.

For further explanations on the statement of cash flows see Note 34.

→ 189 Notes to the statement of cash flows

[1] Remaining other liabilities relate to advance payments received and liabilities from customer discounts.

[2] Free cash flow before cash paid for acquisitions and before cash acquired through acquisitions.

Segments[1]

in € million	EMEA 2023	EMEA 2022	EMEA Change	Asia-Pacific 2023	Asia-Pacific 2022	Asia-Pacific Change	North and South America 2023	North and South America 2022	North and South America Change	Holding/ consolidation 2023	Holding/ consolidation 2022	FUCHS Group 2023	FUCHS Group 2022	FUCHS Group Change
Sales revenues by customer location	1,834	1,775	59	1,024	992	32	683	645	38	0	0	3,541	3,412	129
Sales revenues by company location	2,041	2,036	5	979	929	50	687	653	34	–166	–206	3,541	3,412	129
thereof with other segments	151	194	–43	0	0	0	15	12	3	–166	–206	0	0	0
Scheduled amortization and depreciation	50	50	0	18	19	–1	21	21	0	3	3	92	93	–1
Impairment losses[2]	5	1	4	0	0	0	0	0	0	0	0	5	1	4
EBIT before income from companies consolidated at equity	206	161	45	111	113	–2	79	77	2	10	5	406	356	50
Income from companies consolidated at equity	7	9	–2	0	0	0	0	0	0	0	0	7	9	–2
Segment earnings (EBIT)	213	170	43	111	113	–2	79	77	2	10	5	413	365	48
Shares in companies consolidated at equity	55	54	1	0	0	0	0	0	0	0	0	55	54	1
Additions to non-current assets[3]	43	37	6	34	36	–2	23	13	10	1	5	101	91	10
Investments	32	32	0	29	31	–2	21	11	10	1	5	83	79	4
Additions from acquisitions[2]	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employees as at December 31[4]	3,910	3,905	5	1,059	983	76	1,146	1,063	83	157	153	6,272	6,104	168
Performance indicators														
Ratio of EBIT before income from companies consolidated at equity to sales revenues in %	10.1	7.9		11.3	12.2		11.5	11.8				11.5	10.4	

[1] Part of the notes.
[2] Relating to property, plant and equipment, goodwill and other intangible assets.
[3] Investments plus additions of rights of use arising from rental and lease contracts – excluding financial instruments, deferred tax assets and assets arising from defined benefit pension plans.
[4] Including trainees.

3.2 Notes to the consolidated financial statements

Basis of preparation

General information

The consolidated financial statements of FUCHS SE, Mannheim, as of December 31, 2023, have been prepared in accordance with the standards and interpretations as specified in the guidelines of the International Accounting Standards Board (IASB), London, as adopted by the EU, and in accordance with the supplementary regulations to be applied as specified in Section 315e (1) of the German Commercial Code (Handelsgesetzbuch – HGB), as applicable at the end of the reporting period. All the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), applicable in the EU, that were required for the financial year 2023, have been applied. No option for early adoption of new standards was used.

The parent company FUCHS SE is a European corporation (Societas Europaea) based in Mannheim (Einsteinstraße 11, 68169 Mannheim), registered with the Register Court of Mannheim, business registration number HRB 717394.

The FUCHS Group is 100 % focused on the manufacture, development and distribution of highly efficient lubricant solutions and functional fluids.

The currency used in this report is the euro (€). All amounts are stated in millions of euro (€ million), unless otherwise indicated. The previous-year figures are stated in parentheses. Differences due to rounding may occur as amounts are stated in € million. Percentages refer to full millions.

In order to simplify the presentation, some individual items have been grouped together in the balance sheet and the income statement. However, these items are listed separately and explained in the notes. The income statement has been prepared in accordance with the cost-of-sales method.

The Executive Board at FUCHS SE prepared the consolidated financial statements on March 11, 2024. The consolidated financial statements was discussed with the Supervisory Board's Audit Committee and presented to the Supervisory Board for approval during the meeting on March 11, 2024, and then released for publication.

With reference to Section 264 (3) of the German Commercial Code (HGB), the following German companies did not apply the provisions contained in Sections 264 to 289f HGB (annual financial statements of corporations) and their disclosure (Section 325 HGB):

- BREMER & LEGUIL GMBH, Duisburg
- FUCHS FINANZSERVICE GMBH, Mannheim
- FUCHS LUBRICANTS GERMANY GMBH, Mannheim

The large and medium-sized corporations were also exempted from preparing a management report.

Application of new accounting standards

The accounting standards to be applied in the financial year 2023 for the first time are outlined in the following section. The first-time application in the financial year 2023 had no or no material impact on the FUCHS Group.

IFRS 17 – Insurance Policies (Including Amendments to IFRS 17)

IFRS 17 replaces IFRS 4 and, for the first time, introduces uniform requirements for the recognition, measurement, presentation and disclosure of insurance policies, reinsurance contracts and investment contracts with discretionary profit sharing. The June 2020 amendments include a postponement of the initial application of IFRS 17 from January 1, 2021 for two years to January 1, 2023. Early application of the amendments is permitted.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosures of Accounting Policies

The amendment to IAS 1 requires that only material information on accounting policies be disclosed in the notes. For the information to be material, the accounting method must be related to material transactions or other events and there must be an occasion for presentation. One occasion may be, for example, that the method has been changed, that it is an option, that the method is complex or highly discretionary, or that it has been developed in accordance with IAS 8.10-11. The amendments to Practice Statement 2 illustrate accordingly how the concept of materiality is applied to the disclosure of accounting policies. In the future, this will focus on company-specific statements rather than standardized ones.

Amendments to IAS 8 – Definition of Accounting Estimates

The amendment to IAS 8 clarifies how companies can better distinguish amendments in accounting policies from amendments in estimates. It is defined thereto that an accounting estimate always refers to a valuation uncertainty of a financial magnitude in the financial statements. In addition to input parameters, a company uses valuation procedures to obtain an estimate. Valuation procedures may be estimation methods or valuation methods.

Amendments to IAS 12 Deferred Taxes

The amendments address previous uncertainties in accounting for deferred taxes related to leases and decommissioning/restoration obligations. When assets and liabilities are recognized for the first time, the initial recognition exemption (IAS 12.15) has already been applied in certain circumstances. As an exception, deferred taxes should not be applied in such cases. In practice, there was uncertainty as to whether this exemption would also apply to leases and decommissioning/restoration obligations. A narrow-scope amendment to IAS 12 has now been made to ensure consistent application of the standard. As a result of this amendment, the ‘initial recognition exemption’ no longer applies to transactions in which both deductible and taxable temporary differences arise at first recognition, even if the other pre-existing conditions are met. This is therefore a counter-exception to the initial recognition exemption for narrowly defined cases. The amendments mean that deferred taxes are to be applied, for example, to leases booked with the lessee and to commissioning/restoration obligations. This has already been the case in FUCHS’s consolidated financial statements so far, so there is no impact.

Amendments to IAS 12 – International tax reform – Pillar Two regulations

On the one hand, the amendments introduce a temporary, mandatory exception to the accounting of deferred taxes resulting from the introduction of global minimum taxation. On the other hand, the amendments provide for targeted disclosure requirements for affected companies in order to enable the users of the financial statements to understand the degree to which a company is affected (current and future) by the minimum taxation. In Germany, the Minimum Tax Act (MindStG) was passed in 2023, which serves to implement the Council Directive (EU) 2022 / 25234 to ensure a global minimum taxation, which is based on the OECD Pillar Two Model. The FUCHS Group applies the exemption from the IASB amendments to IAS 12, Income Taxes, in the 2023 financial year and does not recognize any deferred taxes in connection with temporary differences from the regulations of the Pillar Two Model. According to the current state of analysis regarding the possible effects of the Pillar Two regulations on the companies of the FUCHS Group, only a small number of foreign subsidiaries and joint ventures are affected, which also only report a small result that could be subject to the minimum taxation. The FUCHS Group therefore assumes that the application of the Pillar Two regulations in the financial years from January 1, 2024 will not have any significant impact on the Group tax rate or the assets, financial and earnings position of the FUCHS Group.

The FUCHS Group currently assumes that the following future amendments for financial years from 2024 onward, none of which were applied early in 2023, will not have any significant effects on the consolidated financial statements.

Standards adopted by the EU

Amendments to IAS 1 – Classification of liabilities as short-term and long-term

The adopted amendments to IAS 1 in January 2020 relate to a limited adjustment of the assessment criteria for classifying liabilities as current or non-current. It is clarified that the classification of liabilities as current depends on whether the entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after that date. If such rights exist, the liability shall be classified as non-current. The right to defer settlement of the liability must be substantial. If the entity must fulfill certain conditions in order to exercise such a right, these conditions must be fulfilled at the end of the reporting period; otherwise, the liability is to be classified as current. For the classification of a liability, it is irrelevant whether the management intends or expects the liability to be actually met within twelve months after the reporting period. Only rights to defer payment of the debt by at least twelve months at the end of the reporting period are decisive for classification. This also applies in the case of settlement within the adjusting events period. The amendments were supplemented by a further amendment to IAS 1 published in October 2022. The new amendment concerns the classification of debts subject to covenants. The IASB clarifies that covenants to be met before or at the balance sheet date may have an impact on classification as short-term or long-term. On the other hand, covenants that are only required to be met after the balance sheet date do not affect classification. Rather than being considered in the classification, such covenants should be disclosed in the annexes. This is intended to enable the addressees of the financial statements to assess the extent to which non-current liabilities could become repayable within twelve months. The amendments are now to be applied in their entirety to reporting periods beginning on or after January 1, 2024. Early (joint) application of the amendments is permitted.

Amendments to IFRS 16 – Lease Liability from Sale and Leaseback

The amendment concerns the accounting for lease liabilities arising from sale-and-leaseback transactions and requires a lessee to measure the lease liability following a sale in such a way that it does not recognize in profit or loss any amount related to the retained right of use. Inter alia, the newly inserted paragraphs explain, by way of examples, different possible approaches, particularly in the case of variable lease payments. The amendments are to be applied to financial years beginning on or after January 1, 2024. Early application of the amendments is permitted.

Standards not yet adopted by the EU

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

The amendments relate to disclosure requirements in connection with supplier financing arrangements – also known as supply chain financing, trade payables financing or reverse factoring arrangements. The new rules add to the requirements already contained in other standards and explicitly provide the following disclosures in the notes, for example, the terms and conditions of supplier financing agreements, the amounts of liabilities that are the subject of such agreements, the portion of which suppliers have already received payments from financiers and the items under which those liabilities are recognized in the balance sheet, maturity ranges, and liquidity risk information. Subject to endorsement by the EU, these amendments are applicable for reporting periods starting on or after January 1, 2024. Early adoption of the amendments is permitted, provided they are endorsed by the EU.

Adjustments to IAS 21 – Determination of the exchange rate in the absence of convertibility

The amendment relates to the determination of the exchange rate in the event of long-term non-exchangeability; IAS 21 did not previously contain any corresponding provisions. IAS 21 has now been supplemented (requirements for assessing whether a currency can be converted into another, details for determining the exchange rate when such a conversion is not possible, and additional corresponding disclosure requirements). Subject to endorsement by the EU, these amendments are applicable for reporting periods starting on or after January 1, 2025. Early adoption of the amendments is permitted, provided they are endorsed by the EU.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets to or in Associate or Joint Venture
The amendments address an acknowledged inconsistency between the regulations in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets to an associated company or joint venture. The IASB has decided to postpone the effective date of these amendments indefinitely.

Scope of consolidation

Overview scope of consolidation

Number	EMEA	Asia-Pacific	North and South America	Total
Fully consolidated companies (incl. parent company)				
Jan 1,2023	**36**	**19**	**9**	**64**
Additions	0	0	0	0
Mergers	–1	0	0	–1
Dec 31, 2023	**35**	**19**	**9**	**63**
Companies consolidated at equity				
Jan 1, 2023	**11**	**0**	**0**	**11**
Additions	0	0	0	0
Disposals	0	0	0	0
Dec 31, 2023	**11**	**0**	**0**	**11**

The FUCHS SE, Mannheim, is a group company of RUDOLF FUCHS GMBH & CO. KG, Mannheim, which prepares the consolidated financial statements for the largest scope of consolidation. The consolidated financial statements of RUDOLF FUCHS GMBH & CO. KG are filed with the Company Register.

In addition to FUCHS SE, all German and international subsidiaries are included in the consolidated financial statements of FUCHS SE, Mannheim/Germany. The year-end financial statements of the subsidiaries are prepared using the same reporting date as the consolidated financial statements (December 31). Most of these subsidiaries are wholly owned, as in the previous year. Shareholdings are disclosed in note 40. → 197 Shareholdings

The total number of fully consolidated companies, including the parent company, is 63 (64) companies. In addition, 11 (11) companies consolidated at equity are included. Changes to the scope of consolidation in 2023 are explained in the section below.

Changes in the scope of consolidation

Mergers of fully consolidated entities

	in %
Gleitmo Technik AB, Sweden, merger to FUCHS LUBRICANTS SWEDEN AB, Sweden	100

Mergers
The merger of Gleitmo Technik AB, Sweden, into FUCHS LUBRICANTS SWEDEN AB, Sweden, has no balance sheet impact on the FUCHS Group’s assets, financial position and results of operations.

Consolidation principles

Pursuant to IFRS 3, all business combinations are accounted for with the purchase method of accounting at the acquisition date. Initially, all assets, liabilities and additional other intangible assets to be capitalized are measured at fair value. The acquisition costs of investments in companies are then compared with the proportional share of the net assets acquired at fair value. The resulting positive differences are capitalized as goodwill. Negative differences are reviewed once more, then recognized directly in profit or loss. The incidental acquisition costs of a business combination are recognized in profit or loss. Pursuant to IAS 36, the value of the goodwill is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment. For details on this, please refer to the section entitled "Accounting policies" and note 14.

→ 143 Accounting policies
→ 158 Goodwill and other intangible assets

Subsidiaries are companies controlled by the Group. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the point in time in which control begins and up to the point in time when control ends.

Changes to the percentage of shares held which do not lead to a loss of control are treated as a transaction between shareholders and recognized directly in total equity. Transactions of this nature do not result in the recognition of goodwill or the realization of disposal proceeds.

The consolidation principles apply accordingly to the joint ventures and associates accounted for using the equity method. In the event of losing joint control or key influence, the remaining shares are remeasured at fair value through profit and loss.

Associates are companies over which the company has a significant influence, but no control or joint control on financial and operating policies. A joint venture is an arrangement over which the Group exercises joint control, with rights to the net assets of the arrangement, instead of having rights to its assets and obligations for the liabilities.

The shares in companies consolidated at equity are measured at acquisition cost plus or minus the accumulated changes in net assets; goodwill is reported in the carrying amount of the investment.

Sales revenues, expenses and income, and receivables and liabilities between consolidated subsidiaries are netted off. Intercompany profits resulting from sales and services rendered between consolidated subsidiaries and companies consolidated at equity are eliminated. This does not apply to intermediate results which are of minor importance overall for the presentation of a true and fair view of the Group's net assets, financial position and results of operations.

Non-controlling interests in consolidated total equity and consolidated net profit are reported separately from the parent company's ownership interest.

Currency translation

The translation of financial statements prepared in foreign currencies by consolidated companies is accounted for in accordance with IAS 21 on the basis of the functional currency concept. The functional currency is the currency of the primary economic environment in which a company operates. In general, all subsidiaries use their local currency as their functional currency. In the case of companies included in the consolidated financial statements, foreign currency transactions are measured in their functional currency and converted with the applicable spot rate on the business transaction date.

In the financial statements of FUCHS SE and subsidiaries included in consolidation, assets and liabilities in foreign currencies are measured using the exchange rate at the end of the reporting period. Any exchange rate gains or losses not yet realized at the end of the reporting period are recognized in profit or loss.

For consolidation purposes, the financial statements of the subsidiaries prepared in a foreign currency have been translated to euro as follows:

Expenses and income are recognized at the average annual exchange rate in line with the simplification rule of IAS 21.40 (except FUCHS Argentina as a hyperinflationary economy using the closing rate), total equity at historical exchange rates, and assets and liabilities at the exchange rate applicable at the end of the reporting period. The resulting translation adjustments are recognized in equity. The year-on-year change is presented in the statement of comprehensive income. The respective cumulative translation differences are released to income at the time of disposal of subsidiaries.

The currency differences resulting from debt consolidation are also recognized in profit or loss in "other operating income and expenses."

In the case of intangible assets and property, plant and equipment, the starting and closing balances at the end of the financial year are translated using the relevant closing rate at the end of the reporting period and other movements are translated at average exchange rates. Any differences arising from exchange rate movements are shown separately as exchange rate differences within acquisition and manufacturing costs and with depreciation and amortization adjustments.

Currency translation for the pro rata total equity of joint ventures and associates, which is reflected in the shares in companies consolidated at equity in the balance sheet of the FUCHS Group, is performed at the respective exchange rates on the date of inclusion. The proportional net profits of the joint ventures and associates are translated at the average annual exchange rate (with the exception of: OPET FUCHS, Turkey, as a country with high inflation at the closing rate) and recognized as income from companies consolidated at equity in the consolidated income statement of the FUCHS Group. Dividend payments of joint ventures and associates are translated at the exchange rate on the distribution date.

The exchange rates that have a significant impact on the consolidated financial statements have moved against the euro as follows:

Closing rates

€1	Dec 31, 2023	Dec 31, 2022
US dollar	1.105	1.067
British pound	0.869	0.887
Chinese renminbi yuan	7.851	7.358
Australian dollar	1.626	1.569
South African rand	20.348	18.099
Polish zloty	4.340	4.681
Brazilian real	5.362	5.639
Argentinean peso	891.930	189.188
Russian ruble	98.596	78.972
South Korean won	1,433.660	1,344.090
Swedish krona	11.096	11.122
Turkish lira	32.653	19.965

Average rates

€1	2023	2022
US dollar	1.082	1.054
British pound	0.870	0.853
Chinese renminbi yuan	7.659	7.080
Australian dollar	1.629	1.517
South African rand	19.952	17.210
Polish zloty	4.543	4.685
Brazilian real	5.402	5.443
Argentinean peso	318.975	136.947
Russian ruble	92.430	73.951
South Korean won	1,413.310	1,358.070
Swedish krona	11.473	10.627
Turkish lira	25.747	17.385

Accounting policies

The financial statements of FUCHS SE and its subsidiaries in Germany and abroad are prepared in accordance with uniform accounting policies.

