Annual Report

2021

MOVING YOUR WORLD

LUBRICANTS.
TECHNOLOGY.
PEOPLE.
FUCHS

MOVING YOUR WORLD

Keeping the world moving. That is our ambition. We not only develop lubricants, but efficient and sustainable lubricant solutions as well. We stand alongside our customers, provide impetus and set their world in motion – with uncompromising reliability. It is the basis of our approach, our claim and our promise. Internally and externally.

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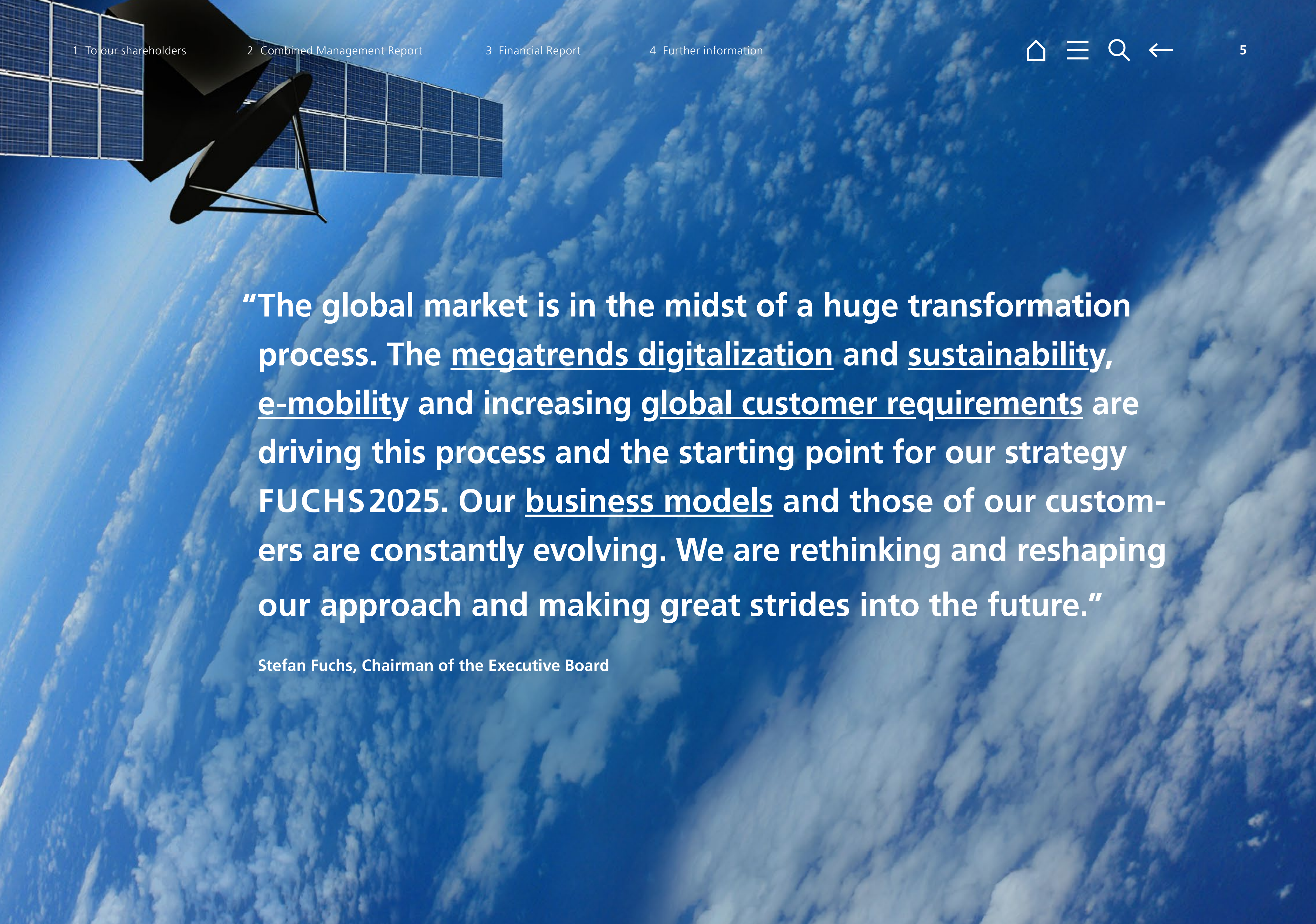
The figures in parentheses refer to the same period of the previous year. Percentages refer to full millions.

BRIEF PROFILE

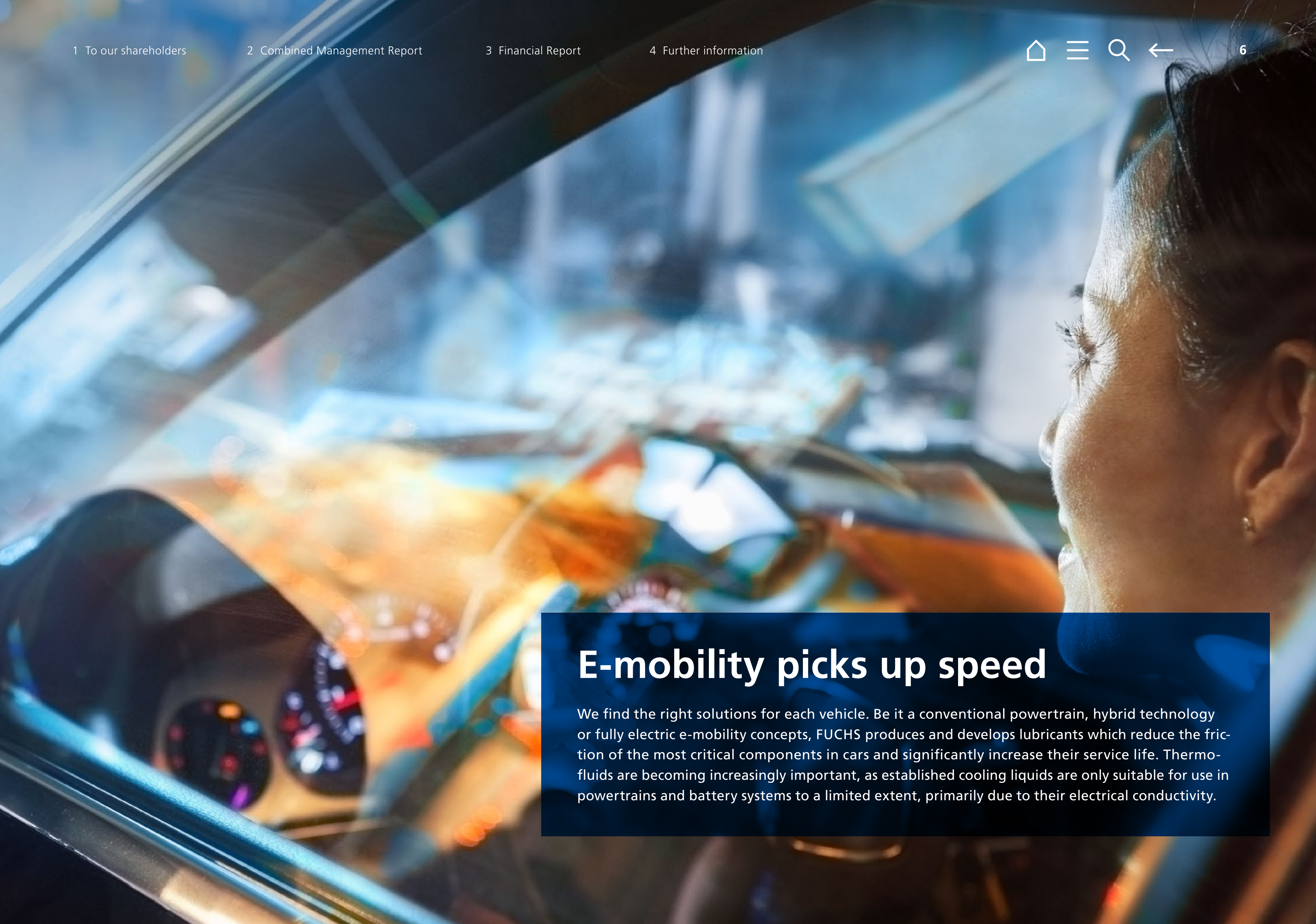
Founded as a family company in Mannheim in 1931, today FUCHS, after 90 years of success, is the world's largest supplier among the independent lubricant manufacturers with around 6,000 employees in 50 countries. We develop, produce and sell a full range of lubricants and related specialties for virtually all industries and areas of application – on Earth and in space.

→ Discover more about our 90-year success story: www.fuchs.com/group/the-company/company/



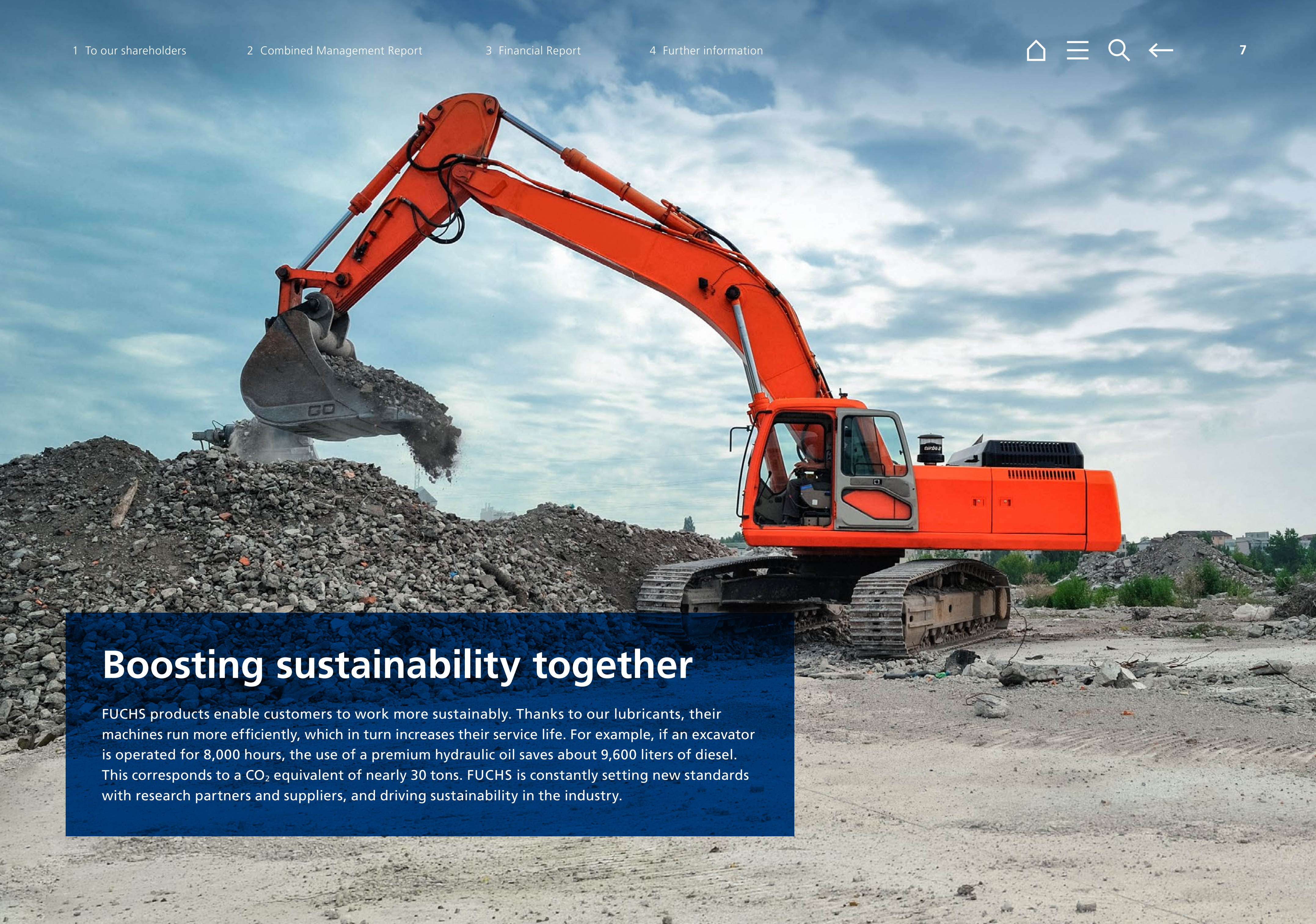
“The global market is in the midst of a huge transformation process. The megatrends digitalization and sustainability, e-mobility and increasing global customer requirements are driving this process and the starting point for our strategy FUCHS 2025. Our business models and those of our customers are constantly evolving. We are rethinking and reshaping our approach and making great strides into the future.”

Stefan Fuchs, Chairman of the Executive Board



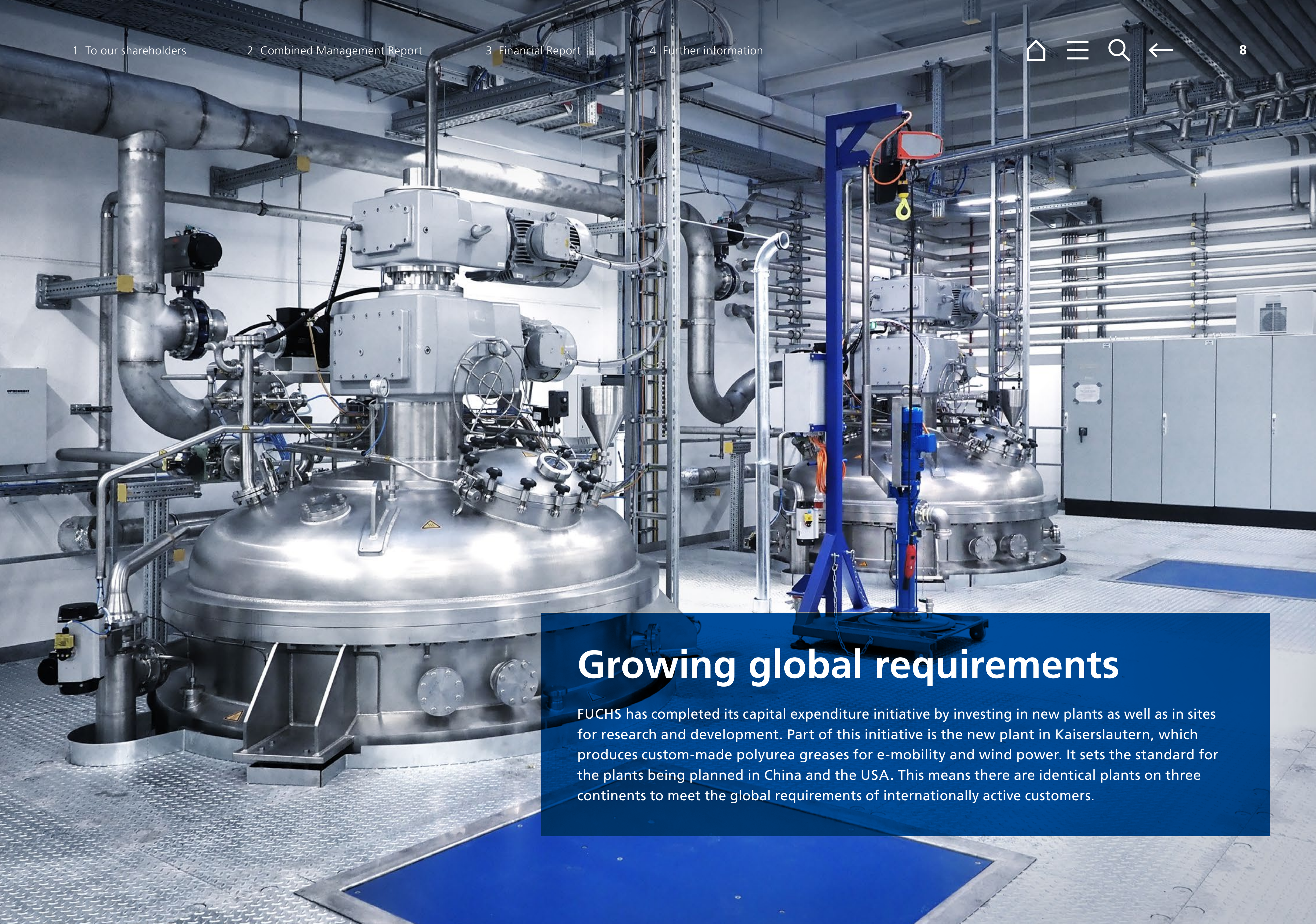
E-mobility picks up speed

We find the right solutions for each vehicle. Be it a conventional powertrain, hybrid technology or fully electric e-mobility concepts, FUCHS produces and develops lubricants which reduce the friction of the most critical components in cars and significantly increase their service life. Thermofluids are becoming increasingly important, as established cooling liquids are only suitable for use in powertrains and battery systems to a limited extent, primarily due to their electrical conductivity.



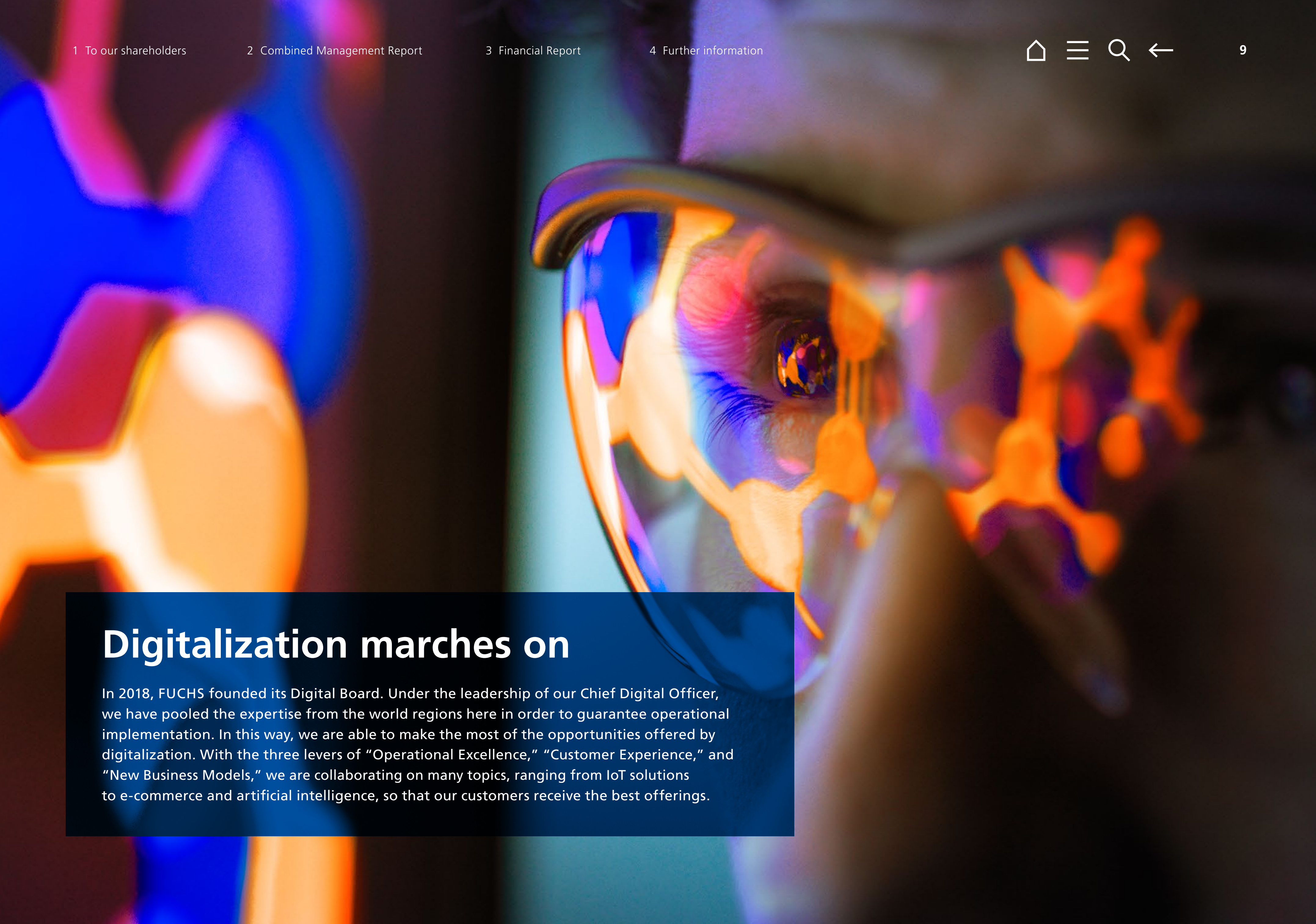
Boosting sustainability together

FUCHS products enable customers to work more sustainably. Thanks to our lubricants, their machines run more efficiently, which in turn increases their service life. For example, if an excavator is operated for 8,000 hours, the use of a premium hydraulic oil saves about 9,600 liters of diesel. This corresponds to a CO_2 equivalent of nearly 30 tons. FUCHS is constantly setting new standards with research partners and suppliers, and driving sustainability in the industry.



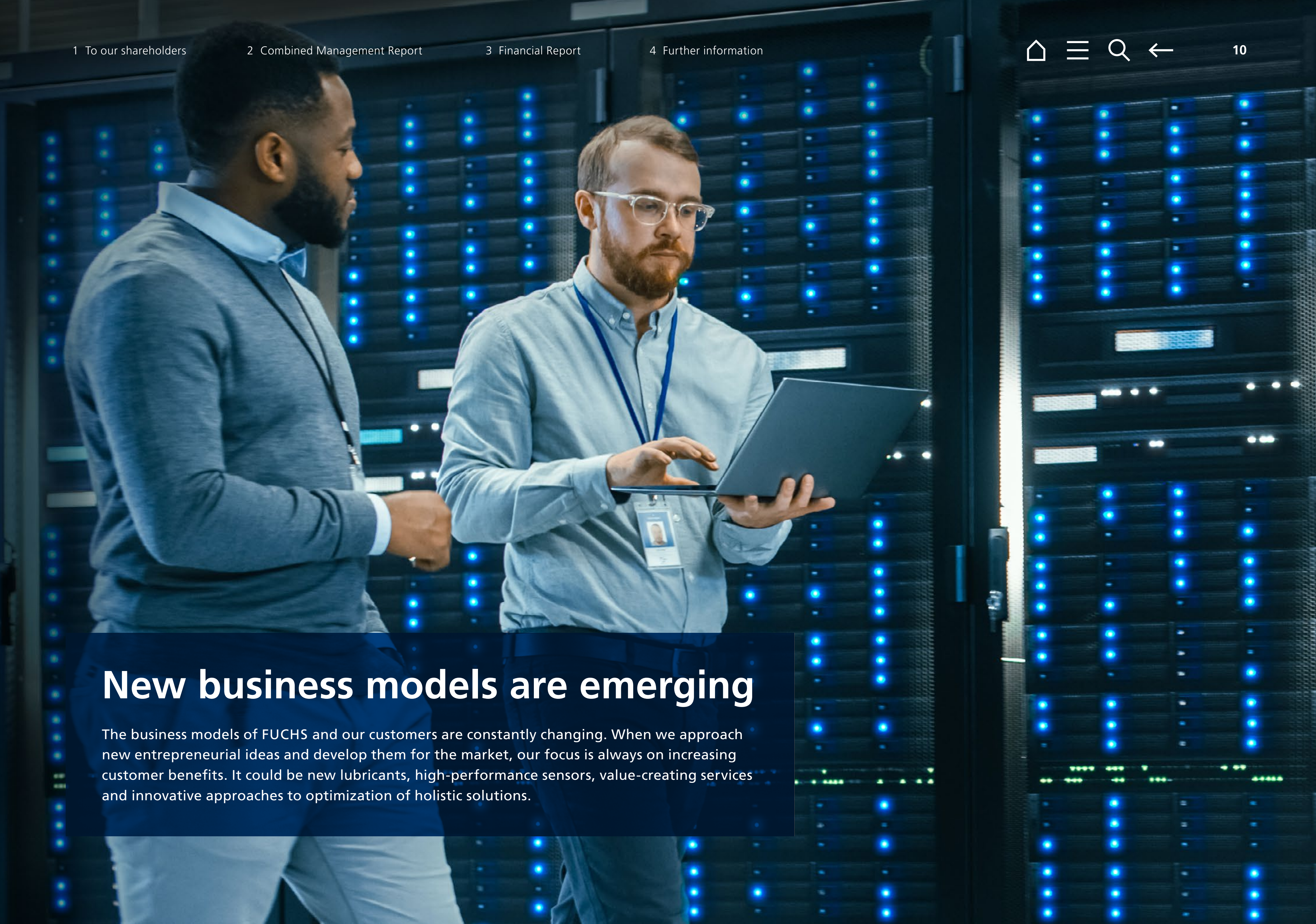
Growing global requirements

FUCHS has completed its capital expenditure initiative by investing in new plants as well as in sites for research and development. Part of this initiative is the new plant in Kaiserslautern, which produces custom-made polyurea greases for e-mobility and wind power. It sets the standard for the plants being planned in China and the USA. This means there are identical plants on three continents to meet the global requirements of internationally active customers.



Digitalization marches on

In 2018, FUCHS founded its Digital Board. Under the leadership of our Chief Digital Officer, we have pooled the expertise from the world regions here in order to guarantee operational implementation. In this way, we are able to make the most of the opportunities offered by digitalization. With the three levers of “Operational Excellence,” “Customer Experience,” and “New Business Models,” we are collaborating on many topics, ranging from IoT solutions to e-commerce and artificial intelligence, so that our customers receive the best offerings.



New business models are emerging

The business models of FUCHS and our customers are constantly changing. When we approach new entrepreneurial ideas and develop them for the market, our focus is always on increasing customer benefits. It could be new lubricants, high-performance sensors, value-creating services and innovative approaches to optimization of holistic solutions.

FUCHS AT A GLANCE

FUCHS Group

Amounts in € million	2021	2020	Change in %
Sales revenues[1]	**2,871**	**2,378**	**21**
Europe, Middle East, Africa (EMEA)	1,710	1,446	18
Asia-Pacific	855	698	22
North and South America	471	387	22
Consolidation	–165	–153	
Earnings before interest and tax and before income from companies consolidated at equity	**354**	**303**	**17**
in % of sales revenues	12.3	12.7	
Earnings before interest and tax (EBIT)	**363**	**313**	**16**
Earnings after tax	**254**	**221**	**15**
in % of sales revenues	8.8	9.3	
Investments in long-term assets	**80**	**122**	**–34**
in % of scheduled depreciation[2]	93	153	
Free cash flow before acquisitions[3]	**90**	**238**	**–62**
Acquisitions	**–29**	**–114**	
Free cash flow	**61**	**124**	**–51**
FUCHS Value Added	**205**	**165**	**24**
Shareholders' equity	**1,756**	**1,580**	**11**
in % of balance sheet total	76	75	
Balance sheet total	**2,311**	**2,120**	**9**
Employees as at December 31[4]	**5,976**	**5,728**	**4**
Earnings per share (in €)			
Ordinary share	1.82	1.58	15
Preference share	1.83	1.59	15
Proposed dividend / dividend (in €)			
per ordinary share	1.02	0.98	4
per preference share	1.03	0.99	4

[1] By company location.
[2] Capital expenditure excluding financial assets.
[3] Including divestments.
[4] Including trainees.

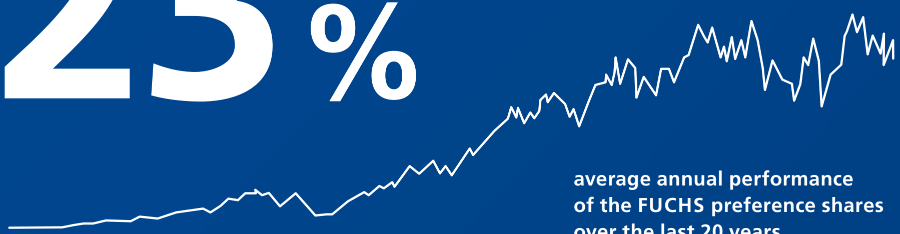
FUCHS IN NUMBERS

2,871 € million
Sales revenues in 2021

20 years
of consecutive dividend increases with an average annual growth rate of 7 %.

76 %
Equity ratio on a high level

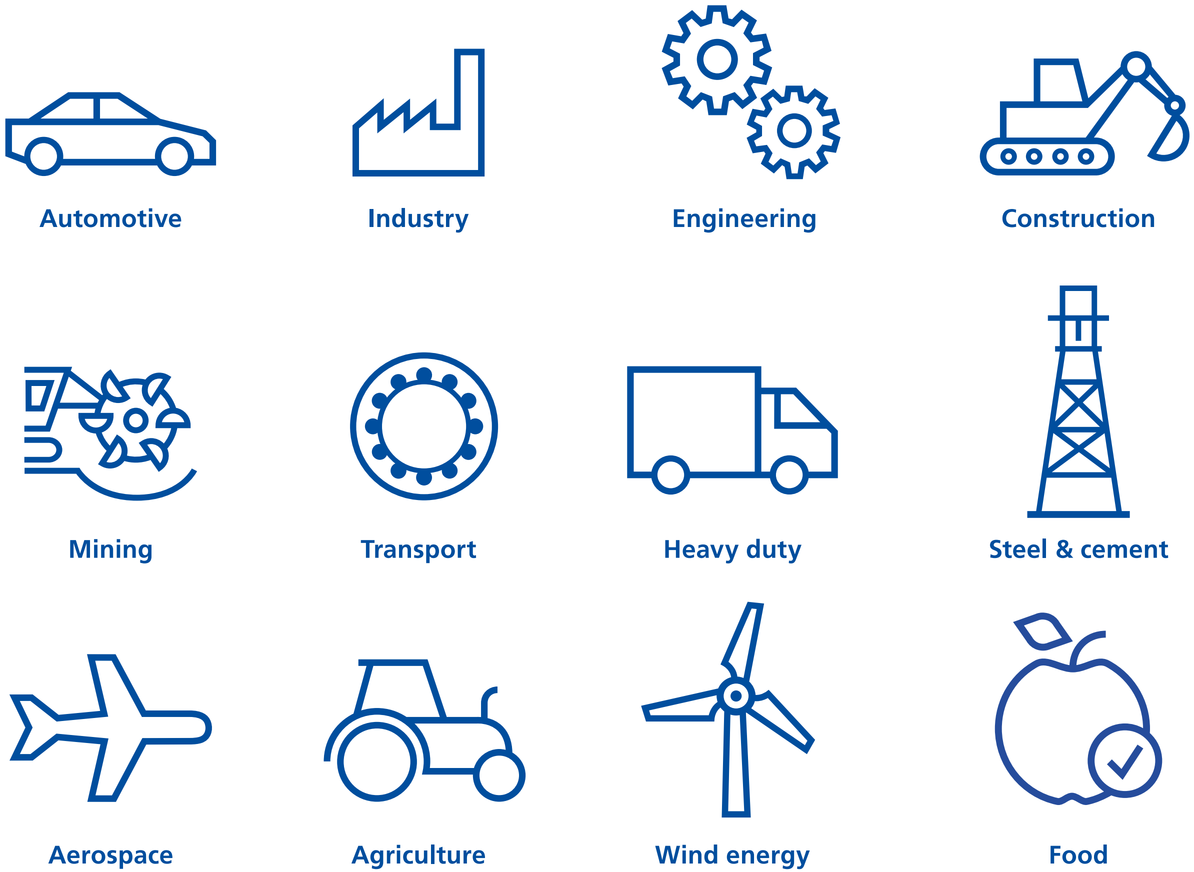
23 %



average annual performance of the FUCHS preference shares over the last 20 years.