The primary assessment concept is the inclusion of historical purchasing or manufacturing costs. Applicable exceptions are indicated accordingly.

The consolidated financial statements are prepared in accordance with the principles of IFRS, as applied in the EU. The recognition, measurement and reporting methods, as well as the notes and disclosures regarding the consolidated financial statements for the financial year 2023, are all made on the same consistent basis.

Exceptions arise from changes due to the adoption of new/revised accounting principles (see "General information") or those aimed at conveying relevant information. If adjustments are made to the previous-year figures, these are explained in the notes to the consolidated financial statements.

In addition to the Group's earnings before interest and tax (EBIT), the EBIT before income from companies consolidated at equity is also reported in the income statement. When comparing this KPI with sales revenues, only those amounts generated from the fully consolidated companies are taken into account in the relative value, both for income and sales revenues.

Significant discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires estimates and assumptions to be made for some items that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on experience values, the current level of knowledge, information currently available, as well as other factors which the Executive Board deems to be applicable under the respective circumstances. Due to the currently unforeseeable global consequences of geopolitical tensions and economic uncertainties, including the war in Ukraine, high inflation, the development of commodity prices and increased interest rates, these estimates and judgments are subject to increased uncertainty. The amounts that actually arise may differ from the estimates and judgments.

Future-related assumptions and estimates are necessary, in particular for the assessment, recognition, and measurement of assets and liabilities as listed below:

Goodwill

The recoverable amount is calculated on the basis of goodwill impairment tests performed once a year or more frequently whenever there are indications of an impairment loss. The recoverable amount is the higher of fair value less costs of disposal and value in use. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are measured for the purpose of impairment testing. In the FUCHS Group, goodwill at the regional level is managed by a regional management team that reports to the Executive Board member responsible for the overall region.

If the recoverable amount is lower than the carrying amount of the groups of cash-generating units, the goodwill allocated to this unit is impaired to the recoverable amount. The value in use is determined using a discounted cash flow method. The mid-term planning, which comprises the budget for the following year and four subsequent planning years, serves as the basis for planning.

Besides the fundamental cash flow plans, the determination of the discount rate is also of significance for the impairment test calculations. The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure. The basis is the capital structure of similar companies at market value. The shareholders' equity costs are also determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). The borrowing costs correspond to the risk-free interest rate plus a premium for the credit risk. To present the long-term growth of these companies in years subsequent to mid-term planning, a deduction from the growth rate is taken into account in the discount rate for the terminal value. Please refer to note 14 for further information. → 147 Goodwill and other intangible assets

Recoverability of property, plant and equipment and other intangible assets

Together, the two FUCHS companies FUCHS Ukraine and FUCHS Russia generated about 2 % of the Group's sales revenues and around 1.5 % of the Group's earnings before interest and tax (EBIT) in the 2023 financial year. Consequently, the direct impact of the war in Ukraine and the sanctions against Russia on the Group's operating result is low. In addition, both companies are continuing their business operations to the extent possible, adapting to the changed conditions and complying with all existing sanctions. The impairment test of significant assets at both companies, in particular property, plant and equipment at our Russian company, based on probability-weighted scenarios of cash flow projections did not indicate any need for impairment as of December 31, 2023.

Valuation of shares in companies consolidated at equity

The lower earnings prospects of our joint venture in Zambia led to a review of the value of our joint venture FUCHS ZAMBIA LIMITED, Lusaka/Zambia, which is recognized under shares in companies consolidated at equity in the FUCHS consolidated financial statements. Review of the valuation is performed by determining the present value of the estimated future cash flows.

In the previous year, the difficult economic environment in Zimbabwe, characterized by hyperinflation, prompted an impairment test of our joint venture FUCHS ZIMBABWE PRIVATE LIMITED, Harare/Zimbabwe, which is reported under investments in companies consolidated at equity in the FUCHS consolidated financial statements. The impairment test is carried out by determining the present value of the estimated future cash flows resulting from dividends in the US dollar currency.

An impairment loss on the shares of at-equity entities reduces the Income from companies consolidated at equity.

Company acquisitions

The purchase price allocations and calculations of fair values for identified assets and liabilities in the context of company acquisitions are performed on the basis of estimates. Various measurement methods are used to measure other intangible assets. The fair value of customer relations is determined using the residual value method. This takes into account the cash value of the anticipated net cash flows generated by the customer relations, with the exception of all cash flows that are linked to supporting assets. The fair value of technologies is determined using the license price analogy method. This takes into account the discounted estimated usage charge payments, which will likely be saved by having in-house technology. The fair value of contingent consideration is determined on the basis of estimates, as its level depends on future earnings figures of the acquired company.

Valuation of investments in companies at fair value

The fair value of a non-listed investment is determined using a discounted cash flow method. The assumptions underlying the five-year cash planning are based on experience factors, the current level of knowledge and information currently available. In addition to the underlying cash flow projections, the determination of the discount rate is of importance for the impairment calculations. The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure.

Assets held for sale

The fair value of one developed property and one undeveloped property, both of which were classified as assets held for sale in the previous year, was derived from the comparative value method. Active market prices for comparable properties in an active market provide the best possible evidence of fair value. Where such information is not available, information from various sources has been taken into account, including current prices in an active market for properties of different types, recent prices for similar properties in less active markets, or prices contained as part of current negotiations.

Pension provisions

The expenses from defined benefit plans and pension provisions, as well as assets from pension plans, are determined using actuarial calculations. An actuarial valuation method is used on the basis of various assumptions which may deviate from actual future developments. These include determination of discount rates, future salary and wage increases, future pension increases and the mortality rate. Due to the complexity of the measurement, the basic assumptions made and the long-term nature of the investments involved, defined benefit obligations are extremely sensitive to changes in these assumptions. All parameters are regularly reviewed at the end of the reporting period. Actuarial gains and losses are offset against the Group's retained earnings directly in total equity. They occur due to deviations in the actual development of pension obligations and pension plan assets from assumptions made at the start of the year, as well as updates in actuarial assumptions. Please refer to note 26 for further information. → 174 Pension provisions

Realizability of deferred tax assets

The realizability of deferred tax assets depends on the future taxable profits of the respective Group company. If there are any doubts regarding realizability, corresponding impairments are made to the deferred tax assets in individual cases. Please refer to note 18 for further information. → 168 Deferred tax assets and liabilities

Climate-driven aspects

The impact of climate change and related natural disasters, such as extreme weather events, can affect both FUCHS operations and our upstream and downstream supply chains. As a result, raw materials and consumables needed for production and day-to-day operations may become scarce or no longer available. This can have an immediate effect on our own plants and sites and may limit or even prevent FUCHS from fulfilling its orders. The analysis of insurance-related physical climate risks shows that the FUCHS sites have a very low level of risk. To the extent that climate hazards may pose a potential danger to our own sites, any resulting financial losses are transferred to insurance policies. The shift in societal awareness of climate change and associated regulatory requirements is leading to accelerated automobile electrification. This has an impact on the further development of the conventional powertrain and the suitable lubricants for it. However, regional differences must be taken into account in the transition to battery electric vehicles. The transition is likely to progress most rapidly in Europe, as the European Union has decided to allow only zero-emission new cars as of 2035. As one of the world's largest automotive markets, China is showing strong growth overall. In terms of powertrains, China is showing an openness to technology which will affect the growing demand for automobiles for both conventional and novel powertrain vehicles. The transformation to electric mobility in the US is currently unclear and further development is therefore difficult to estimate at present. Through a balanced portfolio of customers and products, FUCHS seeks to diversify, with the majority of products made and sold by FUCHS being independent of the powertrain. Over the longer term, there is a risk that the removal of the internal combustion engine could lead to a potential decline in sales for certain product groups, such as engine oils and, in some cases, transmission oils. However, the resulting sales losses are expected to be offset by gains in sales revenues and profitability for the new, higher-priced products for electric vehicles.

For further information on climate-related aspects, please refer to the Opportunity and Risk Report as well as the non-financial declaration in the combined management report of FUCHS SE.

Other key future-related assumptions and estimates are particularly necessary for the assessment, recognition and measurement of:

- impairment losses and reversals of inventories and trade receivables,
- other provisions, such as transaction tax risks and environmental obligations.

Future actual developments may deviate from these assumptions and estimates due to a variety of factors. The estimates and assumptions used are regularly reviewed. Changes are recognized in profit or loss when better estimates are available.

Sales revenues

Sales revenues comprise revenues from the sale of goods or services within the context of ordinary business operations. These are reported without value-added tax or any other taxes incurred in connection with sales revenues, and net of sales deductions and after the elimination of intra-group transactions. Sales revenues are reported at the amount specified in the contract minus the estimated volume discounts. A refund liability (reported in other liabilities) is recognized for the anticipated volume discount to be paid to the customer for the sales made up to the end of the reporting period. The estimate of liabilities is made up on the basis of past experience (expected value). Sales revenues are realized upon delivery of the products and services and the control in line with IFRS 15 had been transferred to the customer. This relates to a point in time if the property and thus the substantial risks and rewards connected with the goods are transferred and the actual right of control has been transferred to the customer. As the claim for the receipt of the consideration occurs unconditionally at the point in time of satisfying the performance obligation to deliver the goods, a receivable is generally recognized immediately. There is thus no recognition of a contractual asset. Payments are due within an appropriate period after the invoice has been received by the customer. In general, there are no long-term financing components.

Services provided over time are recognized as sales revenues as soon as the respective service has been provided. If there is a right to a consideration in an amount corresponding directly with the value of the performance already completed, sales revenues are recognized at the amount which may be invoiced.

Cost of sales

Cost of sales include the manufacturing costs associated with products, goods and services sold. In addition to directly attributable costs such as the cost of materials, staff costs and energy costs, this also includes individual manufacturing costs and production-related overheads. These overheads include depreciation and amortization of production buildings and equipment, write-downs of inventories, etc.

Selling and distribution expenses

Selling and distribution expenses include the costs of the sales organization and customer support in addition to the costs for advertising, commission payments and logistics.

Administrative expenses

Administrative expenses comprise staff costs and related costs for management and administration duties if these have not been allocated to other functional areas as services within the Group.

Research and development expenses

Research expenses include costs for identifying alternative materials or products for the control of technical processes. Development involves the application of research results for the development of new products and/or processes prior to the start of commercial exploitation. Development expenses are capitalized as intangible assets when all of the following criteria are met:

- the expenses attributable to the development of the intangible asset can be reliably determined,
- technical and economic completion is feasible,
- future economic benefits is probable and
- there is an intention and possibility of bringing the intangible asset to completion in order to use or sell it.

The criteria to recognize internally generated intangible assets in our product segments are fully met only shortly before these products are ready for the market. Development costs that occur after the recognition criteria have been met are insignificant. As a result, these development costs are also recognized in profit or loss when they occur.

Financial result

Borrowing costs are differentiated in the financial result and accounted for using the effective interest method, provided they are not capitalized as part of the historical cost of the asset in line with IAS 23.8.

Interest income is recognized using the effective interest method.

Interest expenses from pension obligations are recognized with interest income from plan assets and are reported in the financial result.

Goodwill and other intangible assets

Acquired intangible assets are measured and recognized at cost. Assets are distinguished based on their useful life, which is either finite or indefinite. The useful life is indefinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

Indefinite-lived intangible assets and goodwill are not subject to amortization, but undergo an impairment test at least once a year and also whenever there are indications of an impairment. Definite-lived intangible assets are amortized over their useful lives using the straight-line method.

A useful life of three to five years applies to software. Other intangible assets, such as patents and licenses, are amortized as per their respective, contractually agreed useful life. A useful life of 5 to 13 years was applied to acquired customer relationships in the context of acquisitions.

Depreciation and amortization are reported in the income statement under the department costs for manufacturing, administration, distribution, and research and development.

Property, plant and equipment

All items of property, plant and equipment are recognized at their cost of acquisition or manufacture, less scheduled depreciation and amortization according to use. Government grants are offset against acquisition costs. Depreciation and amortization is applied using the straight-line method over the useful life of the property, plant and equipment. Scheduled amortization and depreciation on property, plant and equipment are applied over the following economic useful lives:

Useful life

Buildings	20 to 40 years
Plant and machinery	5 to 20 years
Factory and office equipment	3 to 10 years

Impairment losses of definite-lived other intangible assets and property, plant and equipment

The carrying amount of definite-lived other intangible assets and property, plant and equipment are evaluated if there are indications of a potential impairment. An impairment loss is recognized if the recoverable value of an asset (defined as the higher of the asset's net selling price or its value in use) is lower than the carrying amount. If the reason for a previously recognized impairment no longer exists, the impairment is reversed at its scheduled depreciated or amortized cost of purchase or manufacture. In the income statement, impairment losses are reported as other operating expenses and reversals of impairment losses are reported as other operating income.

Government grants
A government grant is recognized if there is reasonable assurance that the grant will be received and that the entity will comply with the conditions attached to it. Grants relating to expenses are recognized as income on a systematic basis over the period in which the costs they are intended to compensate are recognized.

In respect to grants for an asset, the grant is deducted from the carrying amount of the relevant asset. The grant is then recognized in profit or loss over the useful life of the depreciable asset as a reduced depreciation expense.

Leases
Leases are recognized in the lessee's balance sheet. Lessees recognize a right of use asset that constitutes a right to use the underlying asset and a lease liability representing their obligation to make lease payments. There are exemptions for short-term leases and leases for low-value assets which the FUCHS Group utilizes. The provisions on accounting for leases affect the FUCHS Group as a lessee, particularly for leases of real estate and vehicles. Please refer to note 15 for further information.
→ 162 Property, plant and equipment

Shares in companies consolidated at equity and other financial assets
Companies over which FUCHS exerts significant influence, which is generally assumed with an interest between 20 % and 49 % (associates), are accounted for using the equity method. Joint ventures are also accounted for using the equity method. Besides the investment held, any voting rights distribution in place is also taken into account. Companies are accounted for using the equity method in proportion to the total equity held. Proportionate earnings are recognized in profit or loss and added to the carrying amount. Dividend payments made by joint ventures and associates reduce their total equity and are deducted from the carrying amount without affecting net income.

Gains from the disposal of a company consolidated at equity are reported under income from companies consolidated at equity.

The investment reported under other financial assets relates to a non-listed investment that has been measured at fair value using a discounted cash flow method in line with IFRS 9.

Loans are shown at cost or, in the case of non-interest-bearing loans, at their present value. Identifiable risks are taken into account by recognizing impairment losses.

Hyperinflation
For the FUCHS subsidiary in Argentina with the Argentinian peso as functional currency, the standard for hyperinflation (IAS 29) is applied retrospectively, i. e. as if the economy had already been hyperinflationary. The standard requires the adjustment of non-monetary assets and liabilities, total equity and all items of the income statement using a price index for the measuring unit valid on the reporting date. Inflation is calculated on the basis of regularly updated consumer price indices, taking into account the requirements of the FACPCE authority. All amounts in the financial statements of the subsidiary were translated at closing rates. Our joint venture OPET FUCHS in Turkey, which uses the Turkish lira as its functional currency, has applied the standard for hyperinflation (IAS 29) from the 2022 financial year. The balance sheet and income statement of the joint venture OPET FUCHS have also been adjusted according to the high inflation standard using a price index (Türkiye iStatistik Kurumu – Statistical Institute of Turkey) to calculate FUCHS's share of the net assets reflected in the shares in companies consolidated at equity and of the profit or loss recorded in the income from companies consolidated at equity, based on inclusion in FUCHS' consolidated financial statements using the equity method. All amounts in the accounts of the joint venture have been converted to the closing rates. The profit-neutral adjustments in total equity resulting

from the indexation and the conversion at the closing rate for the two companies will be recorded jointly in the FUCHS Group's foreign exchange reserve in total equity. The effect on the current income of the FUCHS Group is of minor importance. There are thus no significant effects on the FUCHS Group's net assets, financial position and results of operations.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial instruments are generally recognized on the settlement date. Derivatives are recognized on the day of trading. When measuring financial instruments, a distinction is made between "amortized cost" and "fair value." A further distinction is made between changes in fair value recognized in income and those recognized in other comprehensive income.

Financial assets

The classification and measurement of financial assets is based firstly on the cash flow condition (exclusively cash flows from interest and capital repayment). This means the specific form of the contractually agreed cash flows of an individual financial asset. Secondly, they depend on the business model according to which the portfolios of financial assets are managed.

With the exception of forward currency transactions and the investment described below, both of which are carried at fair value, all other financial assets are measured at amortized cost, unchanged from the previous year, as they meet the cash flow criteria and the "Hold" business model. With the "Hold" business model, the financial assets are to be held to collect the contractual cash flows.

In respect to the classification and measurement of financial assets, one investment is reported at fair value using a discounted cash flow method in line with IFRS 9. For this investment, which is not held for trading as an unlisted equity instrument, the FUCHS Group utilizes the option of recognizing changes at fair value through other comprehensive income in the statement of comprehensive income.

Financial liabilities

- Financial liabilities to be measured at fair value through profit and loss: At the FUCHS Group, this category includes derivatives (forward currency transactions) with a negative fair value, which are reported under other current liabilities, and contingent consideration from company acquisitions, which is reported under other current and non-current liabilities.
- Other financial liabilities: These also include trade payables, bank liabilities and some other liabilities. These are recognized at amortized cost, which generally corresponds to the repayable amount.

The categories and measurement of financial liabilities have not changed since the previous year.