5,976
Employees

OUR CUSTOMERS



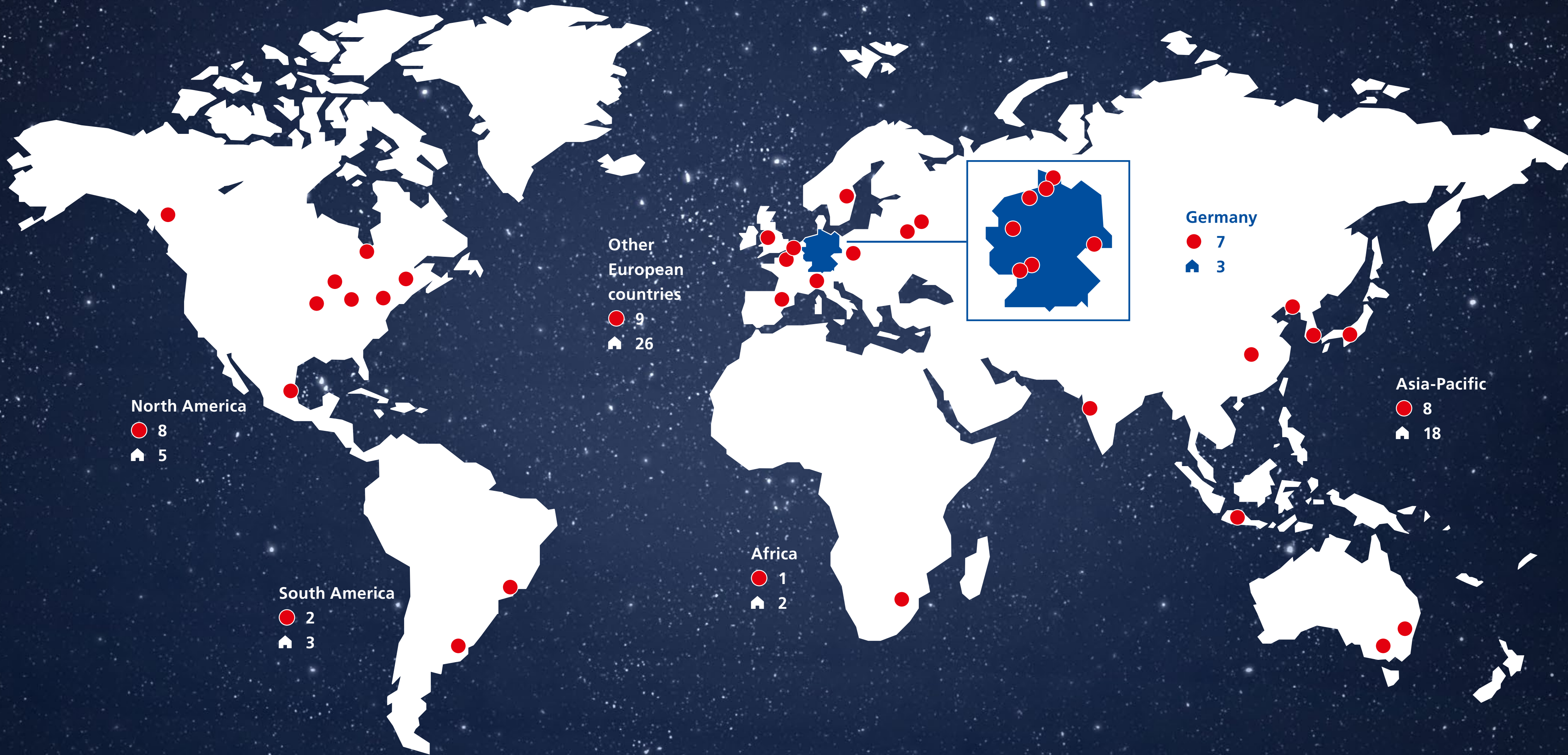
Our more than 100,000 customers include automotive suppliers and OEMs, companies in the engineering, metalworking, mining and exploration, aerospace, power generation, construction and transport sectors, agriculture and forestry, steel, metal, cement, casting and forging industries as well as in the food industry and the glass manufacturing sector. 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 PETROLUB SE is the parent company of the FUCHS Group and has mostly direct, 100% shareholdings. As of December 31, 2021, the Group comprised 57 operating subsidiaries, three of which operate in Germany and 54 abroad. The consolidated financial statements also include non-operating holding and management companies, increasing the number of consolidated companies to 64. Ten companies valued at equity also strengthen our global presence.

The organization and reporting structure is based on the regions: EMEA, Asia-Pacific, North and South America.

GROUP COMPANIES AND PRODUCTION LOCATIONS



As at December 31, 2021

To our shareholders

23%

average annual performance of the FUCHS preference shares over the last 20 years.

1.1 Letter to our shareholders

Dear shareholders,

in what was once again a challenging environment, FUCHS generated sales revenues of €2.9 billion in 2021. This meant that not only did we achieve an increase of 21 % compared with a pandemic-affected 2020, we also exceeded the level of the pre-crisis year of 2019 by 12 %. We improved our EBIT by €50 million to €363 million. We thus exceeded our original forecast for 2021 and also the result from 2019. Steep increases in raw material prices tied up a lot of funds and thus led to a free cash flow before acquisitions of €90 million.

In light of our expectations for further growth in sales revenues and earnings, and with a view to the solid balance sheet, the Executive and Supervisory Boards propose to you the 20th consecutive dividend increase.

The past year was marked by disruptions affecting our procurement markets. Extreme cold weather in Texas at the beginning of the year and the impact of the Covid-19 pandemic upset the balance of global supply chains. An unprecedented shortage of raw materials and packaging materials, as well as sharply rising purchase prices, were the consequences, which resulted in new challenges for our team around the world on a daily basis. In addition, a continuing shortage of semiconductors had a negative impact in particular on our automotive customers worldwide. On top of this, towards the end of the year the Omicron variant and quarantine regulations put parts of our workforce out of action. When seen against the backdrop of all these adversities, the gains in sales revenues and earnings achieved are all the more gratifying. None of it would have been possible without the high level of commitment from our employees and excellent collaboration within our team. Procurement, Research & Development, Product Management and Supply Chain worked hand in hand on

Stefan Fuchs, Chairman of the Executive Board

solutions to the rapidly changing raw materials situation, while distribution invested a lot of time with our customers with regard to passing on price increases.

Also in 2021 we continued our FUCHS2025 journey in a focused manner. For more than three years now, we have been working with the three pillars culture, structure and strategy as part of FUCHS2025 and we achieved further important milestones in all three areas: Regarding culture, numerous initiatives and the latest means of communication have allowed us to continue growing together as a global team despite limited travel possibilities and we have continued to advance our very positive FUCHS culture. Structurally, we have strengthened our automotive aftermarket business, and, with additional business segment managers, further solidified our market segmentation as well as our consistent focus on specific customer groups. On the strategic side, we have in particular looked at how to address the profound disruptive changes of our times and how to use the three megatrends mobility transformation, digitalization and sustainability as an opportunity for our further development. With the newly introduced BluEV product line, we have launched a range of specialty lubricants for use in electric and hybrid vehicles that meet the new and complex requirements of e-mobility and ensure the functionality of the new system environment. With FUCHS Goes Digital, we have launched an important initiative to firmly establish the digitalization roadmap for FUCHS. In addition to the familiar IT topics of processes, master data and systems, it is particularly important to make it as easy as possible for our customers to work with FUCHS and to proactively address the key issue of business model innovation. Sustainability is central to what we are about as a company. In terms of ecological aspects, we are pursuing a holistic approach for which we use life-cycle analyses of our products, ranging from the extraction of raw materials through to recycling or reprocessing after use. The underlying principle of any of our lubricants is to reduce our customers' carbon footprint.

Dear shareholders, we are shocked by the events in Ukraine these days. Our first concern is for the Ukrainian population and in particular our 55 Ukrainian colleagues. We condemn the Russian invasion into the Ukraine. The direct economic impact of the armed conflicts in Ukraine and the sanctions against Russia on our Ukrainian and our Russian subsidiary as well as their indirect effects on the rest of the world cannot yet be estimated. One thing is certain: 2022 will be another challenging year.

A new level of political uncertainty will keep us on our toes, regulation in the chemical industry is increasing, and the raw material markets remain unreliable, which may once again impact our sales revenues in some markets. In addition, a high inflation means higher costs of raw materials, freight, energy, wages and salaries. We are prepared for this and are looking to the future with confidence despite all adversities. For 2022, we anticipate further growth in sales revenues of €3.0 billion to €3.3 billion and EBIT of between €360 million and €390 million.

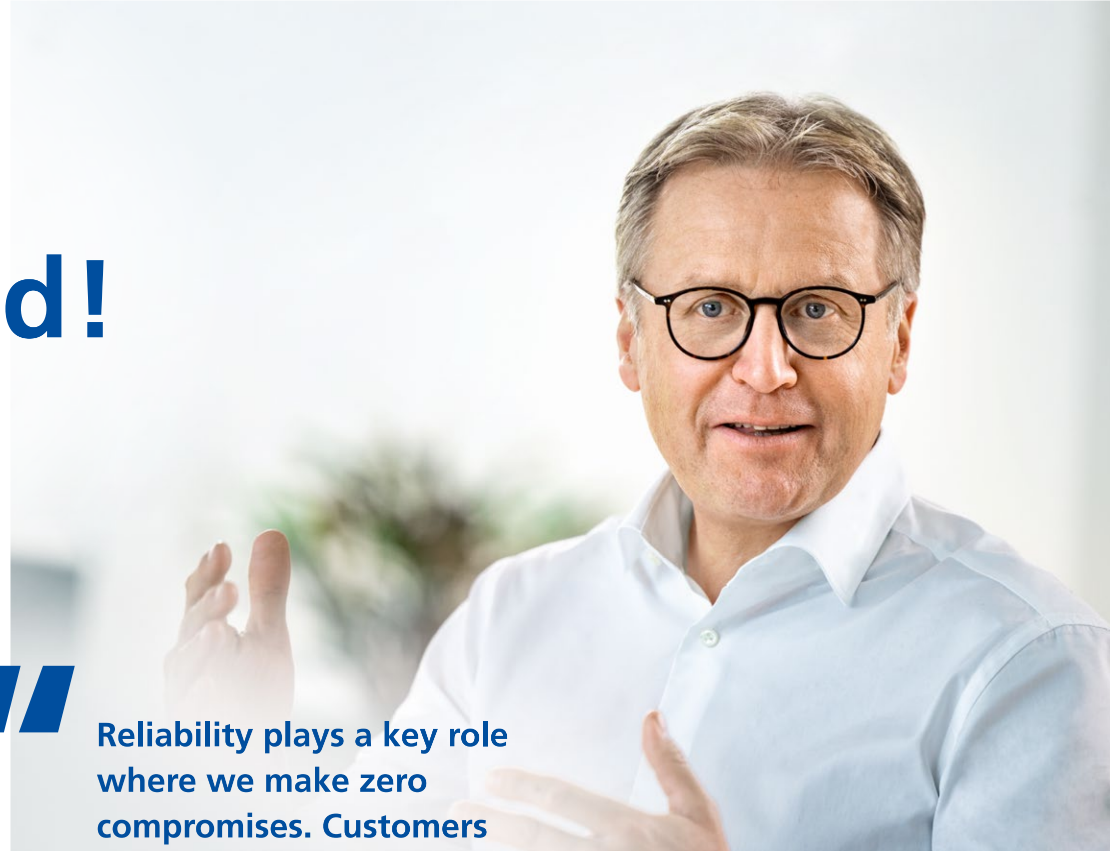
The world is on the move, and FUCHS is on the move – making us ideally prepared to move your world, our world, the world of our customers, in line with our new emotional statement "*MOVING YOUR WORLD*". I would also like to thank you on behalf of each of the Executive Board members for your trust in the company and our workforce. A big thank you also to our global team for their outstanding support and excellent team performance in the past year.

Mannheim, March 17, 2022

Yours

Stefan Fuchs

Chairman of the Executive Board



Our goal? Moving the world!

After 90 years of success, FUCHS PETROLUB SE has set a new course for the future. In this interview, the Executive Board shares insights into the strategy and purpose of the company.

Mr. Fuchs, in 2021 FUCHS PETROLUB celebrated its 90th anniversary. You've known your grandfather's company your whole life, and been the Chairman of the Executive Board for 18 years – what's the secret to FUCHS' success?
We are a global Group, with a family business at its heart. We still operate by the same principles as my grandfather did back then. Reliability plays a key role where we make zero compromises. Customers know that they can count on us unconditionally. We foster this spirit of partnership at all levels, which is appreciated not only by our employees, but also by our partners and shareholders. Other companies may also be reliable, but we put the issue at the heart of our ambitions.

In addition to the new FUCHS2025 strategy, you are introducing an emotional statement: *MOVING YOUR WORLD*. What's behind it?
MOVING YOUR WORLD is the visible slogan for our FUCHS2025 Future Strategy that highlights FUCHS's unique added value. It's an emotional statement and describes the essence of why FUCHS exists.

> **"Reliability plays a key role where we make zero compromises. Customers know that they can count on us unconditionally."**

Stefan Fuchs

And how does this statement manifest for customers?
We provide – uncompromisingly reliable – efficient lubricant solutions. This is how we move the world of our customers. This makes us stand out and unique. Together with our customers, we develop new ways for

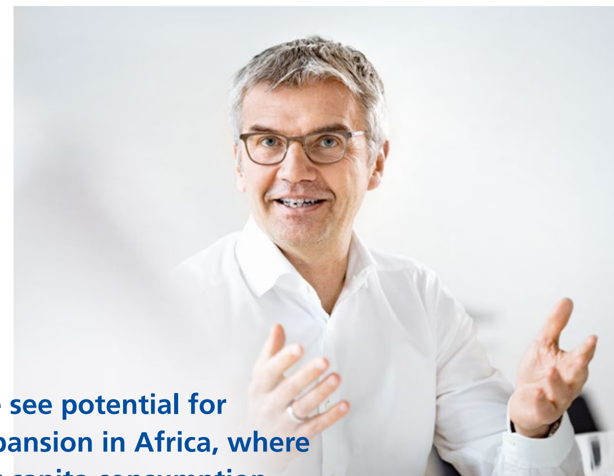
Dagmar Steinert

An ongoing essential part of our company strategy is to keep our dividend policy on a steady upward trajectory with at least a stable dividend.

them to operate more efficiently and sustainably. We not only supply individual lubricants, but complete solutions. We are able do this because of our close proximity to the customers and their industry. We need a strong global brand for this that communicates our transformation to our customers, employees, and investors within the scope of FUCHS2025. *MOVING YOUR WORLD* is the core of this brand.

Ms. Steinert, the annual report is addressed to shareholders in particular. Which themes in the FUCHS2025 strategy does the capital market consider important?
Shareholders would like to see the company's strategy reflected in the company's performance and share price. FUCHS2025 sets out our strategy and transformation program, and details our path for the coming years. Our EBIT margin target of 15 % is based on this. In the coming year, we are also planning to sharpen and concretize our financial objectives. An ongoing essential part of our company strategy is to keep our dividend policy on a steady upward trajectory with at least a stable dividend.

Mr. Rheinboldt, you are responsible for the EMEA region – where do you see the greatest opportunities for growth?
Our home market of Europe is large, and technically advanced. Here we emphasize quality, degree of specialization and pace of innovation in order to grow. We see continued potential for expansion in central and eastern Europe as well as in Africa, where per capita consumption of lubricants is still low, but prosperity and the need for industrial manufacturing are growing. Southern Africa is an important strategic market for us. Our subsidiary and our four joint ventures in sub-Saharan Africa provide a solid base from which to drive business development forward.



We see potential for expansion in Africa, where per capita consumption of lubricants is still low.

Dr. Ralph Rheinboldt

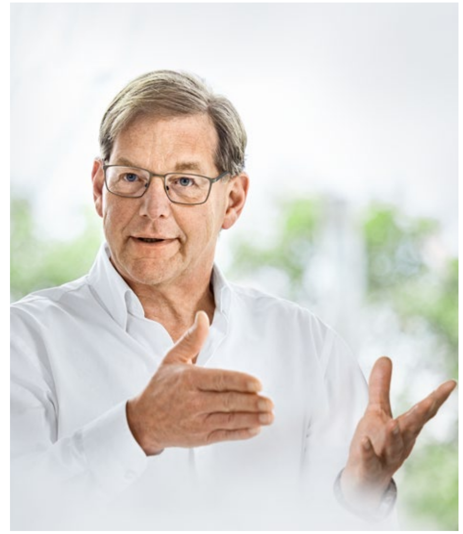
"Positive developments in China helped drive the good performance of the FUCHS Group."

Dr. Timo Reister

Mr. Reister, the Asia and America regions fall within your purview – what were the themes focused on here in 2021?
A key objective is above-average growth in Asia and the Americas. This was largely achieved in the Asia-Pacific region in particular: positive developments in China helped drive the good performance of the FUCHS Group. China is benefiting greatly from the high demand coming from the automotive sector. This country is the most important market for e-mobility. This inspired us to establish a new research and development center in Shanghai that meets the needs of Chinese automakers.

Mr. Lindemann, the keyword sustainability has already been mentioned. E-mobility is important to FUCHS and also closely linked to this megatrend – what strategy is FUCHS pursuing?
Sustainability is in our DNA. We have been CO_2-neutral from "gate-to-gate" since 2020 and would also like our suppliers to become CO_2-neutral by 2025. Our understanding of sustainability goes beyond production: we provide customers with high quality lubricants that reduce their energy consumption and increase the service life of their machines. E-mobility with its specific challenges is a great opportunity to develop new solutions and set standards. In technology-driven markets like Germany, China, and the United States we have therefore created teams that focus on e-mobility, analyze customer requirements and translate them into products.

Take a look into the future for us: Which business areas does FUCHS wish to occupy?
We are exploring several business areas with a view to the future. One is the topic of immersion cooling. This innovative process uses thermofluids to cool batteries – which is again e-mobility – or to even to cool servers in data centers. Another topic is exploring new resources that can form the basis for our products, such as from waste, recycling and renewable raw materials. One thing is clear: we will build on our technology leadership and dedicate ourselves to sustainability even more – and do this alongside our customers.



Dr. Lutz Lindemann

"Our understanding of sustainability goes beyond production: we provide customers with high quality lubricants that reduce their energy consumption and increase the service life of their machines."

→ 175 Information on the executive bodies of the company

Group Management Committee

Zhu Quingping
China

Christine Vornbäumen
Human Resources

Dr. Sebastian Heiner
Technology
Deputy CTO

Bernhard Biehl
Specialty-Division

Keith Brewer
America

Dagmar Steinert
CFO

Dr. Lutz Lindemann
CTO

Stefan Knapp
Germany and Benelux

Carsten Meyer
OEM and Mining Division

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

Alf Untersteller
Turkey, Middle East, Central Asia and Africa

Stefan Fuchs
CEO

Dr. Ralph Rheinboldt
EMEA

Klaus Hartig
East Asia, Automotive Aftermarket Division

Dr. Thomas Christmann
Industry Division

1.3 Report of the Supervisory Board

Dear shareholders,

FUCHS' business performed better in 2021 than originally anticipated at the beginning of the year. This enabled the company to raise its growth target during the course of the year. Sales revenues were up 21% year-on-year, with EBIT up 16%, taking both figures back above their levels prior to the onset of the COVID-19 pandemic. This is a particularly impressive achievement, especially given the unexpectedly difficult general conditions that marked 2021: Global automotive production suffered from semiconductor shortages; disruptions in supply chains led to supply shortages of key raw materials and sharply rising material costs, as well as bottlenecks and rising transport and logistics costs. All of this came on top of sharp rises in oil and gas prices, which weighed on our margin. The Executive Board took early action with respect to growth and improving profitability. Measures to shape the future were continued, with capital expenditure reduced as planned following the substantial rise in recent years. FUCHS2025 is on the right track towards enabling the company to respond to customer needs with even greater focus on a global scale. In light of these developments and given the good capitalization, the Executive Board and Supervisory Board are therefore again proposing a higher dividend.

Work performed by the Executive Board and Supervisory Board

In the financial year 2021, 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 in the version published in the Federal Gazette (Bundesanzeiger) on March 20, 2020, were followed with the exception of one recommendation, which will be implemented in the future.

The Supervisory Board and the Executive Board continued their full and effective cooperation in the financial year 2021. The Executive Board informed the Supervisory Board regularly, promptly, and comprehensively about all relevant issues, particularly the strategy, the planning, the business development, the risk situation, internal monitoring, 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 between the Executive Board and the Supervisory Board.

Dr. Kurt Bock, 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 2021.

In the Supervisory Board's opinion, three of the four shareholder representatives, and thus an appropriate proportion, are independent within the meaning of Recommendation C.6 of the German Corporate Governance Code. Among the shareholder representatives on the Supervisory Board, Dr. Kurt Bock, Dr. Christoph Loos and

Ms. Ingeborg Neumann are, within the meaning of the recommendations of the German Corporate Governance Code, considered independent of the company and its Executive Board as well as independent of the controlling shareholder. 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 2021. Mr. Kurt Bock announced in October 2021 that he will step down as Chairman as well as a member of the Supervisory Board with effect from the expiration of the Company's next Annual General Meeting to be held on May 3, 2022.

Reports and board meetings

In a total of five meetings of the Supervisory Board in 2021, in each of which all members of the Supervisory Board participated, the Executive Board promptly and comprehensively informed the Supervisory Board, both in written and oral form, about the company's corporate policy, business development, profitability, liquidity, and risk situation, and about all relevant questions regarding strategic advancements in accordance with the duties set out in the rules of procedure. A particular focus of the meetings was business development in light of the disruptions in the commodity markets. Discussions and consultations 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 the balance sheet meeting on March 8, 2021, 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 PETROLUB SE, the report of the Supervisory Board and the declaration of Corporate Governance, 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. In this meeting, the proposed resolutions for the agenda for the Annual General Meeting 2021 of FUCHS PETROLUB SE, including the consent to hold the Annual General Meeting virtually, were also approved. In addition, the variable remuneration for the Executive Board members for the 2020 financial year and the remuneration system for the Executive Board were decided. The latter included in particular the implementation of a clawback provision. This complies with a recommendation of the German Corporate Governance Code, which allows the recovery of variable remuneration components in certain circumstances. Subsequently, the proposal for the remuneration system for the Supervisory Board was adopted. Alongside investment and acquisition projects, other topics were the further development of product management as well as the competitor landscape. Part of the meeting was held by the Supervisory Board without the Executive Board.

In the meeting held immediately before the Annual General Meeting on May 4, 2021, discussions focused on the report by the Executive Board on the current business performance of the Group after the end of the first quarter, the worsening situation on the commodity markets, and investment and acquisition projects.

In the meeting held on July 5, 2021, the Supervisory Board dealt in particular with the business performance of the Group, the investment and acquisition projects, and the current status of the FUCHS2025 project. In view of amended legal requirements, the decision was taken for the Executive Board to attend meetings of the Supervisory Board and Audit Committee in which the auditor participates as an expert. The Supervisory Board was also briefed extensively on the issues of purchasing organization and action to deal with the issues in the commodity and logistics markets, as well as on digitalization and cyber security in the Group. Part of the meeting was held by the Supervisory Board without the Executive Board.

At its meeting held on October 12, 2021, the Supervisory Board focused on the third quarter results, the full-year outlook, the situation on the commodity and sales markets, and current investment and acquisition projects. Finally, the Supervisory Board discussed the merger planned for 2022 of the German Group companies FUCHS SCHMIERSTOFFE GMBH and FUCHS LUBRITECH GMBH, as well as the development of the Industry Division.

In the meeting held on December 10, 2021, the Supervisory Board examined the position of the Group, the budget for 2022 including the investment budget, and current investment- and acquisition-related topics. It informed itself about the opportunity and risk management and about the findings and recommendations of the Internal Audit. The further development of Investor Relations was also presented. In addition, the Board dealt with the topics of compliance as well as the preparations for the Annual General Meeting 2022 and its virtual implementation. The Supervisory Board approved the 2021 declaration of compliance with the German Corporate Governance Code and resolved to adopt adjustments to the rules of procedure of the Supervisory Board and to the allocation of duties within the Executive Board. Furthermore, targets were set for the desired proportion of women on the Executive Board and the Supervisory Board until December 9, 2026. The existing targets were essentially continued. Based on the recommendations of the Personnel Committee, the Supervisory Board established the performance factor for the Executive Board's variable remuneration for the financial year 2021. It also adopted criteria for the performance factor and target total compensation of Executive Board members for 2022 under the compensation system approved by the Annual General Meeting on May 4, 2021. The future composition of the Supervisory Board following Dr. Kurt Bock's resignation was voted upon on the basis of the recommendation of the Nomination Committee, and Dr. Christoph Loos was elected as another member of the Personnel Committee.

Work of the committees

The Supervisory Board has 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 four meetings in the reporting year. The Chief Financial Officer and heads of the Finance and Controlling as well as Accounting departments regularly attended the meetings. The auditor was present at three meetings for individual agenda items. The Committee focused on the annual financial statements of FUCHS PETROLUB SE and the consolidated financial statements alongside the combined management report, the non-financial declaration, and compliance topics. Other main topics were a detailed discussion of the Group's 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, 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, and the audit of the financial statements. The particular focus of the accounting in this context is on the consolidated financial statements, the Group management report including the non-financial declaration, intra-year financial information, and the annual financial statements of FUCHS PETROLUB SE in accordance with the German Commercial Code (HGB). The Audit Committee regularly assesses the quality of the audit in connection with the annual and consolidated financial statements. Another focus was the audit of the compliance management system.

The **Personnel Committee** advises the Supervisory Board on personnel matters pertaining to the Executive Board and prepares its decisions. During the reporting year, three meetings were held where the Committee focused on the topics of succession planning for the Executive Board and remuneration, variable remuneration assessment for the financial year 2021, and target remuneration for 2022. The discussions and recommendations of the Committee formed the basis for corresponding resolutions by the Supervisory Board.

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. The Nomination Committee met three times during the financial year 2021 in order to put preparations in place for Dr. Kurt Bock's successor.

Overview of members’ attendance at each meeting in the financial year 2021

Responsibilities	Members	Attendance/meetings
Supervisory Board	Dr. Kurt Bock (Chairman)	5/5
	Dr. Susanne Fuchs (Deputy Chairwoman)	5/5
	Jens Lehfeldt	5/5
	Dr. Christoph Loos	5/5
	Ingeborg Neumann (Financial Expert)	5/5
	Cornelia Stahlschmidt	5/5
Audit Committee	Ingeborg Neumann (Chairwoman, Financial Expert)	4/4
	Dr. Susanne Fuchs	4/4
	Dr. Christoph Loos	4/4
Personnel Committee	Dr. Kurt Bock (Chairman)	3/3
	Dr. Susanne Fuchs	3/3
	Ingeborg Neumann	3/3
Nomination Committee	Dr. Kurt Bock (Chairman)	0/3
	Dr. Susanne Fuchs	3/3
	Dr. Christoph Loos	3/3
	Ingeborg Neumann	3/3

Ms. Ingeborg Neumann is a financial expert in accordance with Section 100 (5) of the German Stock Corporation Act (AktG), and as Chairwoman of the Audit Committee she also meets the requirements of Recommendation D.4 of the German Corporate Governance Code owing to her knowledge and experience.

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 4, 2021, the Audit Committee commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Mannheim branch (PwC) to audit the 2021 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 2021 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 PETROLUB 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 PETROLUB SE in 2021. It also did not identify any reasons for its own exclusion or bias.

The Supervisory Board conducted its own thorough examination of the annual and consolidated financial statements, the combined management report, the non-financial declaration, and the proposal for the appropriation 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 17, 2022, 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 his audit, and was available to answer additional questions and provide extra information. The Supervisory Board acknowledged and approved the results of the audit. There are 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 2021 annual financial statements of FUCHS PETROLUB 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 remuneration 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 declaration (nfE) of the FUCHS Group and, on this basis, raised no objections to the nfE 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 the following 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 the employee representatives for their dedicated commitment, personal contributions, and constructive cooperation for the benefits of the company in this once again particularly challenging year.

Mannheim, March 17, 2022

The Supervisory Board

Dr. Kurt Bock
Chairman of the Supervisory Board

1.4 FUCHS on the capital market

Stock markets maintain upswing in 2021

Global stock markets continued to be affected by the COVID-19 pandemic in 2021. Despite concerns about the emergence of new virus variants, both, Germany's leading index, the DAX, and the MDAX, which lists the FUCHS preference share, developed very positively. Both indices managed to achieve double-digit growth rates and reach new individual all-time highs during the year.

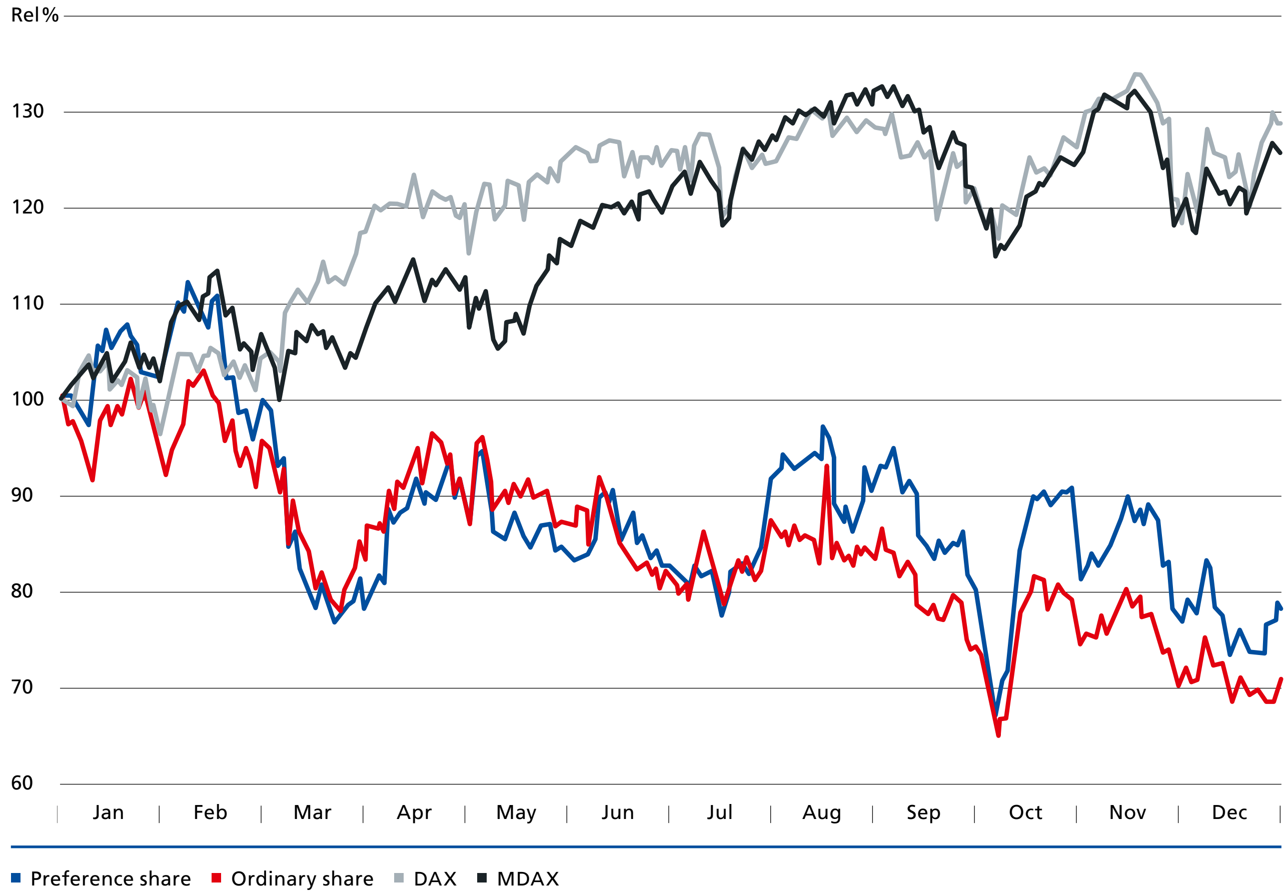
On September 2, 2021, the MDAX recorded its highest level of the year and also of its entire history, at 36,276 points. November 17 saw the DAX also mark its own highest ever level of 16,251 points. The MDAX year-end closing price of 35,123 points (30,796) represented an increase of 14.1% compared to the previous year. The DAX closed the year at 15,885 points (13,718), which equates to an increase of 15.8% compared to the previous year's closing price.

Downward trend in FUCHS shares

Neither the FUCHS preference share nor the FUCHS ordinary share benefited from the positive development in the stock market.

The forecast for the financial year 2020, which was raised in early January, initially gave support to both share classes. As a result, the FUCHS preference share listed its annual high at €49.50 on February 8, 2021. The FUCHS ordinary share reached its annual high three days later at €38.40.

Performance* of ordinary and preference shares in comparison with DAX and MDAX
(January 1 – December 31, 2021)



*Price trend including dividends.