For classifications of financial assets and financial liabilities, please refer to note 33 on financial instruments.
→ 182 Financial instruments

In accordance with IFRS 9, impairment on financial assets which is not recognized at fair value in profit and loss must also be taken into account for expected credit losses. The extent is determined both by the credit risk of a financial asset and by the change of the respective credit risk: If the credit risk of the financial asset has significantly increased since its initial recognition, then the expected lifetime credit losses of an asset are recognized. However, if the credit risk has not significantly increased in the stated period of time, then generally only the expected credit losses expected in the next twelve months are recognized as impairment.

In deviation from this method, in line with the planned simplified approach, for example on trade receivables, the expected lifetime credit losses are always reported as impairment. To calculate expected credit losses, discount rates calculated as a percentage are used. They reflect the customer sectors and the economic environment of the respective geographic region.

In addition, trade receivables and other financial assets not recognized at fair value in profit and loss, such as loans and other receivables and other financial assets, are tested for impairment individually if there are objective indications of impairment. If there is objective evidence for an impairment of the previously stated financial assets, an individual valuation adjustment is undertaken. When assessing the need for an impairment, past due payments as well as regional, sector and company-specific conditions are considered. In addition, use is made of external ratings as well as the assessments of debt collection agencies and credit insurers when available. In this way, it can be ensured that all receivables and loans which are not of excellent credit quality are immediately impaired. Receivables and loans are derecognized when their uncollectability is finally determined. If the reason for an impairment loss no longer exists, a write-up is recognized in profit or loss totaling not more than the amortized cost.

IFRS 9 also contains regulations on the application of hedge accounting, to present the risk management activities of a company better, especially in respect to the management of non-financial risks.

Derivative financial instruments, such as the forward currency transactions used by the Group, are recognized at fair value. Market values correspond to the expenses or income from a (theoretical) termination of the derivative agreements with effect from the end of the reporting period. The valuation of these financial instruments is based on generally recognized evaluation models and mathematical processes (present value method for forward currency transactions) on the basis of current market data.

The FUCHS Group uses derivative financial instruments (derivatives) solely to limit the risks in its operating business and the resultant financial transactions arising from fluctuations in interest rates and exchange rates.

As in the previous year, all hedging instruments are recognized in profit or loss.

Income from interest-bearing assets is recognized on the outstanding receivables at the reporting date using the interest rates calculated under the effective interest method.

Detailed information on financial instruments can be found in the notes to the balance sheet under note 33.
→ **182** Financial instruments

Deferred taxes

Deferred taxes are recognized for all temporary differences between tax base and IFRS accounting methods at the consolidated companies, and for consolidation measures which affect the income statement. Deferred tax assets essentially relate to tax effects on eliminated intercompany profits within the Group, particularly in the category of inventories, current provisions, non-current and current liabilities, and to pension provisions. They also include tax credits which result from the expected use of losses carried forward over subsequent years and which are likely to be realized with sufficient certainty. Deferred tax assets are subject to impairment if the realization of the tax claim is unlikely. Deferred tax liabilities mainly result from long-term asset depreciation differences between the Group's uniform depreciation rules and applicable tax laws, as well as from measurement of assets at fair value pursuant to IFRS within the scope of acquisitions for which the values in the tax balance sheet differ. Deferred taxes are determined on the basis of tax rates to be applied or expected to be applied on the date of realization pursuant to the legislation in the countries involved. Deferred tax assets and liabilities are netted to the extent that they are handled by a single tax authority. The changes in deferred tax assets and liabilities are recognized through profit or loss. In cases where gains and losses are recognized directly in equity, tax assets and liabilities to be deferred in this context are also recognized directly in equity.

Inventories

Inventories comprise raw materials and supplies, work in progress and services, as well as finished products and merchandise. Inventories are measured at cost. If the market price or fair value of the sales product which forms the basis for the net realizable value is lower, then this is applied and an impairment charge recorded. Inventories are measured using the weighted average cost method. The manufacturing costs comprise production-related full costs, determined on the basis of standard capacity utilization.

Write-downs are effected to cover risks resulting from inventory coverage or reduced sale ability. Uniform write-down stipulations are in place throughout the Group for any cases in which certain shelf lives are exceeded.

Receivables and other assets

Receivables and other assets are accounted for at amortized cost. Identifiable risks are accounted for with appropriate valuation allowances. Individual allowances are recognized if receivables cannot be collected or if collection is unlikely. Non-interest-bearing receivables with terms of more than one year are discounted. Receivables in foreign currencies are measured with their respective exchange rates at the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents include securities with terms of less than three months. Cash and cash equivalents are measured at cost.

Assets held for sale

Non-current assets are classified as held for sale when a sale is highly likely and the asset is available for immediate sale in its current state, and it has been decided to sell the asset or the disposal group within one year. These assets, or the disposal group, are measured at their carrying amount and fair value less the cost of disposal, whichever is the lower. They are no longer depreciated on a scheduled basis. Impairment expenses on initial classification as held for sale and subsequent revaluation gains and losses are recognized in profit or loss.

Pension provisions and similar liabilities

The provisions for pensions are recognized using the projected unit-credit method in accordance with IAS 19. This method covers not only the pensions and acquired entitlements known at the end of the reporting period, but also future anticipated increases in pensions and salaries, with the relevant input factors being estimated. The calculation is based on actuarial expertise taking into account the relevant biometric factors. In Germany, the biometric data is based on the 2018 G mortality tables by Prof. Dr. Klaus Heubeck.

The pension obligations are shown net of plan assets at fair value (offset). Any asset surplus is reported in non-current assets.

The charges from forming pension provisions at the level of current service expenses are recognized in staff costs in the function categories. The interest on pension obligations and the interest income from plan assets are disclosed in the financial result.

The results of remeasurements of pension obligations/plan assets in the form of actuarial gains and losses are recognized in other comprehensive income in the statement of comprehensive income.

Contributions paid into defined contribution plans, for which no obligations other than the payment of contributions to assigned pensions funds apply, are recognized in profit or loss in the year in which they occur.

Share-based remuneration

The members of the Executive Board and Supervisory Board are required to invest part of their compensation in preference shares of FUCHS SE within two weeks of receipt of compensation. The preference shares of the company acquired shall be held for at least four years from the date of their respective acquisition. The freezing period shall also apply beyond the termination of the Executive Board or Supervisory Board activities. The obligatory personal investment and the four-year lock-up period ensure that the recipient of the special-purpose cash payment receives nothing but shares, thus meeting the requirements for equity-based compensation with equity instruments under IFRS 2. This part of the cost-effective remuneration is recognized in total equity in accordance with IFRS 2. For detailed information on share-based compensation, see Note 36 Relationships with related parties and persons → 191 Relationships with related parties and Note 37 Information on the organs of the company → 193 Information on the company's executive bodies.

Other provisions

Other provisions are recognized if there is an obligation to third parties resulting from a previous event which can be expected to lead to outflows of funds, the level of which can be reliably determined. They represent uncertain obligations which are recognized at best estimate levels to meet the respective obligation. The values shown for provisions indicate those amounts which are required for covering future payment obligations, identifiable risks and uncertain liabilities of the Group. Possible price and cost increases are included in the measurement. If the amount of the provision can only be determined within a certain bandwidth, the most likely value is taken. In the case of equal probability, the mean average value is recognized. Non-current provisions with a remaining term of more than one year are discounted at market interest rates which correspond to the risk and the time period up to completion. Claims for reimbursement against third parties are not offset against the provisions, but rather recognized as a separate asset, insofar as their realization is virtually certain.

Liabilities

Liabilities are generally recognized at amortized cost. Derivatives and contingent consideration from company acquisitions are an exception here, as they are recognized at fair value.

Lease liabilities are reported at the present value of future lease payments and reported in current and non-current financial liabilities.

Notes to the income statement

1 Sales revenues

Sales revenues can be broken down by product group as follows:

The product area automotive lubricants particularly includes engine oils, gear oils and shock-absorber fluids. Sales revenues of this product area realized in relation to a point in time were above the previous year at €1,581 million (1,496) in the FUCHS Group. The share of the Group's turnover is 45% (44).

The industrial lubricants and specialties product group mainly comprises metalworking fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. Sales revenues of this product group realized in relation to a point in time were above the previous year at €1,846 million (1,807) in the FUCHS Group. At 52% (53), this group represents the largest share of Group sales revenues.

Other products mainly include toll blending, chemical process management and trade activities. Its share in the FUCHS Group increased to €114 million (109), while its share of Group sales revenues was unchanged at 3%.

Breakdown of sales revenues by product group

	EMEA		Asia-Pacific		North and South America		FUCHS Group	
2023	in € million	in %	in € million	in %	in € million	in %	in € million	in %
Automotive lubricants	936	50	544	55	101	15	1,581	45
Industrial lubricants and specialties	872	46	428	44	546	81	1,846	52
Other products	82	4	7	1	25	4	114	3
	1,890	**100**	**979**	**100**	**672**	**100**	**3,541**	**100**

	EMEA		Asia-Pacific		North and South America		FUCHS Group	
2022	in € million	in %	in € million	in %	in € million	in %	in € million	in %
Automotive lubricants	889	48	506	54	101	16	1,496	44
Industrial lubricants and specialties	873	48	414	45	520	81	1,807	53
Other products	80	4	9	1	20	3	109	3
	1,842	**100**	**929**	**100**	**641**	**100**	**3,412**	**100**

2 Cost of sales

in € million	**2023**	2022
Cost of purchased raw materials, supplies, goods for resale and purchased services	2,138	2,114
Cost of materials	**2,138**	**2,114**
Staff costs	127	121
Depreciation and amortization of property, plant and equipment and other intangible assets	42	42
Third-party services	33	33
Maintenance costs	23	20
Energy costs	21	17
IT/ERP costs	3	2
Other taxes	2	1
Other costs	7	8
	2,396	**2,358**

3 Selling and distribution expenses

in € million	2023	2022
Staff costs	220	204
Freight	132	134
Depreciation and amortization of property, plant and equipment and other intangible assets	30	32
Third-party services	20	18
Commission payments	18	16
Marketing costs	17	14
Travel expenses	15	12
IT/ERP costs	5	5
Maintenance costs	5	4
Rental and lease expenses	2	2
Other taxes	1	2
Other costs	16	15
	481	**458**

Marketing costs also include expenses for automotive and motorbike sponsoring, participation in trade fairs, advertising materials, promotional gifts, and advertisements. Other costs include pro rata energy costs, costs of communication and pro rata insurance premiums.

4 Administrative expenses

in € million	2023	2022
Staff costs	103	96
IT/ERP costs	17	15
Depreciation and amortization of property, plant and equipment and other intangible assets	14	13
Third-party services	12	12
Audit and consultancy costs	8	6
Travel expenses	4	3
Maintenance costs	2	2
Rental and lease expenses	2	2
Other taxes	5	5
Other costs	15	15
	182	**169**

IT/ERP costs comprise expenses in connection with IT operations and costs for ERP systems used to manage business processes. Other costs include pro rata energy costs, communication costs and pro rata insurance premiums.

5 Research and development expenses

in € million	2023	2022
Staff costs	46	45
Third-party services	9	10
Depreciation and amortization of property, plant and equipment and other intangible assets	5	6
Maintenance costs	2	2
Other costs	9	6
	71	**69**

6 Other operating income and expenses

This item includes all operating income and expenses that cannot be allocated directly to the functions.

Other operating income and expenses

in € million	2023	2022
Income from		
Currency translation and exchange rate gains	10	14
Reversal of provisions	1	2
Licenses and own work capitalized	2	3
Reversals of write-downs of receivables	2	1
Cost allowances	6	2
Disposals of fixed assets	4	1
Miscellaneous operating income	8	8
Other operating income	**33**	**31**
Currency translation and exchange rate losses	14	20
Write-downs of receivables	5	4
Restructuring costs and severance payments	4	2
Losses from the disposal of fixed assets	0	0
Impairment losses on assets held for sale	4	1
Miscellaneous operating expenses	11	6
Other operating expenses	**38**	**33**
Other operating income and expenses	**–5**	**–2**

Miscellaneous operating income includes income from other sales and services.

The balance of income and expenses from currency translation and exchange rate gains and loss of –€4 million (–6) relates to effects of currency translation of individual transactions in foreign currencies into the functional currency of the respective FUCHS subsidiary.

Write-downs of receivables include irrecoverable receivables of €1 million (1).

Miscellaneous operating expenses also include purchase costs for other sales, license expenses, as well as provisions for risks from non-operating items, such as environmental obligations and provisions for transaction tax risks.

7 Income from companies consolidated at equity

Income from companies consolidated at equity includes the pro rata earnings from joint ventures and associated companies.

Income from companies consolidated at equity

in € million	2023	2022
Income from companies consolidated at equity	7	9

More information is provided in note 16 Shares in companies consolidated at equity.
→ 166 Shares in companies consolidated at equity

8 Financial result

in € million	2023	2022
Other interest and similar income	2	1
Interest income	**2**	**1**
Interest and similar expenses	–8	–3
Hedging costs of intercompany loans	–3	–5
Leases	–1	–1
Pension obligations		
Interest expense	–4	–2
Interest income from plan assets	4	2
Interest expenses	**12**	**9**
Financial result	**–10**	**–8**

9 Income taxes

Taxes on income comprise income taxes paid or payable in the various countries, plus deferred taxes. The calculation of deferred taxes is based on the tax rates expected to apply in the various countries at the time of realization, based on the tax laws applicable or passed at the end of the reporting period.

Income taxes

in € million	2023	2022
Current taxes	124	102
thereof Germany	56	39
thereof international	68	63
Deferred taxes	–4	–5
thereof Germany	0	–1
thereof international	–4	–4
Total	**120**	**97**

Current taxes include €5 million (0) in taxes for past financial years.

The German tax rate is based on the corporation tax rate of 15.8 % (15.8) and includes the solidarity surcharge of 5.5 % (5.5). Including trade tax of 15.3 % (15.2), the total tax burden in Germany is about 31.1 % (31.0). Profits generated by our companies outside Germany are taxed at the respective local rates. The tax rates applied in these individual countries for calculating deferred taxes are between 11 % (10) and 34 % (34).

Tax assets and provisions are netted to the extent that they relate to the same taxation authority and may be offset.

The difference between anticipated and recognized income tax expense is attributable to the following:

Tax reconciliation

in € million	2023	in %	2022	in %
Earnings before tax (EBT)	403		357	
Expected tax expense	**125**	**31.1**	**111**	**31.0**
Taxation rate differences	–19	–4.7	–17	–4.7
Non-deductible expenses	9	2.2	4	1.4
Tax-free income	–3	–0.7	–1	–0.6
Income from companies consolidated at equity	–2	–0.5	–3	–0.8
Taxes for prior periods	5	1.2	–1	–0.3
Withholding taxes	6	1.5	4	1.1
Other	–1	–0.3	0	0.0
Reported tax expense	**120**	**29.8**	**97**	**27.1**

The reported tax expense relative to earnings before tax (EBT) leads to a rate of taxation of 29.8 % (27.1). The Group's tax rate adjusted for income from companies consolidated at equity is 30.3 % (27.9).

10 Non-controlling interests

Profits attributable to non-controlling interests of €1 million (1) relate to shareholders in Austria, France and Vietnam (previous year: Austria, France, Chile, Greece and Vietnam).

11 Earnings per share

in € million	2023	2022
Profit attributable to shareholders of FUCHS SE	**282**	**259**
Earnings per ordinary share in €		
Earnings per share	2.08	1.87
Weighted average number of ordinary shares	67,364,764	69,172,414
Earnings per preference share in €		
Earnings per share	2.09	1.88
Weighted average number of preference shares	67,483,136	69,214,835

Pursuant to IAS 33, the additional dividend of €0.01 per share to be distributed to preference shareholders is allocated in advance. The remainder of the consolidated earnings after tax and non-controlling interests is distributed on a weighted basis among the two share classes.

In accordance with the rules laid down in IAS 33.20, own shares acquired under the share buyback program are not taken into account in calculating earnings per share.

Diluted earnings per share are the same as basic earnings per share.

12 Other taxes

The reported figure of €8 million (8) relates to non-income taxes, which are included in the operating function costs. €5 million (6) of this amount is attributable to foreign Group companies in Argentina, China, France, United Kingdom, and the USA.

13 Staff costs / employees

Staff costs

in € million	2023	2022
Wages and salaries	420	394
Social security contributions and expenses for pensions and similar obligations	76	72
thereof for pensions	12	12
	496	**466**

Staff costs of €127 million (121) are attributable to cost of sales, €220 million (204) to selling and distribution expenses, €103 million (96) to administrative expenses and €46 million (45) to research and development expenses.

For preference shares with a value of €0.4 million (0.3), which were offered for sale to entitled employees in Germany at preferential conditions within the context of the employee share program, there were expenses of €0.1 million (0.0).

Employees

Annual average	2023	2022
EMEA	3,884	3,903
Asia-Pacific	1,038	969
North and South America	1,130	1,046
Holding companies	153	149
Number of employees	**6,205**	**6,067**
thereof trainees	**119**	**125**

The average number of employees includes trainees.

Notes to the balance sheet

14 Goodwill and other intangible assets

Development of goodwill and other intangible assets in 2023

in € million	Goodwill	Miscellaneous intangible assets	Advance payments on intangible assets	Total other intangible assets
Acquisition and manufacturing costs (gross)				
Dec 31, 2022	278	290	4	294
Currency exchange differences	–5	–4	0	–4
Additions from acquisitions	0	0	0	0
Additions	0	4	0	4
Disposals	0	0	0	0
Reclassifications	0	3	–3	0
Dec 31, 2023	273	293	1	294
Accumulated amortization				
Dec 31, 2022	24	201	0	201
Currency exchange differences	0	–2	0	–2
Scheduled amortization and depreciation	0	23	0	23
Impairment losses	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Dec 31, 2023	24	222	0	222
Net value as of Dec 31, 2023	**249**	**71**	**1**	**72**

For information on the additions from acquisitions, please refer to the section on acquisitions. → 55 Acquisitions

Development of goodwill and other intangible assets in 2022

in € million	Goodwill	Miscellaneous intangible assets	Advance payments on intangible assets	Total other intangible assets
Acquisition and manufacturing costs (gross)				
Dec 31, 2021	273	282	3	285
Currency exchange differences	5	3	0	3
Additions from acquisitions	0	0	0	0
Additions	0	2	3	5
Disposals	0	0	0	0
Reclassifications	0	3	–2	1
Dec 31, 2022	278	290	4	294
Accumulated amortization				
Dec 31, 2021	26	178	0	178
Currency exchange differences	–2	0	0	0
Scheduled amortization and depreciation	0	23	0	23
Impairment losses	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Dec 31, 2022	24	201	0	201
Net value as of Dec 31, 2022	**254**	**89**	**4**	**93**

Goodwill of the cash-generating units

Overview of the goodwill

in € million	2023	2022
North America	167	171
Germany and Benelux	48	48
Another eight (seven) goodwill-carrying units	34	35
Goodwill	**249**	**254**

Goodwill is not subject to any amortization, but undergoes an impairment test at least once a year in line with IAS 36 and also whenever there are indications of an impairment. Impairment losses are recognized as and when appropriate.