The forecast for 2021, announced on March 9 with the release of the annual report, outlined a challenging financial year that would be marked by dramatic increases in raw material costs and disrupted supply chains. Both share classes traded weaker subsequently.

Despite overall elevated forecasts for the first and second quarters, profit margins came under increasing pressure during the year and free cash flow was severely affected.

The gloomier mood in the automotive industry in the final quarter of the year due to an increasingly severe shortage of semiconductors meant that both FUCHS share classes came under further pressure.

The FUCHS preference share hit its year low of €37.96 on October 6, 2021, while the FUCHS ordinary share's low of €30.56 for the year was reached on the same day.

On the last trading day of the year, the FUCHS preference share closed at €39.92 (46.44), losing 14 % year-on-year. Taking the dividend payment into account, the FUCHS preference share posted an annual performance of –12.1 %. The ordinary share ended the year at a closing price of €30.88 (37.85), thus marking a year-on-year decrease of 18.4 %. Taking account of the dividend, the FUCHS ordinary share recorded a decline of 16.2 % for the financial year 2021.

Basic information on the FUCHS shares

FUCHS PETROLUB 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. In addition to listing in the so called Prime Standard and a free float of more than 10 %, the market capitalization of the free float is a criterion for the index membership.

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, DAXplus Family, Classic All Share, Prime All Share	MDAX, CDAX, HDAX, Classic All Share, Prime All Share, DAX International 100, STOXX Europe 600

The market capitalization of the FUCHS shares was €4.9 billion (5.9) at the end of 2021. With a weighting of 1.49 %, FUCHS therefore ranked 26 in the MDAX.

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 ordinary shares of FUCHS PETROLUB SE are included 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 family has a significant stake.

Capital market dialog focused on virtual events

FUCHS PETROLUB SE is committed to intensive dialog with its shareholders, analysts, and all other capital market participants. The aim is to strengthen trust in the 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 2021, the Chairman 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. Due to the COVID-19 pandemic, the greater part of capital market dialog took place virtually.

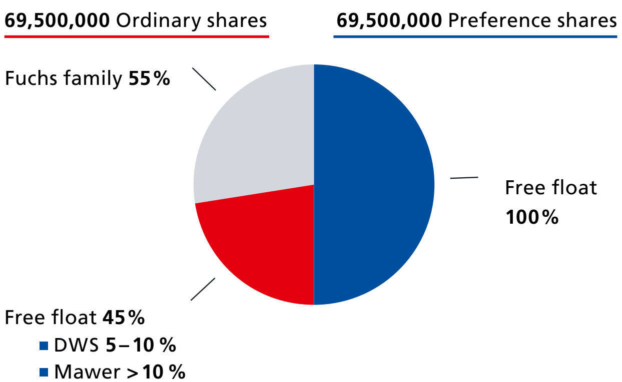
FUCHS also kept the public regularly informed of current developments through press and ad hoc releases. The Investor Relations team was also in contact with private investors by phone and by e-mail.

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

Annual General Meeting took place again virtually – change to registered shares decided

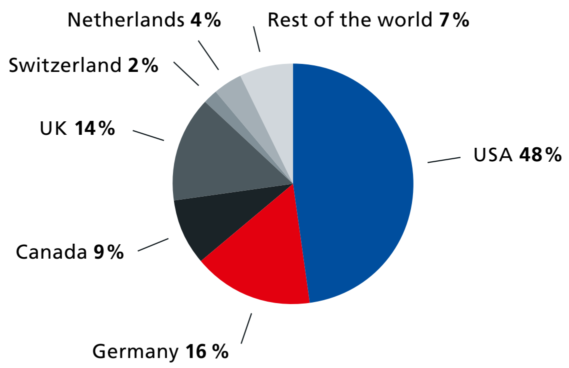
FUCHS PETROLUB SE's virtual Annual General Meeting took place in Mannheim on May 4, 2021. In total, 82.1 % of the voting capital, as well as 41.1 % of the total subscribed capital, were represented. The Annual General Meeting approved all of the management's proposed resolutions by a large majority. This also included the dividend distribution of €137 million in total for the financial year 2020, which took place on May 7, 2021. In addition, the Annual General Meeting voted in favor of the conversion of bearer shares to registered shares and the accompanying amendment of the Articles of Association. As a result, FUCHS PETROLUB SE now has a share register, which simplifies the possibilities of electronic communication between the Company and its shareholders, particularly in connection with the Annual General Meeting. In the course of the conversion, the shares of FUCHS PETROLUB SE received a new WKN (Securities Identification Number) as well as a new ISIN (International Securities Identification Number). The voting results and all other information about the Annual General Meeting are available on the FUCHS website. → www.fuchs.com/group/investor-relations/annual-general-meeting/

Shareholder structure as of December 31, 2021



Source: Voting rights disclosures

Regional breakdown of institutional investors



Basis: Identified institutional investors.
Source: Factset

Stable shareholder structure

FUCHS PETROLUB SE's issued capital of €139 million is divided into 69,500,000 ordinary shares and 69,500,000 preference shares, each with a nominal value of €1.00 per share. At the end of 2021, 55% of the ordinary shares were held by the Fuchs family. The preference shares were entirely in free float.

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 March 11, 2021, we received a voting rights notice from Mawer Investment Management Ltd. regarding the exceedance of the 10% threshold. All voting rights notices can be found on our homepage.
→ www.fuchs.com/group/voting-rights-announcements

Strong demand for employee shares

FUCHS PETROLUB SE has been offering employees at the companies in Germany ordinary shares at preferential conditions since 1985. In 2021, each employee had the opportunity to purchase a maximum of 30 shares with a discount of €5.00 per share. 498 (504) employees made use of this opportunity, purchasing 14,162 shares in total (14,094). The newly acquired shares are subject to a vesting period of one year.

Extensive analyst coverage

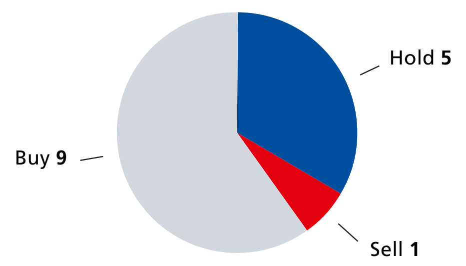
FUCHS is monitored and continually assessed by a large number of international financial analysts. As a result of an overall consolidation in the research business, HSBC Trinkaus&Burkhardt, Metzler Equity Research, and Pareto Securities discontinued coverage in 2021. At the end of 2021, 15 (18) analysts regularly published their assessment of current developments and the prospects for the company:

- Baader Bank
- Bank of America Merrill Lynch
- Berenberg Bank
- Credit Suisse
- Deutsche Bank
- DZ Bank
- Hauck & Aufhäuser
- Independent Research
- Kepler Cheuvreux
- Landesbank Baden-Württemberg
- ODDO BHF
- Stifel Europe Bank AG
- Nord LB
- UBS
- Warburg Research

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

→ www.fuchs.com/group/investor-relations/analysts/

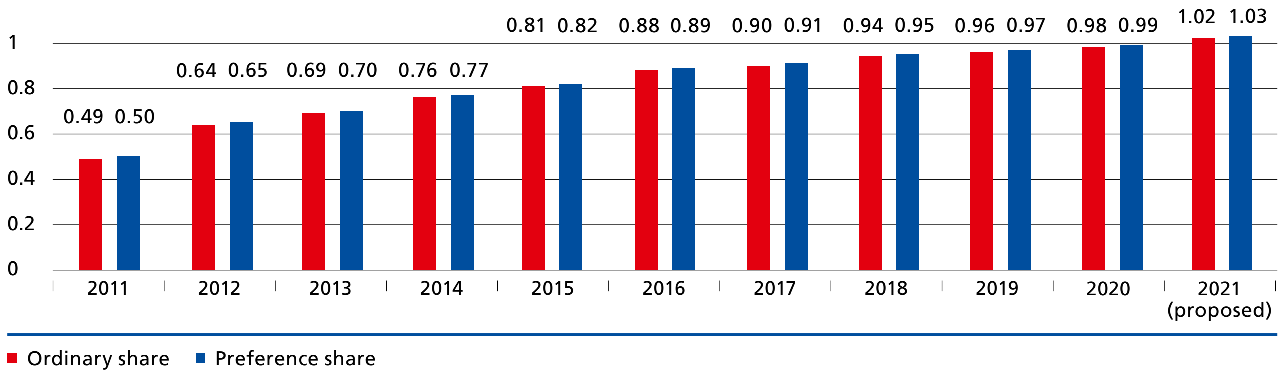
Analyst recommendations
December 31, 2021



Continuous dividend policy

FUCHS PETROLUB SE pursues the policy of a steadily rising or at least stable dividend. The aim is that shareholders should participate in the company's success via an appropriate distribution. Accordingly, the company has continuously increased the dividend for 20 years and has not cut it for 29 years. Based on the attractive business model and the long-term focus of the company, this reinforces the successful corporate development in which shareholders participate in the form of continuously increasing dividends. The average dividend increase of the FUCHS preference shares amounted to 7% p.a. in the last ten years, whereby the absolute dividend increased by 106% in total.

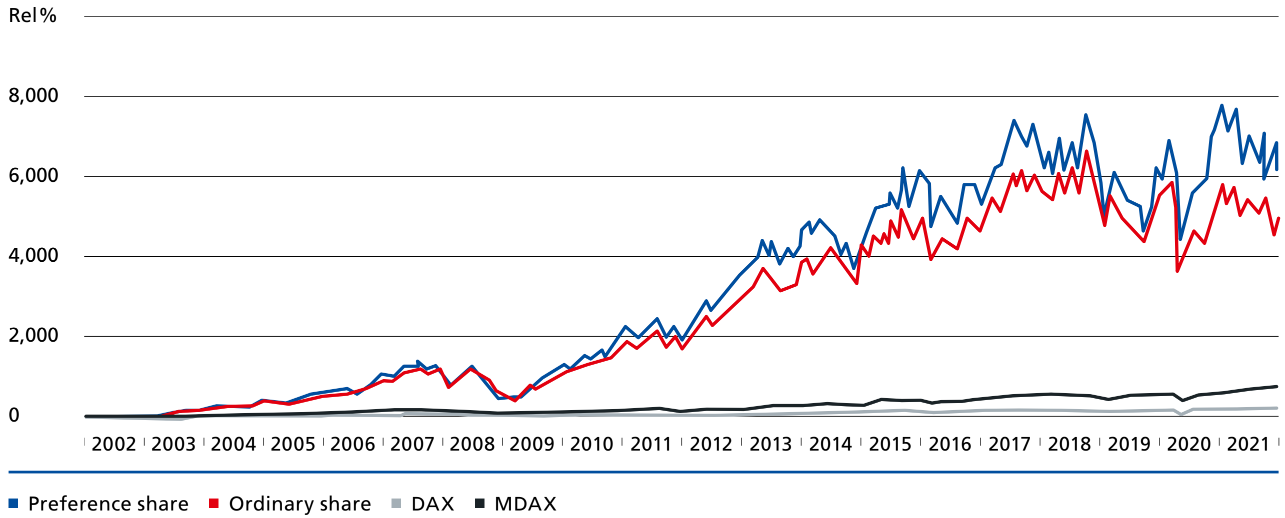
Dividend development
(in € per share)



For the financial year 2021, the Executive Board and Supervisory Board propose distributing €142 million (137) from unappropriated profits and consequently paying a dividend of €1.02 (0.98) per ordinary share and €1.03 (0.99) per preference share. This equates to a payout ratio of 56 % (62).

Historical performance

Historical performance* of ordinary and preference shares in comparison with DAX and MDAX
(January 1, 2002 – December 31, 2021)



*Price trend including dividends.

Average annual performance of FUCHS shares and relevant benchmark indices
December 31, 2021

	1 Year	3 Years	5 Years	20 Years
Preference share *	–12.1 %	6.2 %	2.0 %	23.2 %
Ordinary share *	–16.2 %	–1.3 %	–1.2 %	21.4 %
MDAX	14.1 %	17.6 %	9.4 %	11.0 %
DAX	15.8 %	14.6 %	6.5 %	5.8 %

* Reinvestment of dividends received. Absolute figures may differ due to rounding.
Source: Bloomberg

Key figures for FUCHS shares

	December 31, 2021		December 31, 2020	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of no-par-value shares at €1/shares outstanding	69,500,000	69,500,000	69,500,000	69,500,000
Dividend (in €)	1.02 [6]	1.03 [6]	0.98	0.99
Dividend yield (in %) [1]	3.0	2.4	3.0	2.5
Distribution ratio (in %)	56		62	
Earnings per share (in €) [2]	1.82	1.83	1.58	1.59
Carrying amount per share (in €) [3]	12.6		11.4	
XETRA closing price (in €)	30.88	39.92	37.85	46.44
XETRA highest price (in €)	38.40	49.50	40.45	49.36
XETRA lowest price (in €)	30.56	37.96	24.95	26.86
XETRA average price (in €)	33.99	42.72	32.78	39.84
Average daily turnover XETRA and Frankfurt				
Shares	16,994	121,790	28,458	178,985
€ thousand	578	5,203	933	7,131
Market capitalization (in € million) [4]	4,921		5,858	
Price-to-earnings ratio [5]	19	23	21	25

[1] Dividend/average share price × 100.
[2] Earnings of FUCHS PETROLUB SE shareholders/number of shares.
[3] Equity of FUCHS PETROLUB SE shareholders/number of shares.
[4] Stock exchange values at the end of the year.
[5] Average share price/earnings per share.
[6] 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 3, 2022.

Service for shareholders

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

Technology & Innovation leadership

15 %

Target EBIT margin

CO_2-neutral

CO_2-neutral products “cradle-to-gate” until 2025

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. 100 % focus

Our focus is 100 % on efficient lubricant solutions. For more than 90 years, FUCHS has been dedicated exclusively to the production, development, and sale of lubricants and related specialties and the performance of supplementary services. This clear focus allows us to be close to the market and react quickly and flexibly to customers' requirements in a wide variety of application areas, as well as to meet a wide range of national and international standards.

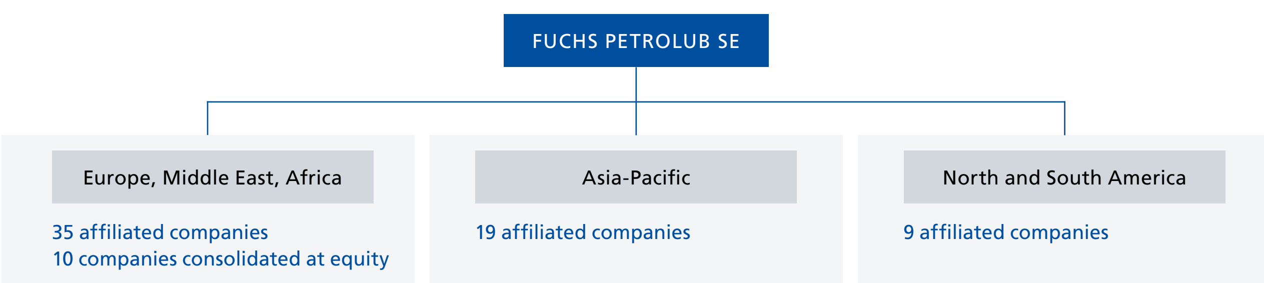
Our broad product range comprises more than 10,000 products and can be roughly divided into automotive lubricants (mainly oils and greases) and industrial lubricants (in addition to oils and greases, metalworking fluids in particular). It is rounded off by a comprehensive range of technical and process-related services. We thus operate as the only full-line supplier in a fragmented market that is characterized by a heterogeneous structure.

TECHNOLOGY. Holistic solutions

Technologically advanced, process-oriented and holistic lubricant solutions are a key success factor for FUCHS. This is why more than 576, or almost 10 %, of employees are assigned to research and development work. They work on optimum solutions for customers, relying on a global network of professionals enabling efficiently interconnected specialized skills.

The goal is to further consolidate the existing technology leadership in key application areas and also to establish and develop technology leadership in other strategically important application areas. We rely on the efficiency, reliability, safety and sustainability of our lubricants along the entire process and value chain.

Group structure



PEOPLE. Personal commitment

Around 6,000 qualified and specialized employees worldwide are committed to customer satisfaction. Our success is based on their personal commitment and dedication. In close and trusting relationships with our customers and business partners, they always work at offering the best lubricant solution.