An impairment is to be recognized if the carrying amount of the net assets of the cash-generating unit or group of cash-generating units, including assigned goodwill, exceeds the recoverable amount. In the FUCHS Group, goodwill is managed by a regional management team. The recoverable amount is determined using the concept of value in use. A discounted cash flow method is applied to determine the value in use. The mid-term planning, which consists of the budget plan for 2024 and generally the planning years 2025 to 2028, serves as the basis for cash flow planning. The planning is based on past experience, the current operating results, and the best possible estimate of corporate management regarding future developments. The projected figures are based on detailed budgets and their extrapolation. These incorporate growth rate assumptions, which take into account the conditions in the local sales markets at the time of budget drafting, current expectations regarding price trends in the procurement markets and inflation expectations. Alongside inflation and country risks, local taxation rates are also considered in the discount rate.

Due to the currently unpredictable global impact of geopolitical tensions and economic uncertainties, including the Ukraine war, high inflation, increases in raw material prices, and rising interest rates, estimates and discretionary exercises are subject to increased uncertainty. The amounts that actually arise may differ from the estimates and judgments.

For the time period following mid-term planning, a terminal value is extrapolated based on the last detailed planning year. When determining the terminal value, country-specific growth rates of 1.0 % (0.5) to 2.0% (1.0) are taken into account to consider inflation-based growth. The impairment tests performed for North America (USA subgroup) and for Germany and Benelux are based on the assumption of a long-term, country-specific growth rate of 1.0 % (0.5).

The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure. The shareholders' equity costs are determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). When determining the value in use of the cash-generating units, discount rates of 7 % (6) to 14.5 % (13.5) after taxes were applied, taking into account country-specific risks. Weighted pre-tax discount rates range from 10.5 % (10) to 18 % (17). A weighted cost of capital of 7.5 % (6) and 7 % (7) after taxes or 9.5 % (8) and 10.5 % (10) before taxes was taken into account in the impairment tests performed for North America as well as for Germany and Benelux.

In financial years 2023 and 2022, there were no impairment losses on goodwill.

Impairment losses are reported in other operating expenses.

Sensitivity calculations were made to account for assessment uncertainties. Firstly, a 20 % reduction of future cash flows was assumed here. Secondly, the weighted average cost of capital was increased by one percentage point. As a result of these sensitivity calculations, an impairment loss would only have had to be recognized for the goodwill-carrying unit Russia. For both variants of the sensitivity calculation, the goodwill allocated to the goodwill-carrying entity would be € 3 million total depreciation.

Other intangible assets

These consist mainly of acquired customer relationships, technologies, formulas, and trademark rights as well capitalized licenses for computer software. Customer relations acquired through acquisitions over the last nine years have a residual book value of around €53 million (69). Their remaining useful life is generally between 2 and 8 years (between 3 and 9 years).

Other intangible assets also comprise advance payments of €1 million (4).

15 Property, plant and equipment

Additions in 2023 are essentially related to the locations in China, Germany, North America, Brazil and South Africa.

Development of property, plant and equipment in 2023

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Acquisition and manufacturing costs (gross)					
Dec 31, 2022	508	568	201	56	1,333
Currency exchange differences	–12	–16	–2	–2	–32
Additions from acquisitions	0	0	0	0	0
Additions	23	17	22	35	97
Adjustment for hyperinflation	1	1	0	0	2
Disposals	–11	–3	–11	0	–25
Reclassification into assets held for sale	–2	–2	–1	–3	–8
Reclassifications	19	19	5	–43	0
Dec 31, 2023	526	584	214	43	1,367
Accumulated amortization					
Dec 31, 2022	149	292	141	0	582
Currency exchange differences	–4	–7	–1	0	–12
Scheduled amortization and depreciation	19	32	18	0	69
Impairment losses	1	1	0	3	5
Adjustment for hyperinflation	1	1	0	0	2
Disposals	–10	–3	–10	0	–23
Reclassification into assets held for sale	–1	–2	–1	–3	–7
Reclassifications	0	0	0	0	0
Dec 31, 2023	155	314	147	0	616
Net value as of Dec 31, 2023	**371**	**270**	**67**	**43**	**751**

Development of property, plant and equipment in 2022

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Acquisition and manufacturing costs (gross)					
Dec 31, 2021	480	539	195	54	1,268
Currency exchange differences	0	4	–3	0	1
Additions from acquisitions	0	0	0	0	0
Additions	15	15	16	40	86
Adjustment for hyperinflation	1	1	0	0	2
Disposals	–4	–2	–8	0	–14
Reclassification into assets held for sale	–9	0	0	0	–9
Reclassifications	25	11	1	–38	–1
Dec 31, 2022	508	568	201	56	1,333
Accumulated amortization					
Dec 31, 2021	134	257	133	0	524
Currency exchange differences	–1	3	–3	0	–1
Scheduled amortization and depreciation	19	33	18	0	70
Impairment losses	1	0	0	0	1
Adjustment for hyperinflation	1	1	0	0	2
Disposals	–4	–2	–7	0	–13
Reclassification into assets held for sale	–1	0	0	0	–1
Reclassifications	0	0	0	0	0
Dec 31, 2022	149	292	141	0	582
Net value as of Dec 31, 2022	**359**	**276**	**60**	**56**	**751**

Leases

The division between owned and leased property, plant and equipment is as follows:

Division between owned and leased property, plant and equipment as of December 31, 2023

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Owned property, plant and equipment	348	270	54	43	715
Leased property, plant and equipment	23	0	13	0	36
Carrying amount as of Dec 31, 2023	**371**	**270**	**67**	**43**	**751**

Division between owned and leased property, plant and equipment as of December 31, 2022

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Owned property, plant and equipment	340	276	50	56	722
Leased property, plant and equipment	19	0	10	0	29
Carrying amount as of Dec 31, 2022	**359**	**276**	**60**	**56**	**751**

Depreciation, amortization, additions and other changes in leased property, plant and equipment break down by asset class as follows:

Additions, amortization, and other changes in leased property, plant and equipment

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Carrying amount of leased property, plant and equipment as of Jan 1, 2022	**17**	**0**	**9**	**0**	**26**
Additions	7	0	5	0	12
Depreciation and amortization	–5	0	–5	0	–10
Other changes	0	0	1	0	1
Carrying amount as of Dec 31, 2022	**19**	**0**	**10**	**0**	**29**
Additions	10	0	8	0	18
Depreciation and amortization	–5	0	–5	0	–10
Other changes	–1	0	0	0	–1
Carrying amount as of Dec 31, 2023	**23**	**0**	**13**	**0**	**36**

Of the additions, €3 million (2) is due to the renewal of rental and leasing contracts.

The breakdown of discounted and non-discounted lease liabilities by maturity is shown in the following table:

Discounted and non-discounted lease liabilities

	Discounted lease liabilities		Non-discounted lease liabilities	
in € million	**2023**	2022	**2023**	2022
Due within one year	9	7	10	8
Due after more than one and up to five years	17	13	19	13
Due after more than five years	3	2	3	2
Total	**29**	**22**	**32**	**23**

The amounts from the income statement that are attributable to leases are shown in the following table:

Leases in the income statement

in € million	2023	2022
Depreciation and amortization	10	10
Interest expenses	1	1
Short-term leases with a term of up to 12 months	5	4
Low-value leases	0	0
Other expenses that were not included in the lease liability	1	1

The amounts from the cash flow statement that are attributable to leases are shown in the following table:

Leases in the cash flow statement

in € million	2023	2022
Depreciation and amortization	10	10
Repayment of financial liabilities from leases	10	9
Interest expenses	1	1

Lease payments in connection with short-term leases, leases of low-value assets and other payments that were not included in the lease liability still continue to be reported in cash flow from operating activities.

Future non-recognized lease payments

Future lease-related payments are not included in the measurement of lease liabilities on the basis of IFRS 16 provisions. There are future payments from leases that have not begun but have already been contracted, as well as for short-term leases with a term of 12 months or less and for low-value leases. However, these are not material for the FUCHS Group.

16 Shares in companies consolidated at equity

The position includes eleven (eleven) companies consolidated at equity. For the measurement using the equity method, the proportionate total equity was determined on the basis of financial statements as of December 31, 2023, prepared in accordance with the respective national legislation and adapted in line with the requirements of IFRS.

Please refer to the list of shareholdings under Note 40 for information on the composition of joint ventures and associates. → 197 Shareholdings

The following table shows the development of shares in companies consolidated at equity:

Shares in companies consolidated at equity

in € million	2023	2022
Carrying amount of shares in companies consolidated at equity on Jan 1	**54**	**43**
Additions from acquisitions	0	6
Pro rata earnings after tax (closing rate)	7	9
Pro rata dividends received	–6	–8
Pro rata other comprehensive income	0	4
Carrying amount of shares in companies consolidated at equity on Dec 31	**55**	**54**

The following table shows the breakdown of the income from companies consolidated at equity:

Income from companies consolidated at equity

in € million	2023	2022
Pro rata earnings after tax (average rate)	7	9
Income from companies consolidated at equity	**7**	**9**

The following table shows summarized earnings data and the carrying amount for the nine (previous year nine) immaterial joint ventures:

Carrying amount and aggregated profit and loss of the joint ventures

in € million	2023	2022
Carrying amount of joint ventures accounted for using the equity method	**41**	**40**
Earnings after tax	6	8
Pro rata earnings after tax	3	4
Pro rata other comprehensive income	0	3
Pro rata comprehensive income after tax	**3**	**7**

The lower earnings prospects of our joint venture in Zambia were the reason for the impairment test of our joint venture FUCHS ZAMBIA LIMITED, Lusaka/Zambia, which is recognized under shares in companies consolidated at equity in the FUCHS consolidated financial statements. The impairment test by determining the present value of the estimated future cash flows resulted in an impairment loss of €2 million on the remaining carrying amount of €1 million of the shares in companies in companies consolidated at equity.

In the previous year, the difficult economic environment in Zimbabwe, characterized by high inflation, prompted an impairment test of our joint venture FUCHS ZIMBABWE PRIVATE LIMITED, Harare/Zimbabwe, which is also accounted for under shares in companies consolidated at equity. The impairment test by determining the present value of the estimated future cash flows resulting from dividends in US dollar currency resulted in an impairment loss of €2 million in the previous year on a residual carrying amount of €3 million of the shares in companies in companies consolidated at equity.

The impairment loss of €2 million (2) reduced income from companies consolidated at equity.

The following table shows a summary of earnings and the carrying amount for the two (two) associates, which are immaterial:

Carrying amount and aggregated profit and loss of associates

in € million	2023	2022
Carrying amount of associated companies accounted for using the equity method	**14**	**14**
Earnings after tax	14	16
Pro rata earnings after tax	4	5
Pro rata other comprehensive income	0	1
Pro rata comprehensive income after tax	**4**	**6**

17 Other financial assets

in € million	2023	2022
Investments in companies	6	7
Other loans	1	1
	7	**8**

One non-listed investment is measured at fair value using a discounted cash flow method in line with IFRS 9. As of December 31, 2023, there was a change in the fair value of the equity instrument of –€ 1 million (0) recognized directly in equity.

In accordance with their financing nature, the non-current portion of the receivables relating to delivery agreements in France of €1 million (1) is reported in other loans.

18 Deferred tax assets and liabilities

The recognized deferred taxes result from the following measurement differences and items:

Deferred tax assets and liabilities

in € million	Deferred tax assets 2023	Deferred tax assets 2022	Deferred tax liabilities 2023	Deferred tax liabilities 2022
Property, plant and equipment	8	7	38	35
Other non-current assets	3	2	17	21
Inventories	16	17	0	0
Other current assets	4	3	1	1
Non-current provisions	5	4	1	1
Other non-current liabilities	5	4	7	7
Current provisions and liabilities	16	14	1	1
Expected use of losses carried forward	0	0	0	0
Total deferred tax assets / liabilities	**57**	**51**	**65**	**66**
Tax offset	–19	– 13	–19	– 13
Total assets / liabilities	**38**	**38**	**46**	**53**

The total amount of deferred tax assets of €38 million (38) is essentially attributable to measurement differences between the items of inventories (elimination of intercompany profits), non-current provisions (mainly pension obligations), current provisions, and current and non-current liabilities in the IFRS balance sheet and their tax base. The deferred tax liabilities of €46 million (53) are essentially the result of temporary measurement differences (different depreciation methods and useful lives) between the IFRS balance sheet and their tax base in property, plant and equipment, as well as from the measurement of non-current assets at fair value pursuant to IFRS within the scope of acquisitions, for which the values in the tax balance sheet differ. Deferred tax liabilities on property, plant and equipment and deferred tax assets on current and non-current liabilities resulted from the gross presentation of rights of use and lease liabilities in accordance with IFRS, for which there were no tax balance sheet figures.

Tax loss carryforwards in the Group amount to €10 million (11). These are almost entirely (previous year: fully) attributable to the EMEA region (excluding Germany). The deferred taxes of €2 million (2) recognized for this were subject to impairment losses of €2 million (2).

A deferred tax liability of €6 million (7) was recognized for future tax charges associated with planned dividend payments from foreign subsidiaries. In addition, no deferred tax liabilities were recognized on temporary differences of €26 million (27) relating to investments in subsidiaries, as it is not likely that the temporary differences will reverse in the foreseeable future.

The change in the net amount of deferred taxes was €7 million (–2) in the reporting year. Taking into account deferred taxes for the financial year 2023, which are recognized outside profit or loss and result from the allocation of pension obligations of €3 million (–6), income from deferred taxes amounting to €4 million (5), taking into account translation effects, is reported in the income statement.

19 Inventories

The reported inventories comprise the following:

Composition of inventories

in € million	Dec 31, 2023	Dec 31, 2022
Raw materials and supplies	203	261
Work in progress	30	37
Finished goods and merchandise	291	337
	524	**635**

There was income due to reduced saleability in the reporting year of €2 million (previous year expenses 9). At the end of the reporting period, the residual carrying amount of inventories that were written down amounted to €10 million (12).

20 Trade receivables

Composition of receivables

in € million	Dec 31, 2023	Dec 31, 2022
Receivables due from customers	490	495
Receivables due from joint ventures and associates	10	12
	500	**507**

Write-downs of trade receivables, which consist of expected credit losses and individual allowances, developed as follows:

Development of impairments

in € million	2023	2022
Impairments as of Dec 31 (previous year)	**14**	**11**
Currency exchange differences	–1	0
Additions	4	4
Utilization	–1	0
Reversals	–2	–1
Impairments as of Dec 31	**14**	**14**

The following table provides information on the extent of credit risks in the trade receivables as of December 31, 2023, and December 31, 2022:

Receivables by maturity as of December 31, 2023

in € million	EMEA	Asia-Pacific	North and South America	FUCHS Group
Not yet due	228	132	71	431
Overdue:				
less than 30 days	26	10	14	50
30 to 90 days	7	4	6	17
91 to 180 days	2	0	2	4
181 to 360 days	4	0	1	5
more than 360 days	5	1	1	7
Total gross receivables	**272**	**147**	**95**	**514**
Minus expected credit losses (range in %)	0.25–3.00	0.50–2.00	0.50–3.25	
Minus expected credit losses	–2	–1	–1	–4
Minus individually assessed allowances	–7	–1	–2	–10
Trade receivables	**263**	**145**	**92**	**500**

Receivables by maturity as of December 31, 2022

in € million	EMEA	Asia-Pacific	North and South America	FUCHS Group
Not yet due	216	117	67	400
Overdue:				
less than 30 days	49	9	17	75
30 to 90 days	18	2	7	27
91 to 180 days	4	1	3	8
181 to 360 days	4	0	1	5
more than 360 days	4	1	1	6
Total gross receivables	**295**	**130**	**96**	**521**
Minus expected credit losses (range in %)	0.25–3.00	0.50–2.00	0.50–3.00	
Minus expected credit losses	–2	–1	–1	–4
Minus individually assessed allowances	–6	–2	–2	–10
Trade receivables	**287**	**127**	**93**	**507**

Receivables can become impaired if customers do not meet their payment obligations. In the FUCHS Group, supplies are made primarily to commercial customers (B2B customers). In the context of the simplified approach for trade receivables, the lifetime credit losses are always used for impairment.

To calculate expected credit losses the largest part of the gross receivables which are not yet due, and gross receivables, which are up to 180 days past due, can be combined in a risk class with low credit risk. To calculate expected credit losses for this risk class, discount rates calculated as a percentage are used. They reflect the customer sectors and the economic environment of the respective geographic region on the basis of historical data and future expectations. Furthermore, if there is objective evidence for impairment, an individual valuation adjustment is undertaken.

Gross receivables which are more than 181 to 360 days past due and more than 360 days past due are combined into a second risk class with a higher credit and default risk. Individual value adjustments are made for this risk class if there are objective indications of impairment, e. g. for customers in financial difficulties. In addition, individually assessed allowances are made in line with how past due the receivables are.

21 Current tax receivables (income tax)

These are tax refund claims, mainly from Chinese and US income taxes.

22 Other receivables and other assets

Current other receivables and other assets

in € million	Dec 31, 2023	Dec, 31 2022
Other taxes	10	10
Fair value of derivative financial instruments	0	7
Receivables due from joint ventures and associates	2	3
Miscellaneous other assets	24	22
	36	**42**

Other taxes, amounting to €8 million (8), mainly relate to sales tax receivables.

The Group's miscellaneous other assets include the current portion of customer loans of €2 million (2) in connection with delivery agreements in France, after deduction of impairments totaling €2 million (2). Also included in the miscellaneous other assets is deferred income of €13 million (11). In addition, miscellaneous other assets include refund entitlements and other customer loans and receivables from other sales. For the breakdown into financial and non-financial assets, we refer to the Note 33 Financial instruments.

→ 182 Financial instruments

Non-current other receivables and other assets

Non-current other receivables and other assets amount to €8 million (7). This represents essentially the assets of covered pension schemes amounting to €5 million (6).

23 Cash and cash equivalents

Cash and cash equivalents of €175 million (119) comprise bank deposits, cash in hand, checks and bills of exchange not yet presented, and securities of €0 million (0) with a maturity of less than three months. Of the cash and cash equivalents, €2 million (2) relates to our subsidiary in Russia, which is subject to capital movement restrictions.

24 Assets held for sale

in € million	Dec 31, 2023	Dec 31, 2022
Assets held for sale	1	7
	1	**7**

The assets held for sale in the amount of €1 million relate to a built-up property in Germany, including plant and machinery, which was not repositioned in connection with a relocation of production. Recognition at the lower of the carrying amount of €5 million and the fair value less costs to sell of €1 million as part of the reclassification triggered an impairment loss of €4 million. The impairment loss of €4 million (1) is shown under other operating expenses.

The assets reported in the previous year, of which €5 million related to a built-up property in Mannheim, Germany, and €2 million to an unbuilt property at our Brazilian subsidiary, were each sold in the reporting year at the fair value recognized at the end of the previous year's reporting period after deduction of disposal costs.

25 Total equity

Solid capital resources are indispensable for the company's continued existence as a going concern. Gearing (the ratio of financial liabilities and pension provisions less cash and cash equivalents to shareholders' equity) and the equity ratio are important indicators of the capital structure.

Subscribed capital

The issued and fully paid capital of FUCHS SE remained unchanged in the reporting year.

The shares of FUCHS SE are bearer shares. Each ordinary share carries one vote at the Annual General Meeting. The preference shares carry no voting rights, except in cases prescribed by law. In accordance with the Articles of Association, each preference share receives a share in profits of €0.01 per share compared to an ordinary share.

Share buyback program

On December 7, 2023, the Executive Board of FUCHS SE resolved, with the approval of the Supervisory Board, to expand and extend the current share buyback program with regard to ordinary shares and preference shares of the company, which was announced on June 21, 2022 by ad hoc announcement and initiated on June 27, 2022. For this purpose, the company makes use of the authorization granted by the Annual General Meeting on May 5, 2020 to acquire own shares pursuant to Section 71 (1) no. 8 German Stock Corporation Act (AktG).

In addition to the existing scope of the ongoing share buyback program, up to an additional 2,000,000 shares are to be purchased, including up to an additional 1,000,000 ordinary shares and up to an additional 1,000,000 preference shares of the company. For the expansion of the share buyback program, an additional amount of money of up to a maximum of €80 million is to be made available. The period of the share buyback program will be extended until September 30, 2024.

In total, the expanded and extended share buyback program therefore comprises the acquisition of up to 8,000,000 shares (previously 6,000,000 shares), of which up to 4,000,000 ordinary shares (previously 3,000,000 ordinary shares) and up to 4,000,000 preference shares (previously 3,000,000 preference shares) of the company at a total purchase price (excluding incidental acquisition costs) of up to a maximum of € 280 million (previously up to a maximum of € 200 million) in the period from June 27, 2022 until September 30, 2024 at the latest (previously until March 29, 2024 at the latest).

The company will withdraw the acquired own shares.

The share buyback and the planned cancellation of the acquired shares have the effect of reducing the number of ordinary and preference shares outstanding. In addition, the capital structure of FUCHS SE is improving.

Information on transactions related to the share buyback program is made available on a regular basis on the company's website under Investor Relations.
→ www.fuchs.com/group/investor-relations/about-our-stock/share-buyback/

In 2023, the company repurchased a total of 3,616,776 treasury shares (previous year: 2,311,514). An amount of 1,718,529 (previous year: 1,255,771) ordinary shares with a total value of €52.3 million (31.1) at an average price per share of €30.45 (24.80) and 1,898,247 (previous year: 1,055,770) preference shares with a total value of €69.4 million (30.8) were purchased for an average price per share of €36.58 (29.13).

During the period from June 27, 2022 to December 31, 2023, the Company has repurchased a total of 5,928,317 shares of its own. 2,974,300 ordinary shares with a total value of €83.4 million (average price per share € 28.07) and 2,954,017 preference shares with a total value of €100.2 million (average price per share €33.91) were acquired. The repurchases amount to 4.265 % (1.663) of the company's share capital as of December 31, 2023. Own shares have not been withdrawn at the reporting date. The total amount spent, including transaction costs, of €183.6 million was deducted from total equity, and in accordance with the regulations of IAS 33.20, the shares acquired were no longer included in the calculation of earnings per share.

The number of outstanding shares is:

Number of outstanding shares

Number of shares	Dec 31, 2023	Dec 31, 2022
69,500,000 ordinary shares (at €1.00)	69,500,000	69,500,000
Ordinary share buybacks	−2,974,300	−1,255,771
69,500,000 preference shares (at €1.00)	69,500,000	69,500,000
Preference share buybacks	−2,954,017	−1,055,770
Total	**133,071,683**	**136,688,459**

Group reserves
This item consists of the capital reserves of FUCHS SE (agio), the share-based compensation settled with equity instruments, the unappropriated profits and currency reserves as well as the remeasured net debt resulting from the defined pension obligations of the companies included in the consolidated financial statements. The unappropriated profits contain the profits generated in the past to the extent that these were not distributed. The currency reserves include the differences arising from currency translation recognized directly in equity and equity adjustments from indexation for hyperinflation of the financial statements of foreign subsidiaries and of joint ventures and associates accounted for using the equity method.

Group profits
Group profits correspond to the Group's earnings after taxes and non-controlling interests.

Proposal for the appropriation of profits at FUCHS SE
The Executive Board proposes to use the retained earnings (HGB) of FUCHS SE from the past financial year 2023 in the amount of €147,044,311,13 to distribute a dividend of €1.10 per dividend-bearing ordinary share and €1.11 per dividend-bearing preference share and to transfer the amount attributable to non-dividend-bearing ordinary and preference shares to retained earnings. Dividends of €1.06 per ordinary share and €1.07 per preference share were paid in 2023.

Non-controlling interests
This item contains the total equity and earnings of consolidated subsidiaries attributable to non-controlling interests. An amount of €4 million (3) relates to shareholders in Austria, France and Vietnam (previous year in addition: Chile and Greece).

26 Pension provisions

Pension provisions are recognized for obligations arising from entitlements to future benefits and from current benefits paid to former employees of the FUCHS Group and their surviving dependents. The occupational pension plans in place within the Group are financed by provisions and funds and consist of defined contribution and defined benefit plans.

The defined benefit obligation is reduced by the fair value of the plan assets. Changes resulting from the remeasurement of net debt are recognized outside profit or loss in the period in which they occur and are offset against Group reserves. These adjustments are set out in the statement of changes in equity of the Group.

→ 134 Statement of changes in equity

In Germany, measurement is based on the following assumptions:

Valuation assumptions Germany

in %	2023	2022
Discount rate	3.2	3.8
Salary level trend	3.0	3.0
Pension level trend	2.0	2.0

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters. The mean values are calculated on a weighted basis.

Valuation assumptions outside Germany

in %	2023	2022
Discount rate	from 2.3 to 7.4	from 3.6 to 7.5
Average discount rate	4.4	4.6
Salary level trend	from 2.0 to 9.0	from 2.0 to 9.0
Average salary level trend	2.5	2.4
Pension level trend	from 2.1 to 12.0	from 2.2 to 12.0
Average pension level trend	3.0	3.1

Taking into account the basis of measurement described above, the funding status of the pension obligations is as follows:

Funding status of the pension obligations

in € million	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Present value of benefit obligations financed by funds in Germany	64	56	80	86	82
Present value of benefit obligations financed by funds outside Germany	47	44	65	66	64
Present value of benefit obligations financed by provisions in Germany	1	1	1	1	1
Present value of benefit obligations financed by provisions outside Germany	4	4	8	9	7
Total defined benefit obligations	**116**	**105**	**154**	**162**	**154**
Fair value of plan assets in Germany	62	57	62	62	61
Fair value of plan assets outside Germany	50	48	69	58	58
Funding status	**4**	**0**	**23**	**42**	**35**
Similar obligations	1	1	1	1	1
Net obligation as of Dec 31	5	1	24	43	36
Disclosures in the balance sheet:					
Defined benefit assets	**5**	**6**	**4**	**0**	**0**
Pension provision	**10**	**7**	**28**	**43**	**36**

The key pension plan provisions are described below:

In Germany, some of the employees working for German Group companies are covered by defined benefit pension plans. The benefits are generally based on the term of employment and fixed amounts or the final salary of the beneficiary. The benefits comprise an old-age pension, disability pension and survivors' pension. German defined benefit pension plans have been discontinued since 1983. In 2011, the German pension obligations financed by provisions were transferred almost entirely to the external pension provider ALLIANZ. In 2016, €4 million in other German pension obligations that were previously financed with provisions were transferred to the external pension provider ALLIANZ. Since then, they have been reported under pension obligations funded by pension plans. The remaining amount is funded by provisions. The transfer comprised a combined model, made up of transfers of vested benefits in the ALLIANZ pension fund and future benefits yet to be vested in the ALLIANZ relief fund. As of December 31, 2023, there was an excess coverage of €2 million (4) in Germany, but this is not recognized as an asset from overfunded pension plans as the company has no future economic benefit in the form of a reduction in contributions or a refund.

In addition, employee-financed pension obligations from the deferred compensation program are also in place in Germany. As of December 31, 2023, pension obligations amounted to €7 million (7), which were offset against assets of €6 million (6) in the consolidated balance sheet. The €1 million (1) balance made up of obligations and assets is reported in similar obligations.

If occupational pension plans are in place at Group companies outside Germany, these are fund-financed provision systems with defined benefit commitments and, in some cases, defined contribution commitments. Meanwhile, contribution-based systems have been introduced for new pension commitments in the USA and the United Kingdom.

The foreign-funded pension obligations mainly concern our company in the UK, which account for the defined benefit assets amounting to €5 million (6).

The occupational pension provision schemes based on defined benefit obligations arise from a performance-based provision plan based on years of service and final salary, which is now closed. The benefits comprise an old-age pension and survivors' pension. These are financed via a fund, which is independent from the company. The fund manager is legally obliged to act in the interests of the beneficiaries, and specifics the goals and strategies of the fund, for example the investment policy, premium contributions or indexing. Employers and employees contribute to the fund.

The following table shows the development in the present value of benefits obligations:

Benefit obligations

in € million	2023	2022
Present value as of Jan 1	105	154
Currency effects	1	–3
Current service cost	2	2
Interest expense	4	2
Remeasurements		
Actuarial losses (previous year gains) from financial assumptions	6	–44
Actuarial gains from demographic assumptions	0	0
Actuarial losses from experience adjustments	5	1
Benefits paid	–7	–7
Past service cost	0	0
Present value as of Dec 31	**116**	**105**
Netting with plan assets	112	105
Funding status	**4**	**0**
Similar obligations	1	1
Thereof:		
Pension provisions as of Dec 31	**10**	**7**
Defined benefit assets	**5**	**6**

Sensitivity analyses

If all other assumptions remained constant, a change of 0.5 percentage points to the discount rate and a change of 0.25 percentage points to the wage/salary or pension developments would have had the following effects on the present value of benefit obligations as of December 31, 2023 (December 31, 2022):

Sensitivity analyses

Effects (in € million) on the present value of defined benefit obligations due to	Germany	International	Total
Change in discount rate			
Increase by 0.5 percentage points	–4 (–3)	–2 (–3)	–6 (–6)
Decrease by 0.5 percentage points	4 (3)	3 (3)	7 (6)
Change in anticipated wage/salary developments			
Increase by 0.25 percentage points	0 (0)	0 (0)	0 (0)
Decrease by 0.25 percentage points	0 (0)	0 (0)	0 (0)
Change in anticipated pension developments			
Increase by 0.25 percentage points	2 (3)	0 (1)	2 (4)
Decrease by 0.25 percentage points	–2 (–3)	0 (–1)	–2 (–4)

As of December 31, 2023, the weighted average term of defined benefit obligations was 12 years (12) for plans in Germany and 14 years (14) for plans outside Germany.

Additional life expectancy of one year would lead to an increase in the present value of benefit obligations of €3 million (4); €2 million (3) thereof is attributable to plans in Germany and €1 million (1) to plans outside Germany.

Plan assets developed as follows:

Development of plan assets

in € million	2023	2022
Fair value as of Jan 1	105	131
Currency effects	1	–4
Interest income from plan assets	4	2
Current contributions	7	5
Benefits paid	–7	–7
Remeasurements		
Actuarial gains (previous year losses) from financial assumptions	2	–21
Actuarial losses from experience adjustments	0	–1
Fair value as of Dec 31	**112**	**105**

Net pension provisions developed as follows:

Development of net pension provisions

in € million	2023	2022
Net pension provisions as of Jan 1	0	23
Currency effects	0	1
Current service cost	2	2
Interest expense	4	2
Interest income from plan assets	–4	–2
Current contributions	–7	–5
Remeasurements		
Actuarial losses (previous year gains) from benefit obligations	11	–43
Actuarial gains (previous year losses) from plan assets	–2	22
Benefits paid	0	0
Past service cost	0	0
Net pension provisions as of Dec 31	**4**	**0**
Similar obligations	1	1
Pension provisions as of Dec 31	**10**	**7**
Defined benefit assets	**5**	**6**

The fair value of the plan assets is spread over the following asset classes:

German plan assets are financed only with insurance policies provided by ALLIANZ Lebensversicherung. The return on plan assets for the year 2023 was based on the discount rate of 3.8 % (0.9). The actual return on plan assets calculated was 4.43 % (3.41). A limited risk of a supplementary financing requirement can occur due to the selected ALLIANZ insurance tariff (risk / opportunity portfolio) in the event of a decrease in the overall interest rate.

The plan assets in the United Kingdom comprise equity instruments, debt instruments and cash. The return on plan assets was based on an average rate of 4.7 % (1.95). The actual return on plan assets calculated was 6.3 % (–26.1).

Total current contributions of €1 million (2) are budgeted for 2024 in Germany and abroad. Statutory minimum funding requirements are taken into account in the United Kingdom.

Asset classes of the plan assets

	December 31, 2023			December 31, 2022		
in € million	Market price quotation in an active market	None Market price quotation in an active market	**Total**	Market price quotation in an active market	None Market price quotation in an active market	Total
Insurance policies	0	64	64	0	59	59
Equity instruments	19	0	19	36	0	36
Debt instruments	29	0	29	10	0	10
Cash and cash equivalents	0	0	0	0	0	0
Fair value of plan assets	**48**	**64**	**112**	**46**	**59**	**105**

Asset-liability matching strategy
The asset-liability matching strategy employed at FUCHS aims for the most congruent financing of pension obligations possible. Key elements are a comparable maturity profile of assets and liabilities, as well as (where technically feasible and financially prudent) coverage of longevity risks. This explains the high proportion of insurance policies. These allow the longevity risk to be covered, coupled with reduced volatility of the assets.

57 % (56) of the plan assets are invested in insurance contracts. There are no market price quotations for these in an active market. The asset-liability matching strategy for the pension obligations funded by pension plans is reviewed annually by the fund management.

Market prices are available for total equity and debt instruments. Around 17 % (34) of plan assets are invested in equity instruments, while a further 26 % (10) are invested in debt instruments (including government bonds) and 0 % (0) in cash and cash equivalents. The fund managers pursue risk reduction strategies through use of swaps and index-linked instruments. The mix of total equity and debt instruments takes into account the maturity profile of the pension obligations. A regular review of the asset-liability matching strategy can potentially also lead to a revision of the asset mix.

Pension expenses arising from the pension plans in place within the FUCHS Group amount to €20 million (20) and are made up of the following components:

Total pension expenses

in € million	2023	2022
Current service cost	2	2
Past service cost	0	0
Interest expense	4	2
Interest income from plan assets	–4	–2
Expenses for defined benefit pension plans	**2**	**2**
Expenses for defined contribution pension plans	18	18
Total pension expenses	**20**	**20**

The net interest expenses from defined pension obligations amounting to €0 million (0) are the balance resulting from interest expenses of €4 million (2) from the interest accrued on pension obligations less interest income of €4 million (2) from the return on plan assets.

Pension expenses and benefit payments also include the payments for the defined contribution pension plans. At €10 million (10), the share of pension contributions paid by the employer in Germany has been included in expenses for defined contribution pension plans.

27 Trade payables

Trade payables

in € million	Dec 31, 2023	Dec 31, 2022
Trade payables	260	231
	260	**231**

28 Other provisions

Current provisions

Current provisions mainly consist of the following:

Current provisions

in € million	Dec 31, 2023	Dec 31, 2022
Warranty	0	1
Costs for preparing the annual financial statements	1	1
Restructuring and redundancy payments	2	1
Transaction tax risks	6	4
Other obligations	8	8
	17	**15**

The current provisions are detailed below:

Development of current provisions

in € million	Dec 31, 2022	Reclassifications	Exchange rate differences	Utilization	Additions	Reversals	Dec 31, 2023
Warranty	1	0	0	0	0	1	0
Costs for preparing the annual financial statements	1	0	0	1	1	0	1
Restructuring and redundancy payments	1	0	0	1	2	0	2
Transaction tax risks	4	0	0	0	2	0	6
Other obligations	8	0	0	8	8	0	8
	15	**0**	**0**	**10**	**13**	**1**	**17**

The provisions for restructuring and redundancy payments particularly contain redundancy payments for employees leaving the company.