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 57 operating subsidiaries and our ten companies consolidated at equity 41 were active in the Europe, Middle East, Africa (EMEA) region, 8 in the Americas, and 18 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.

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

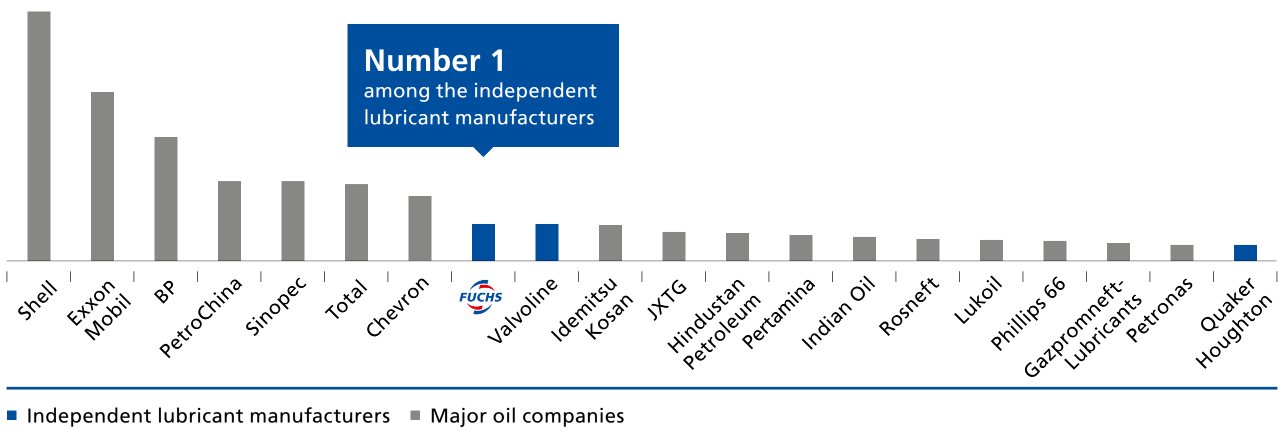
FUCHS' Group structure has been kept intentionally simple. FUCHS generally holds 100% of shares in all of its subsidiaries directly. Exceptions to this are the joint ventures and associates in Africa, the Middle East, Saudi Arabia, and Turkey.

The companies are organized into the three geographical regions of EMEA, Asia-Pacific, as well as 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 networks of experts. 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
FUCHS is fully focussed on lubricants	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 major oil companies	**Advantage over other independent companies**

Ranking of top 20 lubricant manufacturers



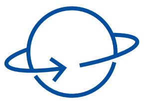
Group strategy

FUCHS2025

New way of thinking for future challenges. Digitalization, electric mobility, globalized customer requirements – FUCHS operates in a highly dynamic world full of new challenges. We see these challenges as opportunities to shape our future and continue to achieve success. To this end, we have been working on our strategy and transformation program FUCHS2025 with an internal team since mid-2019, and published the cornerstones of this program in July 2020.

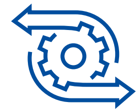
In 2021 we focused in particular on translating the Group strategy into local, regional and segment-oriented business strategies and then formulating them in a coordinated manner, as well as rolling out our strategic initiatives globally and translating them into concrete projects. We will continue and systematize these activities.

In addition to the consequent further implementation of projects to achieve our strategic goals, the issues of sustainability and digitalization in particular represent core topics for FUCHS in 2022.



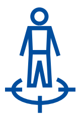
Global Strength

- 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

- Introduce a global production and sales network; independent supply and establish 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

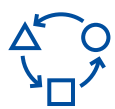
- Establish the greatest possible proximity to customers – strengthen the principle of "one face to the customer" and take advantage of cross-selling opportunities: become the full-line supplier for our customers
- Increase our market share in order to take a leading position in our target segments
- 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 employer of choice for existing and future employees
- Optimize working conditions and promote 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 Leader

- 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 skills and expertise at the three R&D centers in China, the US, and Germany to the same level by 2025



Sustainability

- Economic sustainability: Sustainable increase in sales revenues with an EBIT margin of 15% at Group level and corresponding growth in FUCHS' Value Added
- Environmental sustainability: CO_2-neutral "gate-to-gate" production since 2020, CO_2-neutral "cradle-to-gate" products by 2025. Support other projects for environmental sustainability
- Social sustainability: Support projects in the field of corporate social responsibility

Culture, structure, and strategy. The framework for FUCHS2025 consists of the three dimensions of culture, structure, and strategy. Concepts and content for these have been developed in collaboration with our employees.

Being First Choice. With the new "Being First Choice" vision, we reinforce and express 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 defined specific strategic goals.

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 on a project basis 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. Secondly, we follow a holistic market segment approach that maps the development and implementation of the 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.

Independence

Maintaining the independence of FUCHS PETROLUB 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.

Growth

FUCHS targets profitable growth. We use organic growth as the key metric for managing sales revenues growth. Organic growth is growth in sales revenues adjusted for currency translation and portfolio effects. Portfolio changes are described as external growth. We use organic growth as a key performance indicator both for the entire Group and at segment 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.

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 increasing cash and cash equivalents and for the settlement of financial debts. Free cash flow before acquisitions as an important key liquidity indicator provides the basis for a large number of management decisions.

FUCHS Value Added as central key performance indicator

The central 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, accounts receivable, and trade payables).

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

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:

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 control 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 countermeasures initiated.

Research and development

Continual expansion of activities

In the 2021 reporting year, the intensity of FUCHS' R&D work was higher than in previous years, with over 600 projects (560). With 576 (544) employees and R&D expenses of €59 million (54), FUCHS is continuing its efforts to establish and extend its technological lead in strategically important areas and promote innovation.

As part of the FUCHS2025 strategy, we are continuing to base our organization on the regional concept with three technologically equivalent R&D centers in Europe, Asia, and North and South America. With the aim of increasing our innovation power, we have established and centrally coordinated basic research at the international level.

Even though the year under review was greatly affected by the problems of raw material availability, we were able to uphold our commitment to being a technology leader in selected segments through successful product developments:

- We remained resolute in continuing our activities for the global projects that have been launched in recent years. One of these projects has resulted in the ANTICORIT WMD 9200, a modern, ready-to-use, water-based anti-corrosion protection product. The product is a modern alternative to conventional corrosion preventatives, solvent-free but equally as effective, pointing the way to sustainability and environmental awareness.
- The newly developed ANTICORIT DFO 9401 is a dewatering fluid for rapid water displacement based on a modern, globally available and modular concentrate concept. We use mineral-oil-free substrates, which contribute greatly to user-friendliness and occupational safety.
- More applications and possible uses through RENOCLEAN MTE 3001. The new emulsion cleaner and successor to the ANTICORIT MKR 30 is now suitable for splash and spray application thanks to a new formulation. In addition, cleaning performance and corrosion protection have been significantly increased.
- SOK AQUA 100 is a highly efficient emulsion concentrate based on ester oils, combining efficiency, sustainability and cost savings. FUCHS LUBRITECH is a pioneer in this field. The areas of application are concrete block production as well as structural engineering.

Customers around the globe benefit from our development of new friction-optimized and low-noise polyurea greases in electric vehicle motors. The commissioning of the new polyurea factory in Kaiserslautern, which enables customized grease properties on an industrial scale, has played a vital role in this.

We have also forged ahead with our activities in the area of digitalization and smart technologies.

Better control of processes and facilities leads to tangible efficiencies for FUCHS customers. In response to global demands for "real-time" data management, FUCHS has invested in the development of the FluidsConnect-system, an Industry 4.0 support tool.

FluidsConnect is a state-of-the-art web-based solution developed by FUCHS engineers in collaboration with a web and mobile software developer.

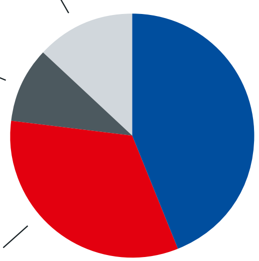
In order to enhance the industry 4.0 viability of FluidsConnect and to further support our customers in achieving "smart manufacturing", FUCHS has developed the Fluid Analyzer, which supports the chipping process and tracks and documents the process-relevant parameters of "concentration", "pH value" and "temperature" with the goal of achieving higher process quality and safety.

Sustainability and environmental awareness are key themes of our research and development at FUCHS. That is why we have been pursuing initiatives and projects on these fronts for years. In addition, FUCHS is also involved at the international level with the Union of the European Lubricants Industry (UEIL), aiming to establish an industry-recognized and transparent method of calculating carbon footprints for our industry.

Employees

As of December 31, 2021, the FUCHS Group had 5,976 employees, 135 of whom were trainees. The total workforce thus increased, compared with the previous year, by 248 people, or 4.3 %.

Functional workforce structure*



*Excluding 135 (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 57 (+ 1.5 %), in the Asia-Pacific region by 20 (+ 2.2 %), and by 166 (+ 19.3 %) in North and South America. Adjusted to account for acquisitions, the number of employees rose by 3.9 %. The significant increase in the Americas region is attributable to the transfer of temporary workers due to changing legal environments.

Geographical staff structure

	Dec 31, 2021	in %	Dec 31, 2020	in %
EMEA	3,860	65	3,803	67
Asia-Pacific	944	16	924	16
North and South America	1,028	17	862	15
Holdings	144	2	139	2
Total	**5,976**	**100**	**5,728**	**100**
thereof Germany	1,713	29	1,676	29

Cooperation in a globalized environment

In line with our "ACT GLOBAL" objective as part of FUCHS2025, throughout the year we continued to forge ahead towards our goal and are well within our 2025 timeline. We have also achieved numerous milestones, especially in terms of our culture. In particular, cross-border employee interaction using collaborative tools has continued to increase, and this new mode of interaction – required as the main form of communication owing to the continuing pandemic – has helped to sensitize employees to the importance of "ACT GLOBAL" in day-to-day work practices. 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, increasingly assume the role of interface managers between specialist departments and business units. In terms of our matrix structure, managers are also required to act in a more networked and interdisciplinary way, for example, by working with global functions or divisions. This allows them to be role models in implementing "ACT GLOBAL".

Besides the target-oriented development of communication structures across borders, the focus is on making communication free from hierarchies and open. Various global training courses and support material were provided, in particular related to the feedback culture. Managers at all levels are required to be role models in terms of "ACT GLOBAL", and by so doing 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. It is important here to motivate employees worldwide to actively engage in this initiative in order to break free of old structures and ways of thinking and adapt cooperation to the challenges of the future. As a result of COVID-19, managers' work on these topics has become more challenging, but has been managed very well through the use of remote leadership. This changed general landscape has acted as a positive catalyst for cooperating in a globalized setting.

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 essential interdisciplinary collaboration.

In 2021, we continued to supplement and enhance the digitalization of HR processes with additional elements. Among other things, this included converting the performance management and digitalization of the FUCHS ACADEMY for thematic learning into new digital structures. This benefits employees in terms of increased transparency and integration as well as availability.

Further strengthening of the employer brand

The project "Talent acquisition, talent development, and employee retention" was also launched in 2021 as part of the FUCHS2025 HR initiative. Based on a market analysis as well as a survey of representative groups of employees, a global branding concept is being developed in a global and interdisciplinary project group with the aim of ensuring a globally consistent presentation of the employer brand. The core elements of the employer brand were identified and appropriate messages and graphic concepts developed for target audience outreach.

Despite the challenges associated with the pandemic, the collaboration with colleges and universities was maintained in order to raise awareness of FUCHS as an attractive employer among students, graduates and junior scientists starting out in their careers. Here too, we have quickly moved to virtual formats, for example by attending individual, virtual higher education fairs to continue work in these areas. We continued to place special emphasis on providing training at our German locations to a steady number of trainees in our dual training program and students from Baden-Württemberg Cooperative State University (DHBW), despite the considerable hurdles posed in this regard by the pandemic.

Attracting qualified specialists is still a particular challenge on all labor markets, and especially in Europe, India, China and the US, despite the number of new hires slightly decreasing across all sectors as a consequence of the pandemic. In addition, external conditions created by the COVID-19 pandemic are making it more difficult to hire specialists. New ways of addressing talents in the recruitment market, such as social media recruitment or active sourcing, are being gradually expanded. In addition, a "Preferred Supplier Concept" for working with sustainable human resources consultants has already been implemented for some locations as part of the "Recruitment Channels" global project. By providing comprehensive information and communicating the core ideas of FUCHS2025, the consultants acting as ambassadors were able to better communicate the image of FUCHS to candidates in the market. As part of the global HR initiative relating to FUCHS2025, a pair of projects focused specifically on two areas: First, redefining the right channels for approaching applicants on a global basis; and secondly, we have revamped the entire recruitment procedure, including the selection process, at all our locations worldwide in order to check the fit of candidates with the right mindset, values and motivation needed by employees pursuing careers with FUCHS. Through our regional HR managers these modern recruitment channels and suitable selection instruments can also be offered to smaller sites that don't have their own HR department. Our goal remains unchanged: to find the best talents in the respective areas of expertise and to inspire them to join FUCHS. 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. For this purpose, a globally binding behavior-based skills model has also been established in a project as part of the strategic HR initiative FUCHS2025. This gives both internal and external parties a clear indication of what kind of behavior is desired and conducive to achieving the goals of FUCHS2025. Filling positions with employees from within the company also plays a major role for us. Accordingly, in the course of the continued Group expansion of the global divisions, particular attention was once again paid to promoting employees from within the company to the new attractive positions with a global focus in 2021.

Training

As of December 31, 2021, 86 (85) young people at our German subsidiaries took part in dual training programs. 22 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 in cooperation with the Baden-Württemberg Cooperative State University (DHBW) which ends with a bachelor's degree.

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 cross-group, 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

Strong global economy recovery in 2021 despite the Covid-19 pandemic and supply chain crisis

Development of gross domestic product

in %	Forecast 2021	Actual 2021	Forecast 2022
Germany	3.5	2.7	3.8
Eurozone	4.2	5.2	3.9
USA	5.1	5.6	4.0
China	8.1	8.1	4.8
Highly developed countries	4.3	5.0	3.9
Developing and emerging countries	6.3	6.5	4.8
World	**5.5**	**5.9**	**4.4**

Source: International Monetary Fund (IMF)

- In 2021, the global economy was affected by the pandemic, massive disruptions to global value chains, and sharply rising energy costs and inflation rates. Economic growth was nevertheless higher than expected in both major developed economies as well as developing and emerging countries.
- While the US Federal Reserve has announced an interest rate policy reversal for 2022, the ECB is expected to continue its expansive course.
- While economic growth in the euro zone exceeded forecasts in 2021, Germany fell short of expectations. With declining infection numbers, a dynamic economic recovery started, only then to be slowed again by the rapid spread of the Omicron variant at the end of 2021. Industrial activity also stalled due to supply shortages in the second half of the year. However, the economy in the euro zone as well as in Germany is expected to continue its upturn in 2022.
- China's economy was burdened in 2021 by strict zero-Covid policies with tough lockdowns, the domestic coal energy crisis, as well as financial problems in the real-estate sector. Interest rate cuts and capital expenditure programs, however, have been supporting the economy. China is expected to return to robust growth during the course of 2022.
- The US economy recovered noticeably in 2021 despite a weak start to the year due to the pandemic. Industrial production has increased significantly. A strong rebound is expected in 2022 despite higher interest rates.

Booming steel industry outside China in 2021, recovery to continue in 2022

World steel production recovered noticeably in 2021 thanks to buoyant growth in industry and construction. Developments have been better than expected in major industrialized countries, with the EU, the US, and Japan showing double-digit growth rates. In Turkey, India, and Brazil, the recovery has also been very dynamic. However, China's steel production (global market share of 53%) declined by 3.0%, burdened by government restrictions and weakness in the real-estate sector. Material bottlenecks slowed the global recovery in the second half of the year.

The WSA industry association expects the steel industry to continue its recovery in 2022 as supply bottlenecks in key customer industries are gradually overcome. Buoyant demand and a high level of orders on hand are growth drivers in the industry sector. The WSA expects steel demand to increase by 2.2% in 2022. While growth outside China is expected to grow at 4.7%, China's steel industry is forecast to stagnate. The WSA is optimistic for North America and the EU, in the latter for German steel producers in particularly.