The Other obligations include among others outstanding invoices.

Due to the short-term nature of these provisions, no interest has been accrued.

Other non-current provisions
The provisions for environmental obligations focus on rehabilitation work at contaminated sites and cover costs associated with the elimination of soil contamination.

Other non-current provisions also include non-current provisions resulting from employee benefit obligations, such as anniversary bonuses.

Development of non-current provisions

in € million	Dec 31, 2022	Reclassifications	Exchange rate differences	Utilization	Additions	Reversals	Dec 31, 2023
Environmental obligations	4	0	0	2	1	0	3
Other non-current provisions	5	0	0	0	0	0	5
	9	**0**	**0**	**2**	**1**	**0**	**8**

Employees in Germany have the option to invest balances in lifetime working accounts. For the long-term accounts set up, the provisions measured at their settlement value of €16 million (14) are netted against the corresponding fair value of assets of €16 million (14) (acquisition costs of €16 million – previous year: €14 million). In the income statement, expenses and income of €2 million (2) each were offset against each other.

29 Current tax liabilities

This item includes total liabilities for income taxes of €32 million (18). The year-on-year increase is mainly attributable to the increase in tax provisions in Germany.

30 Financial liabilities

Non-current financial liabilities

Non-current financial liabilities consist of liabilities from leases with a remaining term of more than one year and interest-bearing liabilities to banks with a remaining term of more than one year.

Current financial liabilities

Lease liabilities and interest-bearing liabilities to banks with a remaining term of less than one year are reported in current financial liabilities.

For further information, see Note 33 Financial Instruments.
→ 182 Financial instruments

31 Other liabilities

Other current liabilities

Other liabilities are attributable to:

Other current liabilities

in € million	Dec 31, 2023	Dec 31, 2022
Obligations for personnel expenses	79	62
VAT liabilities	19	19
Other tax liabilities	12	10
Social security	5	5
Fair value of derivative financial instruments	2	0
Liabilities to joint ventures and associates	0	4
Advance payments received	20	17
Customer discounts (credit notes and bonuses)	16	22
Supervisory Board compensation	1	1
Other liabilities	27	29
	181	**169**

The obligations for personnel expenses mainly relate to ex gratia payments, profit-sharing schemes, commission payments, bonuses, outstanding holiday and overtime, as well as premiums for the employers' liability insurance association.

Other tax liabilities include excise taxes, payroll taxes and withholding taxes.

Advance payments received from customers are contractual liabilities that are expected to be recognized as sales revenues over the period in 2024.

Other liabilities include financing liabilities of €5 million (5) related to delivery agreements in France that are reported in other assets. This item also includes commission obligations, customers with credit balances, and advance payments. For the breakdown into financial and non-financial liabilities, we refer to Note 33 Financial instruments. → 182 Financial instruments

Other non-current liabilities
These items include liabilities to employees of the French subsidiary. In France these liabilities are based on a statutory employee profit-sharing scheme and are due no earlier than 12 months after the end of the financial year.

32 Contingent liabilities and other financial obligations

The item "Securing third-party liabilities" refers mainly to "garagiste" loans. Under this procedure, which is common in France, our subsidiary guarantees repayment of loans granted directly by the bank to our contracting partner. This guarantee is part of our supply and financing agreements with our partners. There are contingent liabilities of €4 million (6) from securing third-party liabilities. These are largely secured via credit insurance or collateral from our contracting partners, meaning that the remaining net risk for FUCHS is only €1 million (1). In addition, there are contingent liabilities of €1 million (2) from guarantees in favor of companies in which an equity interest is held.

Contractual obligations for the purchase of property, plant and equipment amounted to €16 million (27) as of December 31, 2023. These decreased by €11 million compared with the previous reporting date and are mainly accounted for by our companies in Germany, China and South Africa.

33 Financial instruments

a) Carrying amounts and fair values of financial instruments
The fair value of a financial instrument is the price at which a party would be willing to assume the rights and/or obligations arising from this financial instrument from an independent third party. Due to varying factors, fair values can only be regarded as indicators for values actually realizable on the market.

The fair values of all financial instruments were determined based on the market data available at the end of the reporting period and on the methods and prerequisites specified below.

With the exception of investments in companies and derivative financial instruments, both of which are reported at fair value, as in the previous year all other financial assets are measured at amortized cost with the carrying amount of the financial instrument largely corresponding to the fair value.

As in the previous year, the cash and cash equivalents item is measured at amortized cost. It contains the carrying amounts of the securities due within three months.

The following table shows the carrying amounts and categories of financial instruments as of December 31, 2023:

Carrying amounts and categories of financial instruments (in € million)

Balance sheet items	Dec 31, 2023	Dec 31, 2022	Measurement categories
Investments in companies[1]	6	7	Fair value through other comprehensive income
Other loans[1]	1	1	Amortized cost
Other receivables and other assets[2]	6	6	Amortized cost
Trade receivables	500	507	Amortized cost
Derivative financial instruments	0	7	Fair value through the income statement
Cash and cash equivalents	175	119	Amortized cost
Total of financial assets	**688**	**647**	
Financial liabilities from leases[2]	29	22	Amortized cost
Financial liabilities to banks[2]	34	157	Amortized cost
Trade payables	260	231	Amortized cost
Derivative financial instruments[3]	2	0	Fair value through the income statement
Contingent consideration[3]	0	0	Fair value through the income statement
Other liabilities[3]	32	45	Amortized cost
Total of financial liabilities	**357**	**455**	

[1] Shown in other financial assets.
[2] Current and non-current.
[3] Included in Other liabilities (current and non-current).

b) Net profit or loss from financial instruments
The following table shows the net profit or loss arising from financial instruments in the income statement.

Net profit or loss from financial assets and liabilities measured at fair value through profit or loss include the expenses for hedging intercompany loans.

Net profit or loss from financial assets measured at cost include the balance of write-downs of receivables recognized and reversed, as well as the derecognition of irrecoverable receivables. These are reported in other operating expenses and income.

Net profit or loss from financial instruments

in € million	2023	2022
Financial assets and financial liabilities at fair value through profit and loss	−3	−5
Financial assets measured at cost	−3	−3
Financial liabilities measured at cost	0	0

c) Total interest income and expense
Total interest income and expense for financial assets and financial liabilities which were not measured at fair value through profit and loss are as follows:

Total interest income and expense

in € million	2023	2022
Total interest income	2	1
Total interest expenses	−9	−4

The interest from these financial instruments is reported in the Group’s financial result.

d) Information on derivative financial instruments
The objective of using derivative financial instruments is to hedge interest rate and currency risks. Given the Group's low gross financial debt, the Group's strategy does not include fixed interest rate agreements or other methods of hedging interest rates. For this reason no derivatives were concluded to hedge interest rate risks, as in the previous year. The table below shows derivative financial instruments in place at the end of the reporting period for hedging currency risks and sorted by their time to maturity:

The nominal volume is the total of all buying and selling amounts of currency derivatives. The nominal amounts correspond to the volumes of the underlying hedged transactions.

Forward currency transactions concluded by the FUCHS Group are used to hedge receivables and liabilities in foreign currencies. The change in the fair value of the derivative of €–2 million (7) is recognized in profit or loss, as are the changes in the price of the hedged assets and liabilities. The balance of both changes balances out in the income statement.

At the end of the reporting period, there were forward currency transactions basically for the purpose of securing existing hedged items (essentially receivables and liabilities from intercompany loans). The intercompany loans were eliminated in the consolidated financial statements through consolidation entries. In addition, there were a small number of forward currency transactions to hedge firm commitments.

The intercompany loans amounting to €106 million (175) as underlying hedged transactions and the related forward currency transactions are short-term. The term is generally less than one year. If necessary, forward currency transactions are concluded again when the intercompany loans are extended.

The fair values of the derivative financial instruments are as follows:

Fair value as of Dec 31, 2023

in € million	Nominal value	Fair value (net)	Recognized in the income statement (net)	Recognized in shareholder's equity
Forward currency transactions	106	–2	0	0
Total derivatives	**106**	**–2**	**0**	**0**

Fair value as of Dec 31, 2022

in € million	Nominal value	Fair value (net)	Recognized in the income statement (net)	Recognized in shareholder's equity
Forward currency transactions	175	7	0	0
Total derivatives	**175**	**7**	**0**	**0**

The following average forward rates were used to hedge currency risks from the above-mentioned intercompany loans for the forward currency transactions existing as of the balance sheet date.

Average forward rate

	2023
AUD/EUR	1.645
HUF/EUR	384.005
RON/EUR	5.050
SEK/EUR	11.340
ZAR/EUR	20.777

Management of risks from financial instruments

Due to its international business activities, the FUCHS Group is exposed to numerous risks from financial instruments. In particular, these include credit risks, e.g. those inherent to trade receivables, and market risks, e.g. changes in foreign exchange rates, interest rates and commodity prices. In addition, liquidity risks may arise due to these risks, due to the operating business and because of sudden fluctuations in the financial markets.

Major financial risks are monitored and controlled by the central treasury department of FUCHS SE. There are detailed guidelines and requirements, approved by the company's Executive Board, specifying how financial risks are to be controlled. Financial and currency risks are reduced by entering into term- and currency-matched financing and by making use of derivatives. We employ these instruments for hedging purposes only. The fair value of the forward currency transactions is calculated on the basis of recognized valuation models and current market data. The models are assigned to Level 2 in the fair value hierarchy. This control is employed strictly according to binding internal guidelines that utilize a two-person principle that guarantees adequate functional separation between trading and processing. The fair value of a non-listed investment is determined using a discounted cash flow method. The valuation model is assigned to Level 3 in the fair value hierarchy.

For further information, please refer to the notes on "Significant discretionary decisions, estimates and assumptions" and "Acquisitions."
→ 143 Significant discretionary decisions, estimates and assumptions

Credit risks

A credit risk arises if one party of a financial instrument causes a financial loss, thereby damaging the other party by not fulfilling an obligation. Credit risks may result from the investment of cash and cash equivalents and the granting of payment terms for goods and services as well as from other agreements to be fulfilled by the counterparty only at a later date.

Cash and cash equivalents

The Group usually limits its cash and cash equivalents to the extent required for its operating business. The Group's financial guidelines also require that bank balances be placed only at banks with an excellent credit standing.

Trade receivables

As a result of the business relations with its customers worldwide, the FUCHS Group has significant trade receivables at all times. The handling of the inherent credit risks is defined in a directive permitting procedures that may differ from one country to another. If the internal credit risk assessment, which is based on external credit information, reveals that a credit risk is too high, credit collateral must be provided, e.g. in the form of bank guarantees or documentary credits. Alternatively, credit insurance is also used. At the end of the reporting period, receivables totaling €3 million (8) were secured.

Bad debt allowances are recorded for the remaining credit risks as soon as they exceed certain limits. Please refer to note 20 for further information. → 169 Trade receivables

Derivative financial instruments and other receivables and assets

When selecting banks with which derivative financial instruments are concluded, FUCHS ensures that the counterparty is sufficiently creditworthy. All derivative transactions are concluded only with banks that have a Moody's long-term rating in the investment sector. Through these processes, the risk of default by contracting parties (credit risk) is minimized.

The maximum credit risk of the items above is the carrying amount of the receivable or the financial asset, even if the asset relates to derivative financial instruments or cash and cash equivalents. The FUCHS Group is only exposed to limited credit risks thanks to a natural diversification and its credit risk management. No concentration risks can currently be ascertained.

Liquidity risks

A liquidity risk arises if a company cannot fully meet its financial obligations.

The funds of the FUCHS Group mainly come from its operating business. Occasionally, revolving funds are employed in the form of bank loans, for example, primarily to finance working capital and investment projects.

Besides the €26 million (153) in lines of credit already utilized, the Group also had access to other free lines of credit of €245 million (222). Furthermore, the Group has the option to use other financial resources by taking up additional bank loans and/or by issuing promissory note loans, private placements, or bonds.

The following overview shows how the Group's contractually fixed payments for repayments and interests from the recognized financial liabilities as of December 31, 2023, affect the Group's liquidity situation:

Maturities of contractual cash flows from financial liabilities as of December 31, 2023

in € million	Total	2024	≥ 2025
Financial liabilities from leases	29	9	20
Financial liabilities to banks	34	27	7
Derivative financial instruments	2	2	0
Trade payables	260	260	0
Contingent consideration	0	0	0
Other financial liabilities	32	32	0
Total	**357**	**330**	**27**

Maturities of contractual cash flows from financial liabilities as of December 31, 2022

in € million	Total	2023	≥ 2024
Financial liabilities from leases	22	7	15
Financial liabilities to banks	157	154	3
Derivative financial instruments	0	0	0
Trade payables	231	231	0
Contingent consideration	0	0	0
Other financial liabilities	45	45	0
Total	**455**	**437**	**18**

The FUCHS Group considers its liquidity situation to be stable and not subject to any significant liquidity risk. The Group has access to cash and cash equivalents of €175 million (119) and €245 million (222) in free lines of credit. In addition, the Group has current trade receivables of €500 million (507) from operating activities.

Market risks

As a result of its global business activities, the FUCHS Group faces market risks in the form of foreign exchange risks and interest rate risks. There are no stock market risks since the Group does not hold any freely tradable securities. The assets held by pension funds to meet pension obligations are explained in note 26.

→ 174 Pension provisions

Exchange rate risks

In regard to exchange rate risks, we distinguish between transaction and translation risks.

The Group's transaction risks result in particular from purchases of operating companies in a currency that differs from the one in which sales revenues are generated. Some of the raw materials processed by FUCHS are traded in US dollars. At the same time, companies generate most of the sales revenues on the markets of their respective home country. Thus all companies located outside the US dollar zone are exposed to a US dollar transaction risk.

When exporting finished products, the currency used by the exporting company is at the same time its invoicing currency. For this reason, the importing Group companies or third-party customers are exposed to transaction risks.

Because of dividend and license income of FUCHS SE, which is almost always obtained in the currency of the paying company, the holding company is also exposed to a transaction risk. Particularly in relation to the US dollar, this risk counters the transaction risk of many operating companies, so that a natural hedge is in place which leads to the minimization of the transaction risks existing across the entire Group.

Exchange rate risks resulting from granting intra-Group foreign currency loans are generally hedged through the agreement of corresponding forward currency transactions.

Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, FUCHS does not hedge currency positions in the context of its operating business on a long-term basis. For the operating companies, the exchange rate is rather one of several price-determining factors which is to be taken into account when calculating prices.

The FUCHS Group includes many Group companies not based in the euro area. As a result, translation risks arise due to fluctuating exchange rates when converting sales revenues and results for the Group's income statement. For FUCHS, significant translation risks exist due to its activities in North and South America as well as the Asia-Pacific region. These may have a considerable impact on the consolidated income statement.

The Group also faces translation risks when converting the figures of the assets and liabilities held by subsidiaries abroad. To contain these risks, assets to be financed on a short-term basis are usually refinanced in the local currency and only assets needed on a long-term basis are backed by total equity. Changes in this equity item are continuously monitored, but are normally not hedged against fluctuations in the exchange rate.

Interest rate risks

In the light of the Group's sound liquidity situation, there are currently no appreciable interest rate risks that require hedging using derivative instruments.

The financial liabilities break down by interest rate agreement as follows. No collateral was provided.

Financial liabilities by interest rate agreement

in € million	Effective interest rate	Fixed interest period	**Carrying amount as of Dec 31, 2023**	Carrying amount as of Dec 31, 2022
Brazilian real	Fixed interest rate	< 1 year	4	6
Indonesian rupee	Fixed interest rate	< 1 year	2	1
Polish zloty	Variable interest rate	< 1 year	6	21
US dollar	Fixed interest rate	< 1 year	10	17
South African rand	Variable interest rate	< 1 year	0	2
Euro	Fixed interest rate	< 1 year	0	101
Euro	Variable interest rate	< 1 year	4	5
Vietnamese dong	Fixed interest rate	< 1 year	1	1
Vietnamese dong	Fixed interest rate	> 1 year	7	3
			34	**157**

Summary of interest rate hedging periods

Interest rate hedging periods

in € million	2023	in %	2022	in %
Up to 1 year	27	79	154	98
1 to 5 years	4	12	1	1
More than 5 years	3	9	2	1
	34	**100**	**157**	**100**

Other price risks

The FUCHS Group is exposed to risks arising from changes in the prices of goods which the Group needs to manufacture its finished products. Purchases of these goods are not hedged by derivatives since the available instruments are not effective enough. Changes in commodity prices are usually passed on to the market, possibly with a certain delay. Hence, these price risks are limited.

Sensitivity analyses

Underlying certain assumptions, sensitivity analyses provide an approximation of risks arising when certain influencing factors change. In terms of the interest rate risk and the foreign exchange rate risk we anticipate the following changes:

- An increase of the market interest rates of all currencies by one percentage point (parallel shift of the yield curves),
- A concurrent devaluation of the euro relative to all foreign currencies by 10%.

When determining the **interest rate risk** at the end of the reporting period, only original financial instruments carrying variable interest are included. Original financial instruments with fixed interest measured at amortized cost do not entail interest rate risks in accordance with IFRS 7. There were no interest rate derivatives which could possibly have an effect on the financial result.

Thus, an increase by one percentage point of the market's interest rate level on financial liabilities with a variable interest rate as disclosed on December 31, 2023, would, as in the previous year, have had no reducing effect on the financial result assuming that the higher interest rate had remained during the entire year.

The **foreign currency risk** is determined based on all net foreign currency positions not hedged at the end of the reporting period. A simultaneous depreciation of the euro by 10% relative to all foreign currencies would have had a positive earnings effect of €4 million (6).

Further notes to the consolidated financial statements

34 Notes to the statement of cash flows

The statement of cash flows shows how the cash and cash equivalents of the FUCHS Group have changed in the year under review as a result of cash inflows and outflows. In accordance with IAS 7 „Statement of Cash Flows", cash flows are classified and presented into operating activities, investing activities, or financing activities.

Cash and cash equivalents as shown in the statement of cash flows comprise the cash and cash equivalents reported in the balance sheet. Beside cash and cash equivalents in the more literal sense, i.e. checks, cash on hand and bank deposits, this item also includes current investments which can be converted into cash amounts at any time and are only subject to insignificant changes in value. Cash and cash equivalents are measured at amortized cost.

Cash flows from operating activities are calculated indirectly based on earnings after tax. With this method, the underlying changes in items in the balance sheet are adjusted for currency translation effects and changes in the basis of consolidation. As a result, these changes in the items of the balance sheet do not directly correspond to the amounts shown in the consolidated balance sheet.

The dividends received from companies consolidated at equity are recognized in cash flows from operating activities. The contribution of companies consolidated at equity is also recognized in EBIT in the income statement. This provides for better transparency of the financial position and results of operations.

The cash flows from/into investing and financing activities are determined on the basis of actual payments, adjusted for effects of currency translation and changes in the scope of consolidation. Insofar as subsidiaries or business activities are acquired or disposed of, the influences of these transactions are disclosed in dedicated items in the statement of cash flows.

Free cash flow is calculated on the basis of cash inflows from operating activities and cash outflows from investing activities.

Free cash flow before acquisitions is calculated with free cash flow adjusted for payments for acquisitions and proceeds from divestments.

Reconciliation statement in accordance with IAS 7

	Cash		Non-cash changes			
in € million	Balance sheet disclosures as of: Dec 31, 2022 (Dec 31, 2021)	in the cash flow from financing activities	Acquisitions/ changes in the scope of consolidation	Currency effects	Amendments due to IFRS 16	**Balance sheet disclosures as of: Dec 31, 2023 (Dec 31, 2022)**
Financial liabilities	179 (49)	–133 (119)	0 (0)	–1 (2)	18 (9)	**63 (179)**

35 Notes on segment reporting

Within the scope of segment reporting, the operating segments are made up of the geographical regions reflecting the FUCHS Group's internal organization and reporting structure. In accordance with the requirements of IFRS 8 „Operating Segments," this structure is aligned to the Group's internal control system and reflects segment reporting in the Group's management bodies. The individual companies and sub-regions are allocated to the segments according to the regions in which they are located.

Segment information is based on the same recognition and measurement methods as the consolidated financial statements. Receivables and liabilities, income and expenses, and profits between the segments are eliminated in the consolidation process. The reconciliation of segment data to the total amounts for the Group is shown in the column entitled "Holding companies including consolidation." In addition to the depreciation, amortization and earnings of the holding companies, this also includes intersegment eliminations with regard to sales revenues. Intragroup sales revenues and transfers are transacted at prices and terms of independent business partners.

Segment earnings comprise all direct segment costs as well as indirect costs to a limited degree.

The sales revenues and non-current assets of Group companies break down as follows:

Sales revenues and non-current assets of Group companies

in € million	2023	2022
Sales revenues		
Companies in Germany	754	728
Companies in North America (mainly in the USA)	595	564
Companies in China	564	554
Other companies	1,628	1,566
Total	**3,541**	**3,412**
Non-current assets (intangible assets and property, plant and equipment)		
Goodwill		
Companies in Germany	48	48
Companies in North America (mainly in the USA)	167	171
Other companies	34	35
Total	**249**	**254**
Other intangible assets and property, plant and equipment		
Companies in Germany	258	274
Companies in North America (mainly in the USA)	164	175
Companies in China	101	99
Other companies	300	296
Total	**823**	**844**

The overall development of the segments in the Note shows the figures for the reporting year and the corresponding comparative figures for the previous year.
→ 136 Segments

The statement shows sales revenues and the respective segment earnings (EBIT) as key performance indicators for each geographic region.

The total of holding companies including consolidations is broken down as follows:

Holding companies including consolidations

in € million	2023	2022
Holding companies		
Sales revenues by customer location	0	0
Sales revenues by company location	0	0
Scheduled amortization and depreciation	3	3
EBIT before income from companies consolidated at equity	7	8
Segment earnings (EBIT)	7	8
Additions to property, plant and equipment and other intangible assets	2	5
Consolidations		
Sales revenues by customer location	0	0
Sales revenues by company location	–166	–206
Scheduled amortization and depreciation	0	0
EBIT before income from companies consolidated at equity	3	–3
Segment earnings (EBIT)	3	–3
Additions to property, plant and equipment and other intangible assets	–1	0

The total of segment earnings is to be transferred to consolidated earnings after tax as follows:

Transfer total of segment earnings to consolidated earnings after tax

in € million	2023	2022
Total segment earnings (EBIT)	413	365
Financial result	– 10	– 8
Income taxes	– 120	– 97
Consolidated earnings after tax	**283**	**260**

Segment reporting also includes the additions from acquisitions as well as the number of employees (including trainees) of the segments at the end of the reporting period and the margins each earned relative to EBIT before income from companies consolidated at equity.

Sales revenues by product groups are disclosed in Note 1 to the income statement. → 153 Sales revenues

36 Relationships with related parties

The related parties of the FUCHS Group as defined by IAS 24 are:

- directly and indirectly held subsidiaries and companies consolidated at equity of FUCHS SE,
- Executive Board and Supervisory Board of FUCHS SE,
- RUDOLF FUCHS GMBH & CO. KG, through which most of the Fuchs family's ordinary stock is held,
- its full partner FUCHS VERWALTUNGSGESELLSCHAFT MBH and its management,
- RUDOLF FUCHS KAPITALANLAGEGESELLSCHAFT MBH,
- and pension funds benefiting the Group's employees.

The controlling company is RUDOLF FUCHS GMBH & CO. KG.

FUCHS SE provides services for the related companies RUDOLF FUCHS GMBH & CO. KG, RUDOLF FUCHS KAPITALANLAGEGESELLSCHAFT MBH and FUCHS VERWALTUNGSGESELLSCHAFT MBH, which are compensated by an administrative cost allocation. The scope of these services is not material.

Furthermore, there are intercompany transactions (such as loans, provision of goods and services) between the holding company, FUCHS SE, and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in the consolidated financial statements. The same applies to FUCHS SE's sureties for the liabilities of its subsidiaries included in the consolidated financial statements. License fees are charged to the subsidiaries according to their sales revenues for services provided by the holding company in the areas of research and development, product marketing, brand management, advertising, etc. Fees are also allocated for management and similar services. Services provided to related parties are charged on the same basis as those for independent business partners.

As of December 31, 2023, the FUCHS Group had receivables of €10 million (12) relating to supplies and services in addition to other receivables of €2 million (3) from companies consolidated at equity. Other current liabilities amount to €0 million (4). There are also contingent liabilities from guarantees in the amount of €1 million (2).

The value of goods delivered in 2023 to companies consolidated at equity was €39 million (40), while other operating income was €1 million (1).

The compensation of the members of the Executive Board is made up of the following benefits:

Compensation of the Executive Board in accordance with IAS 24

in € thousand	2023	2022
Short-term benefits	6,989	6,117
Share-based remuneration	1,405	1,113
Post-employment benefits	975	1,228
Total compensation	**9,369**	**8,458**

The total remuneration of the Supervisory Board is €768 thousand (768) and consists of short-term benefits of €640 thousand (639) and share-based remuneration of €128 thousand (129).

The staff representatives of the Supervisory Board were granted €0.2 million (0.2) for their work as employees in addition to their Supervisory Board compensation.

After resigning from the Executive Board, Dr. Lutz Lindemann served as a consultant to FUCHS SE from April 1, 2023, to May 31, 2023. In accordance with the contractually agreed remuneration, Dr. Lindemann received a fee of €200 thousand plus the applicable VAT and reimbursement of necessary expenses. The compensation does not constitute compensation for previous service as a member of the Executive Board.

In addition, there are no consultant contracts with the members of the Executive Board and the Supervisory Board.

For further information on the compensation of members of the Executive Board and Supervisory Board, please refer to note 37 and to the compensation report published on our website.

→ 193 Information on the company's executive bodies
→ www.fuchs.com/group/the-company/compensation-systems

For more information on pension plans, please refer to note 26.

→ 174 Pension provisions

A dependent company report has been prepared on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (Aktiengesetz – AktG) with the concluding declaration: "In the legal transactions listed in the report on relationships with affiliated companies and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No measures subject to disclosure occurred on the instruction or in the interest of the controlling company or any affiliated company associated with it." As the independent auditor of FUCHS SE, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited this dependent company report and issued an audit opinion.

37 Information on the company's executive bodies

Supervisory Board

Dr. Christoph Loos
Chairman of the Board of Directors of Hilti AG
First appointment: 2020
Appointed until: 2025

Chairman
Comparable supervisory committees:
- Hilti AG

Dr. Susanne Fuchs
Managing Director of Fuchs Verwaltungsgesellschaft mbH and RUDOLF FUCHS KAPITALANLAGEGESELLSCHAFT MBH (since January 1, 2024)
First appointment: 2017
Appointed until: 2025

Deputy Chairwoman

Jens Lehfeldt
Chairman of the Works Council of the FUCHS LUBRICANTS GERMANY GMBH, located in Mannheim
Chairman of the General Works Council of FUCHS LUBRICANTS GERMANY GMBH
Chairman of the Group Works Council of FUCHS SE
Chairman of the SE Works Council
First appointment: 2019
Appointed until: 2025

Member
(Employee representative)
Group mandate:
- FUCHS LUBRICANTS GERMANY GMBH

Ingeborg Neumann
Managing Partner,
Peppermint Holding GmbH
First appointment: 2015
Appointed until: 2025

Member
Supervisory Board mandates:
- SGL Carbon SE

Comparable supervisory committees:
- Berliner Wasserbetriebe AöR

Cornelia Stahlschmidt
Chairwoman of the Works Council and representative for disabled persons at FUCHS LUBRICANTS GERMANY GMBH, located in Kaiserslautern and Dohna
Deputy Chairwoman of the Group Works Council
First appointment: 2020
Appointed until: 2025

Member
(Employee representative)

Dr. Markus Steilemann
Chairman of the Executive Board of COVESTRO AG
First appointment: 2022
Appointed until: 2025

Member

Executive Board

Stefan Fuchs
First appointment: 1999
(Chairman since 2004)
Appointed until: June 2026
27 years at FUCHS

Chairman of the Executive Board
Areas of responsibility:
Corporate Group Development, Human Resources, Corporate Marketing & Communications, Strategy

Supervisory Board mandates:
- TRUMPF GmbH+Co. KG

Dr. Sebastian Heiner
First appointment: 2023
Appointed until: December 2025
3 years at FUCHS

Member of the Executive Board; Chief Technical Officer
Areas of responsibility:
Research & Development, Engineering, Product Management, Purchasing, Operations, Sustainability, EH&S, Integrated Management System, Supply Chain, Due Diligence (since January 1, 2024)

Dr. Timo Reister
First appointment: 2016
Appointed until: December 2028
14 years at FUCHS

Member of the Executive Board; Deputy Chairman of the Executive Board (since January 1, 2024)
Areas of responsibility:
Asia-Pacific, North and South America, Automotive Aftermarket Division, since April 1, 2023: Mining Division, OEM Division

Dr. Lutz Lindemann
First appointment: 2009
Resignation of the mandate:
March 31, 2023
25 years at FUCHS

Member of the Executive Board; OEM and Mining Division (until March 31, 2023)
Areas of responsibility:
Mining Division, OEM Division

Isabelle Adelt
First appointment: 2022
Appointed until: October 2025
1 year at FUCHS

Member of the Executive Board; Chief Financial Officer
Areas of responsibility:
Finance, Controlling, Investor Relations, Governance & CSRD, Legal, Taxes, Digitalization & IT

Group mandate:
- FUCHS LUBRICANTS GERMANY GMBH

Dr. Ralph Rheinboldt
First appointment: 2009
Appointed until: December 2028
25 years at FUCHS

Member of the Executive Board
Areas of responsibility:
Europe, Middle East and Africa, Specialty Division, Industry Division

Group mandate:
- FUCHS LUBRICANTS GERMANY GMBH (Chairman)

Compensation for members of the Executive Board

Compensation of the Executive Board

in € thousand	2023	2022
Compensation of the Executive Board	**8,394**	**7,230**
thereof fixed compensation	3,312	3,222
thereof variable compensation	5,082	4,008
Pension expenses for pension commitments to active members of the Executive Board	975	1,228
thereof expenses for defined benefit plans	315	752
thereof expenses for defined contribution plans	660	477
Pension obligations	8,944	11,096
Plan assets	7,323	10,770
Balance of pension obligations and plan assets	1,621	326
Former members of the Executive Board		
Total compensation of former board members	650	595
Pension obligations	14,016	8,502
Plan assets	13,483	8,896
Balance of pension obligations and plan assets	534	–394

The Executive Board's fixed compensation includes, in addition to the fixed compensation element, monetary benefits from private use of the company car and from accident insurance. The Executive Board's variable compensation consists of 45 % Short-Term Incentive (STI) and 55 % Long-Term Incentive (LTI). Performance-based compensation is calculated on the same basis for the STI and LTI using the following formula: FVA × sustainability factor × individual contribution. The Chairman of the Executive Board receives an individual share of 0.64 % of the value calculated, and other members of the Executive Board each receive an individual share of 0.32 %. Performance-based compensation is paid in March after the Supervisory Board meeting to approve the previous financial year's annual financial statements.

The members of the Executive Board are obliged to invest more than half of the LTI as part of their performance-related remuneration in preference shares of FUCHS SE within two weeks of payment. This ensures that variable compensation is predominantly share-based, taking into account the respective tax burden. The preference shares acquired are subject to a four-year lock-up period. The vesting period begins when they are posted to the individual securities accounts and must be observed in full even if the Executive Board contract is terminated prematurely. During this period, the shares held by members of the Executive Board will be exposed to all the risks and rewards of capital market performance. The preference shares are acquired on a uniform basis for all members of the Executive Board in order to ensure standard acquisition terms.

The portion of variable compensation of €1,405 thousand (1,113) invested in preference shares is classified as share-based compensation with equity instruments in accordance with IFRS 2. This portion of the variable compensation recognized as an expense was shown in total equity at the end of the reporting period. The remaining share of variable compensation was reported as other liabilities at the end of the reporting period.

As part of variable remuneration 2022 (LTI), 29,933 preference shares were acquired by the Executive Board at the purchase price of €36.99 per share on March 9, 2023. This amounted to the equivalent of €1,113 thousand, and taking account of incidental acquisition costs. The portion of the variable compensation of €1,405 thousand for the financial year 2023 will be invested in preference shares of FUCHS SE in the financial year 2024 within two weeks of payment. The variable remuneration associated with the share-based remuneration is the fair value at the date of award. As of December 31, 2023, a number of 34,860 preference shares should have been acquired at a market price of €40.30 per preference share. As at December 31, 2023, a total of 89,175 shares are subject to a freeze period.

Compensation for members of the Supervisory Board

Total compensation for members of the Supervisory Board was €768 thousand (768).

The compensation of the Supervisory Board is definitively pursuant to Section 16 of the Articles of Association of FUCHS SE. Since the 2021 financial year, members of the Supervisory Board receive a pure fixed compensation, of which at least 20 % must be invested in preference shares of the company. It is paid after the meeting of the Supervisory Board at which it is decided to approve the annual financial statements for the immediately preceding financial year. The obligation to purchase preference shares with a vesting period of four years takes effect thereafter. The freezing period also applies even if the Supervisory Board contract is terminated.

Until the financial year 2019 (share acquisition 2020), the vesting period was five years, with this freezing period expiring upon leaving the Supervisory Board.

The portion of the compensation of €128 thousand (129) invested in preference shares is classified as share-based compensation with equity instruments in accordance with IFRS 2. This portion of compensation recognized as an expense was shown in total equity at the end of the reporting period and the remainder of the compensation as other liabilities.

The portion of the remuneration of €128 thousand (129) for the share-based remuneration, which corresponds to the fair value at the grant date, must be invested in preference shares. On March 9, 2023, 3,483 preference shares were acquired by the Supervisory Board at a purchase price of €36.69 per share as part of the variable compensation for the 2022 financial year under the preference share program described above. This amounted to the equivalent of €129 thousand, and taking account of incidental acquisition costs. The portion of the variable compensation of €128 thousand for the financial year 2023 that is invested in preference shares will not be paid in the financial year 2024 until after the Supervisory Board meeting at which it is decided to approve the annual financial statements for the immediately preceding financial year. As at December 31, 2023, a number of 3,187 preference shares should have been purchased at a market price of €40.30 per preferance share. As at December 31, 2023, a total of 11,550 shares are subject to a freeze period.

For further information on the compensation of members of the Executive Board and Supervisory Board, please refer to the compensation report published on our website.
→ www.fuchs.com/group/the-company/compensation-systems/

38 Declaration on the German Corporate Governance Code as per Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board at FUCHS SE submitted the Declaration of Compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG). A copy can be found on page 113 and is publicly available on the company's website at
→ www.fuchs.com/group/the-company/corporate-governance/articles-of-association-and-declaration-of-compliance/
→ 113 Declaration of Corporate Governance

39 Fees and services of the auditor in accordance with Section 315e in conjunction with 314 (1) No. 9 of the German Commercial Code (HGB)

FUCHS Group companies have used the following services from the PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and its legally independent network companies worldwide:

Global fees and services of the auditor

in € million	2023	2022
Audit fees	2.0	2.0
Other certification services	0.1	0.1
Tax fees	0.1	0.0
All other fees	0.0	0.0
Total	**2.2**	**2.1**

Of this, fees of €0.5 million (0.5) for audit services were recognized as expenses for audits of financial statements in Germany for PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. These services related to the audit of the consolidated financial statements of FUCHS SE and the statutory annual financial statements of FUCHS SE and the subsidiaries included in the consolidated financial statements.

In addition, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft also provided other certification services in Germany in the amount of €0.1 million (0.1) for the audit of non-financial reporting including sustainability-related disclosures and the substantive audit of the compensation report. Other services in the amount of €0.0 million were provided for support in relation to CSRD reporting obligations (previous year: 0.0; support related to reporting obligations such as auditing selected parts of the risk management system). Tax advisory services were not provided in the country, as in the previous year.