Development of crude steel production

in %	Forecast 2021	Actual 2021	Forecast 2022
Germany	13.4	12.3	13.3
Europe (EU)	11.0	15.4	5.5
Asia	2.5	0.6	1.1
North America	6.7	16.6	5.4
World	**4.1**	**3.7**	**2.2**

Source: World Steel Association (WSA)

Engineering recovered very strongly in 2021, robust recovery to continue in 2022

Machinery and plant engineering has benefited from the global recovery in industrial production and recorded higher growth than expected before the end of the year, despite pressures. According to a preliminary estimate by the German Mechanical Engineering Industry Association (the VDMA), the industry's global sales revenues grew by

Development of engineering sales revenues

in %	Forecast 2021	Actual 2021	Forecast 2022
Germany	10.0	7.0	7.0
Eurozone	9.0	11.0	5.0
China	7.0	13.0	5.0
USA	6.0	12.0	3.0
World	**7.0**	**13.0**	**5.0**

Source: VDMA

Development of passenger car sales

in %	Forecast 2021	Actual 2021	Forecast 2022
Germany	9.0	– 10.1	7.0
Europe	12.0	– 1.5	7.8
China	8.0	6.6	3.3
USA	9.0	3.1	2.6
World	**9.0**	**2.9**	**3.7**

Sources: German Association of the Automotive Industry (Verband der Automobilindustrie – VDA), European Automobile Manufacturers Association (ACEA)

Development of chemical production *

in %	Forecast 2021	Actual 2021	Forecast 2022
Germany	1.5	4.5	2.0
Europe	2.0	10.0	5.0
China	7.0	12.5	2.5
USA	3.0	5.0	3.5
World	**4.8**	**9.5**	**2.7**

Sources: VCI, Cefic
* including pharmaceuticals

13 % in real terms in 2021. India, Brazil, and Turkey showed very strong growth. In the euro zone, mechanical engineering also recovered strongly, particularly in the Netherlands. For Germany's engineering companies, however, growth fell short of expectations despite a significantly improved order situation. Production stoppages and deferred capital expenditure at customers as well as supply bottlenecks dampened momentum.

However, industrial production and capital expenditure should continue to climb on the back of the global economic recovery. Digitalization and climate action are structural drivers of investment. Further impetus is expected to be given to the resumption of deferred projects in 2022. The VDMA expects global machine sales revenues to grow by 5 % on a regional basis, with growth in Germany expected to return to 7 % fostered by catch-up effects. Risks include high inflation and disrupted supply chains.

German automotive industry 2021 slumps against the trend, broad recovery in 2022 realistic

The global automotive industry recovered from prior year's deep slump in 2021, but less strongly than expected due to semiconductor bottlenecks. According to IHS Markit, sales have risen by 2.9 % to 79.4 million vehicles for passenger cars as well as light trucks. However, trends varied regionally. In China and the US, sales recovered significantly, according to the VDA, while Europe was again declining. In Germany, sales slumped by double digits due to material shortages and production shrank by 12 %. However, global production increased by 1.2 %. 2021 was a strong year for electric and plug-in hybrid vehicles; their sales increased by about 38 % to 4.74 million cars.

The global economic upturn is showing a strong recovery in automotive markets for 2022, although a semiconductor shortage is still expected. The demand for electric and hybrid vehicles will also continue to grow. According to IHS Markit's forecast, the automotive industry will see a 3.7 % increase in global sales of passenger cars and light trucks in 2022. The VDA is predicting a + 4 % increase. Europe is driving this growth, but sales are also expected to grow robustly in China and the USA. According to the VDA, the German passenger car market is expected to grow significantly. IHS Markit also expects production for passenger cars and light trucks to grow by 9.0 % worldwide in 2022, with significant growth of 17.8 % in Europe. A 13 % increase in domestic production is expected for Germany.

Chemical industry rebounding in 2021 despite headwinds, further recovery possible in 2022

The chemical industry initially enjoyed a strong recovery in 2021, but suffered noticeable setbacks from the summer onwards due to supply bottlenecks in key customer industries and higher energy costs. Despite high demand, production for industrial customers had to be partially curtailed or plants shut down. Global chemicals production increased by 9.5% in 2021 (excluding pharmaceuticals: +6.4%). The highest growth was achieved in China, followed by the EU. Development in the USA has been strong too. Germany's chemical industry has picked up noticeably.

Demand from key industrial customers is expected to continue to grow in 2022, provided the pandemic and global supply chain issues gradually resolve. However, the increase in energy costs is a major burden for some producers. The industry association VCI expects global chemicals production to increase by 2.7% in 2022. Growth is forecasted for all major regions. For example, the US chemicals sector is still in a robust recovery and a lot of momentum is also expected in the EU. Germany has posted only a slight increase of 2.0% (excluding pharmaceuticals: +1.5%), while the pace of expansion in China has flattened considerably.

Slight growth expected in global demand for lubricants

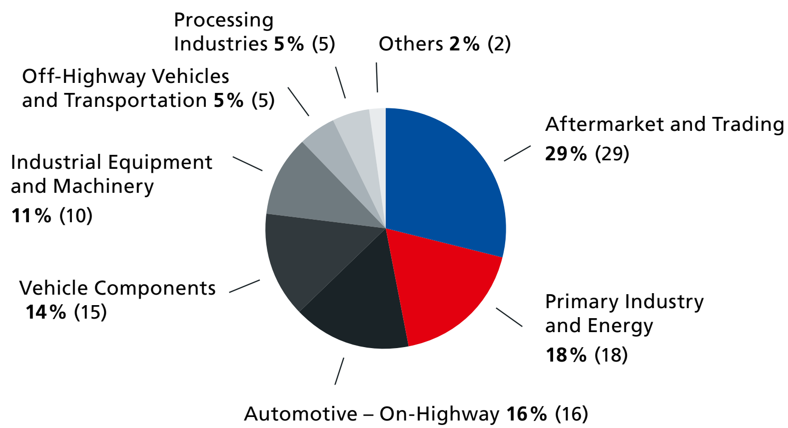
The Kline study conducted in 2020 estimates that global demand for lubricants will increase slightly in the period from the end of 2019 until 2028, with a compound annual growth rate of 0.4%. Growth in the Europe region (0.4%) is expected to be driven chiefly by Russia (1.1%). The unchanged market volume in the North and South America region is mainly attributed to a decline in the USA (–0.8%), which is, however, offset by a recovery in demand in Brazil (1.7%) and Mexico (2.1%). Average annual growth expectations of 0.6% in the Asia-Pacific region and the rest of the world primarily reflect upturns in India (1.7%) and in numerous African countries. For 2028, global demand for lubricants of around 38.1 million tons is anticipated. This corresponds to an increase of around 1.2 million tons compared to the initial level from 2019. The positive trend in demand for higher-quality lubricants, which is supported by new technical standards in industrialized countries in particular, is continuing.

Development of lubricant requirements

in %	Compound annual growth rate (2019–2028)
Europe	0.4
Asia-Pacific and rest of the world	0.6
North and South America	0.0
World	**0.4**

Source: Kline study

Breakdown of Group sales revenues by customer sector



2.3 Business performance in 2021 – forecast comparison

Expectations for sales revenues and EBIT exceeded, free cash flow below expectations

In the past financial year, the FUCHS Group significantly exceeded its targets formulated at the beginning of the year for sales revenues, EBIT and FUCHS Value Added (FVA). However, the projected free cash flow fell short due to an increase in net working capital as a result of higher sales revenues and increased sales prices, significantly higher raw material costs and a generally strained supply chain.

The most important key performance indicators returned the following results:

- Sales revenues rose by €493 million (21 %) to €2,871 million.
- EBIT increased by €50 million (16 %) to €363 million.
- The FVA improved from €165 million to €205 million.
- Free cash flow before acquisitions was €90 million compared to €238 million in prior year.

Comparison of actual vs. forecasted business performance

Performance indicator	Forecast 2021	Actual 2021	Evaluation
	Level 2019 (€2.6 billion)		
	April 29, 2021: between €2.7 billion and €2.8 billion		
Sales revenues	July 29, 2021: at the upper end of the €2.7 billion to €2.8 billion range	€2.9 billion	exceeded
	Level 2020 (€313 million)		
	April 29, 2021: EBIT between €330 million and €340 million		
EBIT	July 29, 2021: Range from €350 million to €360 million	€363 million	exceeded
	around 160 million		
	April 29, 2021: around €180 million		
FVA	July 29, 2021: around €200 million	€205 million	achieved
	around €160 million		
Free cash flow before acquisitions	April 29, 2021: around €110 million	€90 million	fell short

The forecast for the past financial year 2021 was made amid great uncertainty at the beginning of last year. The impact of the Covid 19 pandemic could not be reliably estimated, nor could price trends or availability on the commodity markets. The objectives of the key performance indicators were likewise cautiously formulated. As certainty increased, the forecast values were adjusted over the course of the year. → ⊞ Comparison of actual vs. forecasted business development

The strong recovery, which had already begun in the second half of 2020, continued, particularly in the first half of 2021. The trend in sales revenues during this period was well above initial expectations, resulting in an increase in the overall year-on-year forecast. Sales revenues in the second half of the year reflected inflation-related increases in sales prices in line with updated expectations. Supply shortages and downgraded economic forecasts had a dampening effect. Overall, sales revenues were up 21 % year on year, well above the original forecast.

Sales revenues increases were also reflected in results that easily exceeded expectations. However, due to the steep increases in raw material prices, gross profit did not keep pace with sales revenues. In addition, increased transport and packaging costs eroded EBIT. The earnings forecast was raised during the year, in line with the forecast for sales revenues.

Following the end of the investment program, investments were at the comparable level of depreciation and amortization of €80 million in 2021. Net operating working capital had increased significantly as a result of the expansion of business activities, higher sales prices, significantly higher raw material costs as well as stockpiling due to interruptions in the supply chain. Therefore, the original free cash flow forecast was reduced from around €160 million, which already included the reduction of tax liabilities and significantly higher advance tax payments, to around €110 million over the year. Free cash flow before acquisitions was €90 million, due to the developments presented.

The FVA was raised in line with the EBIT forecast, reaching €205 million (165) at a constant capital costs rate of 9.5 %, well above initial expectations.

2.4 Group performance and results

Sales revenues (performance)

Regional development of sales revenues by company location

in € million	2021	2020	Organic growth	External growth	Currency translation effects	Total change absolute	Total change in %
EMEA	1,710	1,446	253	3	8	264	18
Asia-Pacific	855	698	133	0	24	157	22
North and South America	471	387	96	12	–24	84	22
Sales revenues before consolidation	3,036	2,531	482	15	8	505	20
Consolidation	–165	–153	–12	0	0	–12	–
Total	**2,871**	**2,378**	**470**	**15**	**8**	**493**	**21**

On a growth path

In a challenging environment impacted by the ongoing Covid-19 pandemic and also wide-ranging raw materials shortages and high raw material price increases, FUCHS achieved sales revenues of €2,871 million (2,378) in 2021. This was not just 21 % higher than the pandemic-affected prior year, but also 12 % higher than the pre-crisis year of 2019.

The strong year-on-year growth of 21 % was based on buoyant organic growth of 20 %, driven largely by an expansion in business volume. In addition, increases in sales prices to compensate for the price rises on the procurement side became increasingly significant in the second half of the year. Taking account of acquisition activity, sales revenues increased by 1 % in 2021; exchange rate effects were not significant overall.

Growth factors

	in € million	in %
Organic growth	470	20
External growth	15	1
Effects from currency translation	8	0
Growth in sales revenues	**493**	**21**

North and South America region posts modest expansion in share of total sales revenues

With strong growth in all regions, there were only minor shifts in the regions' shares of total unconsolidated sales revenues compared with the previous year. The Europe, Middle East, Africa (EMEA) region remained by far the largest region in terms of sales. Despite its strong growth of 18 %, its share of total unconsolidated sales revenues declined slightly again, falling from its previous 57 % to now 56 %.

This benefited North and South America region, which managed to slightly grow its share by one percentage point to 16 % thanks to strong growth in sales revenues of 22 %. However, despite matching growth of 22 %, Asia-Pacific region's share of unconsolidated sales revenues remained steady at 28 %.

Group sales revenues by customer location

in € million	2021	Share in %	2020	Share in %	Change absolute	Change in %
EMEA	1,484	52	1,237	52	247	20
Asia-Pacific	920	32	743	31	177	24
North and South America	467	16	398	17	69	17
Total	**2,871**	**100**	**2,378**	**100**	**493**	**21**

EBIT improves, while increase in raw materials prices weighs on gross margin

Thanks to significant sales increases of €493 million and a relatively low rise in function costs, FUCHS increases EBIT by €50 million over the previous year in a context of sharply rising raw material prices. The growth was €42 million, or 13 %, compared with 2019, which was unaffected by the pandemic. Earnings after tax increased from €221 million in 2020 to €254 million.

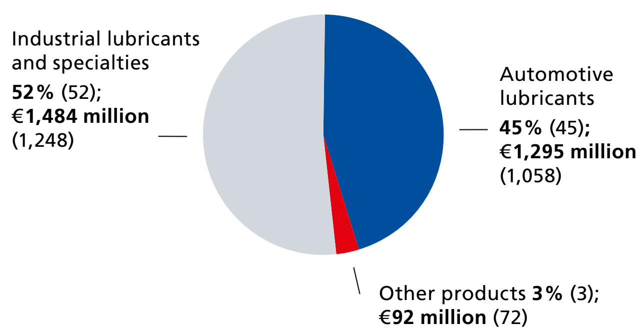
In addition to an increase in business volume over the previous year, continuous sharply rising prices on the purchasing side shaped the course of business for the year. These were delayed over the year, partly passed on to our customers through price increases on the sales side and contributed about a third to the rise in sales revenues. This inflationary environment led to a deterioration in the gross margin for the full year of more than two percentage points year on year to 33.6 % (35.9). Gross profit subsequently increased strongly in absolute terms by €111 million, but did not keep pace with sales revenues, rising by only 13 % to €965 million (854).

Other function costs clearly reflected FUCHS' efforts to reduce costs or to keep cost increases at a modest level. For example, these costs increased significantly, by €60 million compared with the previous year, but at a significantly lower rate of 11 % in relation to sales revenues, thus improving their share of sales revenues from 23.2 % to 21.3 %. Taking into account that FUCHS received around €10 million in government support to mitigate the consequences of the Covid-19 pandemic in the previous year, the cost increase was around €50 million. Around a third of this was due to increased freight costs, with increased sales volume and higher transport costs. In addition, inflation-related wage and salary adjustments and a performance-related rise in variable remuneration with a moderate increase in the number of employees resulted in higher staff costs. In other areas, such as travel expenses, the previous year's low level was repeated.

EBIT before income from companies consolidated at equity (EBIT before at equity), defined as the balance of gross profit and other function costs, was up by €51 million or 17 % year-on-year at €354 million (303). The EBIT margin before at equity decreased slightly from 12.7 % to 12.3 %.

At €9 million, income from companies consolidated at equity (at equity income) was €1 million lower year-on-year.
→ ## 52 Group results of operations

Breakdown of Group sales revenues by product group



Results of operations

Group results of operations

in € million	2021	in %	2020	in %	Change
Sales revenues	2,871	100.0	2,378	100.0	493
Cost of sales	– 1,906	– 66.4	– 1,524	– 64.1	– 382
Gross profit	965	33.6	854	35.9	111
Other function costs	– 611	– 21.3	– 551	– 23.2	– 60
EBIT before income from companies consolidated at equity	354	12.3	303	12.7	51
Income from companies consolidated at equity	9	0.3	10	0.5	– 1
EBIT	363	12.6	313	13.2	50
Financial result	– 5	– 0.2	– 5	– 0.2	0
Income taxes	– 104	– 3.6	–87	– 3.7	– 17
Earnings after tax	**254**	**8.8**	**221**	**9.3**	**33**

As a result, EBIT improved by €50 million, or 16 %, to €363 million (313). The EBIT margin, on the other hand, decreased from 13.2 % to 12.6 %. Earnings after tax increased by €33 million or 15 % to €254 million (221).

The tax rate (income taxes related to earnings before tax without income from at equity companies) rose from 29.2 % to 29.8 % as a result of higher withholding taxes on dividends.