40 Shareholding in accordance with Section 315e in conjunction with Section 313 (2) of the German Commercial Code (HGB)

As at December 31, 2023

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity[2]	Sales revenues 2023[2]	Consolidation[3]
I. AFFILIATED COMPANIES				
GERMANY				
BREMER & LEGUIL GMBH, Duisburg[4]	100	0	43	F
FUCHS FINANZSERVICE GMBH, Mannheim[4]	100	341	0	F
FUCHS SMART SERVICES GMBH, Mannheim (formerly FUCHS GMBH)	100	0	0	F
FUCHS LUBRICANTS GERMANY GMBH, Mannheim[4]	100	252	1,047	F
EMEA (EXCLUDING GERMANY)				
FUCHS LUBRICANTS BENELUX N.V./S.A., Huizingen/Belgium	100	15	46	F
FUCHS LUBRICANTS DENMARK ApS, Hellerup/Denmark	100	4	14	F
FUCHS LUBRICANTS ESTONIA OÜ, Tallinn/Estonia	100	0	2	F
FUCHS OIL FINLAND OY, Vaasa/Finland	100	2	11	F
FUCHS LUBRIFIANT FRANCE S.A., Nanterre/France	99.8	22	157	F
FUCHS HELLAS S.A., Athens/Greece	100	3	7	F
CENTURY OILS INTERNATIONAL LTD., Stoke-on-Trent/United Kingdom	100	1[5]	0[5]	F
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent/United Kingdom (subgroup)	100	72	208	F
FUCHS LUBRITECH INTERNATIONAL (UK) LTD., Stoke-on-Trent/United Kingdom	100	2	0	F
FUCHS LUBRITECH (UK) LTD., Stoke-on-Trent/United Kingdom	100	0	0	F
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti/Italy	100	25	107	F
FUCHS MAZIVA D.O.O., Samobor/Croatia	100	2	10	F
FUCHS LUBRICANTS LATVIA SIA, Riga/Latvia	100	0	2	F
FUCHS LUBRICANTS LITHUANIA UAB, Vilnius/Lithuania	100	1	4	F
FUCHS MAK DOOEL, Skopje/Macedonia	100	1	1	F
FUCHS LUBRICANTS NORWAY AS, Oslo/Norway	100	7	26	F

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity[2]	Sales revenues 2023[2]	Consolidation[3]
FUCHS AUSTRIA SCHMUERSTOFFE GMBH, Thalgau/Austria	70	4	30	F
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gleiwitz/Poland	100	56	161	F
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Moreira-Maia/Portugal	100	3	16	F
FUCHS LUBRICANTS ROMANIA SRL, Bucharest/Romania	100	3	13	F
OOO FUCHS OIL, Moscow/Russia	100	28	45	F
FUCHS LUBRICANTS SWEDEN AB, Stockholm/Sweden	100	16	119	F
FUCHS OIL CORPORATION (SK) SPOL. S R.O., Brezno/Slovak Republic	100	3	11	F
FUCHS MAZIVA LSL D.O.O., Krško/Slovenia	100	1	4	F
FUCHS LUBRICANTES S.A.U., Castellbisbal/Spain	100	28	82	F
FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Říčany/Czech Republic	100	4	20	F
TOV FUCHS MASTYLA UKRAINA, Lviv/Ukraine	100	7	28	F
FUCHS OIL HUNGÁRIA KFT, Budaörs/Hungary	100	2	9	F
FUCHS LUBRICANTS SOUTH AFRICA (PTY) LTD., Johannesburg/South Africa	74.9	13	115	F
FUCHS SOUTHERN AFRICA (PTY.) LTD., Johannesburg/South Africa	100	35	35	F
ASIA-PACIFIC				
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne/Australia	100	62	232	F
NULON PRODUCTS AUSTRALIA PTY. LTD., Sydney/Australia	100	6	26	F
FUCHS LUBRICANTS (CHINA) LTD., Shanghai/People's Republic of China	100	71	286	F
FUCHS LUBRICANTS REGIONAL HEADQUARTER (EAST ASIA) LTD., Shanghai/People's Republic of China	100	24	67	F
FUCHS LUBRICANTS (SUZHOU) LTD., Wujiang/People's Republic of China	100	46	240	F
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou City/People's Republic of China	100	62	280	F
FUCHS LUBRICANTS (INDIA) PVT. LTD., Mumbai/India	100	17	51	F
PT FUCHS INDONESIA, Jakarta/Indonesia	100	4	11	F
PT FUCHS LUBRICANTS INDONESIA, Jakarta/Indonesia	100	0	11	F
FUCHS JAPAN LTD., Tokyo/Japan	100	5	20	F
FUCHS LUBRICANTS (KOREA) LTD., Seoul/South Korea	100	7	33	F

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity[2]	Sales revenues 2023[2]	Consolidation[3]
FUCHS LUBRICANTS MALAYSIA SDN. BHD., Shah Alam/Malaysia (formerly FUCHS PETROLUBE (MALAYSIA) SDN. BHD.)	100	2	8	F
FUCHS LUBRICANTS (NEW ZEALAND) LTD., Auckland/New Zealand	100	2	19	F
NULON NZ LTD., Auckland/New Zealand	100	0	2	F
FUCHS LUBRICANTS PTE. LTD., Singapore/Singapore	100	3	13	F
FUCHS LUBRICANTS TAIWAN CORP., Taipei/Taiwan	100	1	6	F
FUCHS THAI HOLDING LTD., Bangkok/Thailand	100	0	0	F
FUCHS LUBRICANTS (THAILAND) CO., LTD., Bangkok/Thailand	100	2	11	F
FUCHS LUBRICANTS VIETNAM COMPANY LTD., Ho Chi Minh City/Vietnam	70	8	8	F
NORTH AND SOUTH AMERICA				
FUCHS ARGENTINA S.A., El Talar de Pacheco/Argentina	100	3	11	F
FUCHS LUBRIFICANTES DO BRASIL LTDA., City of Barueri, State of São Paulo/Brazil	100	20	64	F
FUCHS LUBRICANTS SpA, Quilicura, Santiago de Chile/Chile	100	0	3	F
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	100	12[6]	38[6]	F
LUBRICANTES FUCHS DE MEXICO S.A. DE C.V., Querétaro/Mexico	100	30[6]	120[6]	F
FUCHS CORPORATION, Dover, Delaware/USA (subgroup)	100	392	609	F
FUCHS LUBRICANTS CO., Harvey, Illinois/USA	100	229[6]	393[6]	F
Nye Lubricants Inc., Fairhaven, Massachusetts/USA	100	119[6]	77[6]	F
ULTRACHEM INC., New Castle, Delaware/USA	100	20[6]	22[6]	F
II. JOINT VENTURES				
E-LYTE INNOVATIONS GMBH, Kaiserslautern/Germany (formerly Münster/Germany)	28.2	7	2	E
FUCHS EGYPT LLC, Cairo/Egypt	50	0	0	E
FUCHS EGYPT LUBRICANTS LLC, Cairo/Egypt	50	6	7	E
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Tehran/Iran	50	10	15	E
FUCHS MOZAMBIQUE LDA, Tete/Mozambique	50	2	6	E

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity[2]	Sales revenues 2023[2]	Consolidation[3]
FUCHS OIL MIDDLE EAST LTD., British Virgin Islands, Sharjah branch/United Arab Emirates	50	7	22	E
FUCHS ZAMBIA LIMITED, Lusaka/Zambia	50	1	9	E
FUCHS ZIMBABWE (PVT) LTD., Harare/Zimbabwe	50	3	19	E
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Cigli-Izmir/Turkey	50	44	116	E
III. ASSOCIATES				
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia	32	41	159	E
FUCHS LUBRICANTS TANZANIA LIMITED, Dar Es Salaam/Tanzania	48	1	4	E
IV. OTHER COMPANIES IN WHICH THE GROUP HOLDS AN INTEREST (PERCENTAGE OF SHARES HELD > 5%)				
GVÖ Gebinde-Verwertungsgesellschaft der Mineralölwirtschaft mbH, Hamburg/Germany	11.4			
Konsorcjum Olejów Przepracowanych, Jedlicze/Poland	6			
NIPPECO LTD., Tokyo/Japan	11			

[1] Share of FUCHS SE, including indirect holdings.
[2] Total equity and sales revenues are reported at 100%. The figures for the companies in Germany are based on the German annual financial statements (HB I), while the figures for the companies abroad are generally based on the audited and certified IFRS financial statements (HB II) before consolidation. The conversion of total equity into the Group’s currency (euro) was performed using the closing rate as of December 31, 2023, while the accumulated average annual exchange rate of 2023 was used when converting sales revenues.
[3] Inclusion in the consolidated financial statements: F = Full consolidation as per IFRS 10, E = Equity method as per IAS 28.
[4] Company with profit-loss transfer agreement.
[5] Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (UK) PLC., UK.
[6] Included in the subgroup financial statements (HB II) FUCHS CORPORATION, USA.

41 Events after the reporting period

No significant events occurred after the reporting period.

Mannheim, March 11, 2024

FUCHS SE
Executive Board

S. Fuchs Dr. T. Reister I. Adelt Dr. S. Heiner Dr. R. Rheinboldt

3.3 Declaration and Assurance of the Executive Board pursuant to Section 297 (2), Section 315 (1) of the German Commercial Code (HGB)

We declare to the best of our knowledge that, in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, financial position and results of operations of the Group and that the management report, which is combined with the management report of FUCHS SE, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, March 11, 2024

FUCHS SE
Executive Board

S. Fuchs Dr. T. Reister I. Adelt Dr. S. Heiner Dr. R. Rheinboldt

3.4 Independent auditor's report

To FUCHS SE, Mannheim

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of FUCHS SE, Mannheim, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of FUCHS SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1 Recoverability of Goodwill

Our presentation of this key audit matter has been structured as follows:

1 Matter and issue
2 Audit approach and findings
3 Reference to further information

Hereinafter we present the key audit matter:

1 Recoverability of Goodwill

1 In the Company’s consolidated financial statements goodwill amounting in total to €249 Mio (10.3% of total assets or 13.8% of equity) is reported under the “Goodwill” balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating unit to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no writedowns were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2 As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate and growth rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3 The Company's disclosures on impairment testing and on goodwill are contained in section "Accounting policies" in note 14 "Goodwill and other intangible assets" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "2.12 Corporate Governance" of the group management report
- the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB included in section "2.11 Non-financial Group declaration" of the group management report

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i. e., fraudulent financial reporting and misappropriation of assets) or error.

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

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs 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 consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 opinions. 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 consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report 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.
- 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 Group'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 consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction,

supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file [**FSE_KA_LB_2023-12-31.zip**] and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 3 May 2023. We were engaged by the supervisory board on 24 July 2023. We have been the group auditor of the FUCHS SE, Mannheim, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christina Erkmen.

Mannheim, March 11, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christina Erkmen
Wirtschaftsprüfer

Matthias Böhm
Wirtschaftsprüfer

3.5 Proposal for the appropriation of profits

The Executive Board proposes that the unappropriated profits of FUCHS SE from the past fiscal year 2023 in the amount of €147,044,311.13 will be appropriated for the distribution of a dividend of €1.10 per ordinary share eligible for dividends and €1.11 for preference shares eligible for dividends, and to transfer the amount attributible to non-dividend-bearing ordinary and preference shares to retained earnings.

Ten-year overview

FUCHS Group

Amounts in € million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Results of operations										
Sales revenues (by company location)	3,541	3,412	2,871	2,378	2,572	2,567	2,473	2,267	2,079	1,866
Germany	754	728	627	540	611	637	633	631	569	517
International	2,787	2,684	2,244	1,838	1,961	1,930	1,840	1,636	1,510	1,349
Cost of sales	2,396	2,358	1,906	1,524	1,682	1,668	1,591	1,416	1,288	1,173
Gross profit	1,145	1,054	965	854	890	899	882	851	791	693
in % of sales revenues	32.3	30.9	33.6	35.9	34.6	35.0	35.7	37.5	38.1	37.2
Earnings before interest and tax (EBIT)	413	365	363	313	321	383	373	371	342	313
in % of sales revenues	11.7	10.7	12.6	13.2	12.5	14.9	15.1	16.4	16.5	16.8
Earnings after tax	283	260	254	221	228	288	269	260	236	220
in % of sales revenues	8.0	7.6	8.8	9.3	8.9	11.2	10.9	11.5	11.4	11.8
Assets / equity and liabilities										
Balance sheet total	2,423	2,523	2,311	2,120	2,023	1,891	1,751	1,676	1,490	1,276
Shareholders' equity	1,804	1,841	1,756	1,580	1,561	1,456	1,307	1,205	1,070	916
Equity ratio (in %)	74.5	73.0	76.0	74.5	77.2	77.0	74.6	71.9	71.8	71.7
Cash and cash equivalents	175	119	146	209	219	195	161	159	119	202
Financial liabilities[1]	63	179	49	30	26	4	1	13	18	16
Net liquidity	112	–60	97	179	193	191	160	146	101	186
Pension provisions	10	7	28	43	36	25	26	35	33	36
FUCHS Value Added (FVA)	**212**	**172**	**205**	**165**	**174**	**251**	**250**	**257**	**246**	**230**
Cash Flow										
Cash inflow from operating activities	543	128	169	360	329	267	242	300	281	255
Cash outflow from investing activities	–82	–69	–108	–236	–167	–108	–102	–136	–219	–67
thereof acquisitions[2]	–4	–2	–29	–114	–13	12	–2	–41	–170	–22
Free cash flow	461	59	61	124	162	159	140	164	62	188
Free cash flow before acquisitions[2]	465	61	90	238	175	147	142	205	232	210
Cash Conversion Rate Factor[3]	1.64	0.23	0.35	1.08	0.77	0.51	0.53	0.79	0.98	0.95

FUCHS Group

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Investments / research and development										
Investments	83	79	80	122	154	121	105	93	50	52
Additions to non-current assets [4]	101	91	92	127	185	121	105	93	50	52
Depreciation (scheduled) [5]	92	93	86	80	73	58	53	47	39	30
Research & development expenses	71	69	59	54	55	52	47	44	39	33
Employees [6]										
Number of employees (average)	6,205	6,067	5,858	5,786	5,573	5,339	5,147	4,990	4,368	4,052
Germany	1,726	1,715	1,687	1,679	1,657	1,572	1,521	1,488	1,314	1,213
in %	27.8	28.3	28.8	29.0	29.7	29.4	29.6	29.8	30.1	29.9
International	4,479	4,352	4,171	4,107	3,916	3,767	3,626	3,502	3,054	2,839

FUCHS Shares

Amounts in €		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Ordinary	2.08	1.87	1.82	1.58	1.63	2.06	1.93	1.86	1.69	1.57
Earnings per share [7]	Preference	2.09	1.88	1.83	1.59	1.64	2.07	1.94	1.87	1.70	1.58
	Ordinary	1.10	1.06	1.02	0.98	0.96	0.94	0.90	0.88	0.81	0.76
Dividend per share [7, 8]	Preference	1.11	1.07	1.03	0.99	0.97	0.95	0.91	0.89	0.82	0.77
Dividend distribution (in € million) [8]		147	148	142	137	134	131	126	123	113	106
Share buyback (in € million)		122	62	0	0	0	0	0	0	0	76
	Ordinary	32.45	27.80	30.88	37.85	39.95	35.00	40.37	36.95	37.69	31.74
Stock exchange prices on December 31 [7]	Preference	40.30	32.74	39.92	46.44	44.16	35.98	44.25	39.88	43.50	33.30

[1] From 2019 on incl. financial liabilities from leasing.
[2] Including divestments.
[3] Free cash flow before acquisitions divided by earnings after tax.
[4] From 2019, investments plus additions of rights of use from rental and lease agreements – excluding financial instruments, deferred tax assets and assets from defined benefit pension plans.
[5] From 2019, scheduled depreciation including amortization of rights of use.
[6] From 2016 on including trainees.
[7] Prior-year figures adjusted for capital measures (bonus shares, share splits, increases in capital stock) to provide better comparability.
[8] For 2023, proposal for the appropriation of profits – unappropriated profits designated for distribution less the amount attributable to non-dividend-bearing ordinary and preference shares, which will be transferred to retained earnings.

Financial calendar

Dates 2024

March 12	Annual Report 2023
April 30	Quarterly Statement as at March 31, 2024
May 8	Annual General Meeting
July 30	Half-year Financial Report as at June 30, 2024
October 30	Quarterly Statement as at September 30, 2024

The financial calendar is updated regularly. You can find the latest dates on the webpage at
→ www.fuchs.com/financial-calendar

Annual General Meeting 2024

The Annual General Meeting takes place on Wednesday, May 8, 2024, at 10:00 am in the Mozart Room of the Rosengarten Congress Center, Rosengartenplatz 2, Mannheim. Shareholders will also receive an invitation and the agenda via their depository banks.

Disclaimer

This annual report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS SE. Statements about future developments are all statements that do not refer to historical facts and events and contain such forward-looking formulations as "believes," "estimates," "assumes," "expects," "anticipates," "forecasts," "intends," "could," "will," "should," or similar formulations. Even if the management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. These factors can, for example, include changes in the overall economic climate, changes in the political environment, changes in procurement prices, changes to exchange rates and interest rates, and changes within the lubricants industry. FUCHS SE provides no guarantee that future developments and the results actually achieved in the future will match the assumptions and estimates set out in this annual report and assumes no liability for such. We do not assume any obligation to update the future-oriented statements made in this annual report.

Note on rounding

Due to rounding, numbers presented in this annual report may not add up exactly to totals provided, and percentages stated may not precisely reflect the absolute figures to which they refer.

Note regarding the annual report

In case of deviations between this English translation and the original German version of this annual report, the original German version takes precedence. In line with our sustainability activities we have resigned from printing the annual report and have published it exclusively in digital form since 2020.

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