Based on earnings after tax of €254 million (221), the net profit margin slipped back year-on-year to 8.8 % (9.3). Earnings per ordinary and preference share improved by €0.24 or around 15 % to €1.82 (1.58) and €1.83 (1.59) respectively.

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

Europe, Middle East, Africa (EMEA)

Significant increases in sales revenues

The EMEA region increased its sales revenues to €1,710 million in the last financial year, amounting to sales growth of €264 million or 18% compared with 2020. This more than offset the pandemic-related 8% sales revenues declines in the previous year, and it was possible to achieve an 8% increase in sales revenues compared with 2019.

The significant year-on-year growth was almost entirely organic and largely due to increased sales volumes. External growth played a minor role in 2021, with negative currency effects of Eastern European currencies slightly overcompensated by positive effects, mostly from South Africa and the UK.

Good absolute and relative increases were achieved, in particular in Russia, South Africa, Italy and Poland.

EBIT at previous year's level

The EMEA region generated segment earnings (EBIT) of €166 million in 2021, undershooting the previous year's earnings by just under €2 million and the 2019 earnings by €1 million.

In the past financial year, the region faced significant increases in commodity prices and, in addition, a considerable increase in other costs: In addition to transport costs, labor costs in particular posted a sharp rise compared with the previous year. The latter was due to the abolition of previous short-time work schemes, mainly inflation-related salary and wage increases and the use of additional externally hired employees. This helped compensate for Covid-19-related staff absences and also negated the consequences of disrupted supply and transport chains in production and logistics. As a result, not only did the gross margin fall, but with an EBIT before equity of €157 million, the EBIT before equity margin also went down from 10.9% to 9.2%.

At equity income contributed €9 million to the region's segment earnings, which was €1 million less than in the previous year.

Segment information for EMEA[1]

in € million	2021	2020
Sales revenues by company location	1,710	1,446
Organic growth	253 (17%)	–108 (–7%)
External growth	3 (0%)	1 (0%)
Currency translation effects	8 (1%)	–26 (–1%)
EBIT before at equity	157	158
At equity income	9	10
Segment earnings (EBIT)	166	168
Capital expenditure	43	75
Acquisitions[2]	2	3
Employees as of December 31	3,860	3,803

[1] For further information, refer to the financial report: "Segments".
[2] Additions to property, plant and equipment and intangible assets.

Investment volume significantly below the previous year, focus on Germany and South Africa

Again, strong levels of capital expenditure were made in the EMEA region in 2021, but at a lower level compared with previous years. Around €43 million went into numerous extension and upgrading measures across the entire region. In total, around €16 million was invested in the three German sites in Mannheim, Kaiserslautern and Kiel. At the same time, efforts were doubled, especially in Johannesburg, to lay the foundations for future growth and greater efficiency: work was begun here on the construction of a new warehouse and new office space and introducing SAP.

Asia-Pacific

China as the main driver of strong organic growth

The Asia-Pacific region improved its sale revenues by €157 million, or 22% year-on-year to €855 million. The high level of growth in 2021 was based on what had only been a small organic decline in sales of 1% even in the difficult year of 2020, and an overall decline after negative currency effects of 3%. In comparison with 2019, the region's sales revenues were up 19%.

The main driver behind the positive development in the past financial year was strong business volume-driven organic growth of 19%, which was mainly attributable to China, by far the region's largest market. In addition to China, all other countries recorded organic increases in sales revenues, except Malaysia, which has been particularly hard hit by Covid-19 restrictions. In addition, Asia-Pacific benefited from positive exchange rate effects of 3% in 2021. Strong Chinese renminbi and Australian dollar more than offset negative translation effects resulting from weakness in the rest of the region's currencies.

China with highest gains in earnings

The Asia-Pacific region saw its EBIT rise by 22% or €22 million to €122 million in the past financial year. The previous year also saw an increase in EBIT in a difficult economic environment and despite slight declines in sales revenues. Thus, the region improved its EBIT by over 31%, or €29 million, over the past two years compared with 2019.

The improvement in earnings over the previous year was based on a 22% increase in sales revenues and a subsequent large rise in gross profit. The Asia-Pacific region also faced price increases on the purchasing side. However, this growth was lower in terms of exchange rates than in EMEA and North and South America, and could be passed on to our customers. As a result, the gross margin deteriorated. However, continued cost control and a disproportionate increase in other function costs offset this, keeping the EBIT margin at 14.3% (14.3), i.e. at the previous year's level.

The region's driving force was China, which benefited in particular from strong demand from the automotive sector. In addition, India and Australia in particular contributed significantly to the positive development of the results.

Segment information for Asia-Pacific[1]

in € million	2021	2020
Sales revenues by company location	855	698
Organic growth	133 (19%)	–9 (–1%)
External growth	0 (0%)	5 (0%)
Currency translation effects	24 (3%)	–16 (–2%)
EBIT before at equity	122	100
At equity income	0	0
Segment earnings (EBIT)	122	100
Capital expenditure	20	22
Acquisitions[2]	3	0
Employees as of December 31	944	924

[1] For further information, refer to the financial report: "Segments."
[2] Additions to property, plant and equipment and intangible assets.

Investments focused on China

Investments in property, plant and equipment and intangible assets in the region was around €20 million in 2021, only around €2 million below the previous year's level. About three quarters of this was in China. Here, the fat factory in Yingkou was the focus of its investment activities: Capacities have been expanded, the degree of automation has been enhanced, and quality standards that also meet the high demands of OEM customers have been raised further. In addition, the construction of the new administration building in Shanghai, which had already been procured last year, was completed, and the basis for further growth was laid in Wuiiang with the purchase of an adjacent plot of land. Outside China, investments continued mainly in the Sunshine location in Australia.

North and South America

Impressive organic growth burdened by strong negative currency effects

The entire North and South American region was particularly affected by the Covid-19 pandemic in 2020 and had to accept sales revenues losses totaling 7%, despite strong external growth. The past financial year saw these losses made up, and sales revenues reached €471 million, an increase of 22% or €84 million year-on-year, but also 13% or €53 million above 2019 levels.

The strong gain in year-on-year sales revenues was driven by strong business volume-driven organic growth of €96 million, or 25%, which mostly came from North America, but was also due to an uptick in South America. In addition, the region continued to benefit from the acquisitions of Nye and PolySi in January and November 2020, especially in the first half of the year, and was able to register external growth of €12 million or 3% in the last financial year. Sales revenues were affected by currency translation losses. The negative effects from the weakness of the US dollar and Brazilian real, as well as the further decline of the Argentine peso, eased over the year, but accumulated to 6% over 12 months.

Segment information for North and South America [1]

in € million	2021	2020
Sales revenues by company location	471	387
Organic growth	96 (25%)	–60 (–14%)
External growth	12 (3%)	47 (11%)
Currency translation effects	–24 (–6%)	–18 (–4%)
EBIT before at equity	60	42
At equity income	0	0
Segment earnings (EBIT)	60	42
Capital expenditure	8	13
Acquisitions [2]	0	127
Employees as of December 31	1,028	862

[1] For further information, refer to the financial report: "Segments."
[2] Additions to property, plant and equipment and intangible assets.

Strong recovery and big increase in EBIT

The North and South America region generated an EBIT of €60 million during the reporting year. With a pleasing gain of 43 % compared with 2020, the North and South America region's earnings increase was particularly pronounced. The previous year's decline in earnings was thus more than offset and an EBIT improvement of € 11 million or 22 % was achieved compared with 2019.

In the North and South America region, the delayed passing on of sharply rising cost prices also weighed on gross profit. At the same time, freight costs rose disproportionately due to volume and price factors. Overall, other function costs increased at a slower pace to sales revenues thanks to strict cost discipline, resulting in an improvement in EBIT to €60 million (42). The EBIT margin improved from 10.9 % to 12.7 %.

A clear upward trend was recorded not just by North America, which benefited significantly from the success of last year's acquisition of specialty manufacturer Nye, but also the South American companies.

Investments reduced and modernization continued

In the first year after the completion of the investment offensive, the investment volume for the region was notably reduced compared with the previous year. The modernization and expansion of the locations in the region continued in 2021. Around €8 million (€ 13 million) went into different projects, mainly in the USA, where investment activity once again focused on the Kansas and Harvey plants.

2.6 Net assets and financial position

Balance sheet structure

Financial position

	December 31, 2021		December 31, 2020		
	in € million	in %	in € million	in %	Change in € million
Goodwill	247	11	236	11	11
Other intangible assets	107	5	117	6	–10
Property, plant and equipment	744	32	700	33	44
Other non-current assets	92	4	93	4	–1
Non-current assets	**1,190**	**52**	**1,146**	**54**	**44**
Inventories	507	22	359	17	148
Trade receivables	431	19	369	17	62
Cash and cash equivalents	146	6	209	10	–63
Other current assets	37	1	37	2	0
Current assets	**1,121**	**48**	**974**	**46**	**147**
Total assets	**2,311**	**100**	**2,120**	**100**	**191**

Higher business volume expands total assets

In the past year, total assets increased by 9 % or €191 million to €2,311 million as of December 31, 2021. The main factor behind this development was the increase in inventories, which at the end of the year accounted for 22 % (17) of total assets.

Increase in non-current assets

As of the reporting date, the carrying amount of non-current assets was €1,190 million. The figure was 4 % higher than the previous year. An almost entirely currency-related increase of €11 million in goodwill was offset by a reduction in other intangible assets by the same order of magnitude as a result of the amortization of customer lists. The carrying amount of property, plant and equipment increased significantly by €44 million, or 6 %, to €744 million, mainly due to capital expenditure. Despite the absolute increase in non-current assets, their share of total assets declined due to the sharp increase in current assets.

Expansion in sales revenues and increases in prices boosts current assets

While the increase in non-current assets was moderate following the significant increases of previous years, there was a significant increase in non-current assets. Trade receivables grew by €62 million, or 17 %, and inventories by €148 million, or 41 %. The main driver of this development, in addition to the significant growth in sales revenues year-on-year, were the huge price increases on the purchasing side. These led, firstly, to the increase in value of stored raw materials, then to an increase in stocked finished products and finally to an increase in receivables as the price rises were passed on to customers. The big increase in the carrying amount of inventories and receivables also used up financial resources. In the previous year, the decrease in inventory and trade receivables freed up cash and cash equivalents, while in the year under review the increase in receivables and inventory resulted in a reduction in cash and cash equivalents of €63 million or 30 %.

Equity ratio still high

Equity was increased again, despite the difficult past financial year, rising by €176 million compared with the previous year. The equity ratio rose slightly to 76 % despite an increase in total assets (75).

Non-current liabilities decline after earn-out payment and pension revaluation

Equity stood at €1,756 million and liabilities at €555 million as of December 31, 2021. Of this €555 million, €102 million (4 % of total assets) and consequently €29 million (–22 %) less than in the previous year was in non-current liabilities.

The decisive factor here was the decrease in pension provisions as well as in other non-current liabilities, in addition to a primarily currency-related increase in deferred tax liabilities. As of December 31 of the reporting year, pension provisions amounted to only €28 million, compared with €43 million in the previous year. At the same time, pension provisions, the funding of which had been transferred out in previous years, largely related to our companies in Germany and the UK. The reduction in the reporting year was mainly due to the recalculation of provisions not recognized in profit or loss as a result of rising interest rates.

The remaining non-current liabilities increased in the previous year through the disclosure of a purchase price liability due to acquisitions. The early payment of this earn-out liability resulted in a reduction of €19 million in the remaining non-current liabilities during the last reporting year.

Increase in current liabilities

Unlike non-current liabilities, current liabilities increased in the reporting year. The balance sheet showed a sum of €453 million (409) as of December 31, 2021, representing an increase in the carrying amount of €44 million or 11 %.

With increased sales volumes and steady increases in cost prices over the year, trade payables rose by 14% or €28 million to €227 million (199). The Group thus financed around 10% (9) of its assets using these trade payables as of the end of the reporting period. → # Capital structure

Capital structure[1]

	December 31, 2021		December 31, 2020		
	in € million	in %	in € million	in %	Change in € million
Total equity	**1,756**	**76**	**1,580**	**75**	**176**
Pension provisions	28	1	43	2	–15
Deferred taxes	48	2	41	2	7
Non-current financial liabilities	14	1	16	1	–2
Other non-current liabilities	12	0	31	1	–19
Non-current liabilities	**102**	**4**	**131**	**6**	**–29**
Trade payables	227	10	199	9	28
Provisions	16	1	18	1	–2
Financial liabilities	35	1	14	1	21
Other current liabilities	175	8	178	8	–3
Current liabilities	**453**	**20**	**409**	**19**	**44**
Total equity and liabilities	**2,311**	**100**	**2,120**	**100**	**191**

[1] Previous year's figures comparable (reporting of advance payments received and liabilities from customer rebates under other liabilities).

Also, the Group's non-current financial liabilities increased by €21 million to €35 million (14). The main reason for this was essentially a short-term cash requirement in US dollars that was funded via external local bank loans.

However, the reduction in tax liabilities compared with the previous year's closing date resulted in a reduction of the current liabilities by €3 million.

Contractual investment obligations fell further

In addition to the recognized liabilities, there were contractual investment obligations of around €18 million as of the reporting date (31). With the completion of several construction projects in the past year, these obligations decreased by €13 million compared with the previous reporting date. A total of €6 million, representing approximately a third of the existing capital expenditure obligations, related to companies in Germany. This was due to the construction of the new office building for the holding

Use of capital employed*

in € million	2021	2020	Change absolute	Change in %
Property, plant and equipment*	718	670	48	7
Intangible assets*	353	325	28	9
Net operating working capital (NOWC)*	606	544	62	11
	1,677	**1,539**	**138**	**9**
Other items*	–10	23	–33	–
Capital employed*	**1,667**	**1,562**	**105**	**7**

*Average figures, each based on five quarterly values.

company and various individual projects at the sites in Mannheim, Kaiserslautern, and Kiel. In addition, there were higher obligations for our companies in Belgium and China, also for various individual projects.

Business expansion and massive price increases tie up more capital and reduce net liquidity

The expansion of the business and hefty price increases on the purchasing side and subsequently on the sales side tied up more capital in inventories and receivables and reduced cash and cash equivalents by €63 million. As a result, while financial liabilities rose slightly (+€19 million), net liquidity at the end of the year was well below the previous year at €97 million (179).

Strong increase in NOWC

Compared with year-end 2020, NOWC (calculated as the balance of inventories plus trade receivables minus trade payables and advanced payments received and liabilities from customer discounts) increased by €176 million or 36 % to €671 million (495). The significant increase in accounts receivable and inventories led to a deterioration in NOWC relative to fourth quarter annualized sales revenues, from 19.4 % in the previous year to 22.6 % as of the end of the financial year. This represents an 11-day increase in average capital commitment to 82 days (71).

Unchanged compared with the previous year, on average over five quarters FUCHS employed 43 % of its capital for property, plant and equipment, 21 % for intangible assets and 36 % 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 total increase of 9 % compared with the previous year resulted in an increase of 7 % in the average capital employed.

Investments and acquisitions

Investments

Investments at level of depreciation and amortization

In the first year after the completion of the major investment offensive, in which FUCHS invested just under €600 million from 2016 to 2020, investments in property, plant and equipment and intangible assets were significantly reduced in 2021. At around €80 million, they were over 34 % below the previous year (122) and on the comparable level of depreciation levels as planned. The largest individual investment of the past financial year was outside the regions and was made by the holding company: At the Mannheim location, work on the new company headquarters progressed, paving the way for a move in the first half of 2022. → 53 Sales revenues, results of operations, and investments in the regions

Investments

in € million	2021	2020
EMEA	43	75
Asia-Pacific	20	22
North and South America	8	13
Holding companies	9	12
Total	**80**	**122**

Depreciation and amortization

Further increase in depreciation and amortization

As a result of the significant reductions in investment volumes, depreciation and amortization of property, plant and equipment and intangible assets increased once more, from €80 million in 2020 to €86 million in 2021.

Acquisitions

Following the major acquisitions of 2019 and 2020, there were limited purchasing opportunities in the past financial year. In the first instance, existing trade relationships were taken over to enable direct sales. In Sweden and Vietnam, the trusted cooperation with a long-standing trading partner led to its acquisition, and in Egypt the creation of a joint venture. In total, €4 million was spent on acquisitions in the past financial year, in addition to the payment of €25 million made for the earn out Nye.

Statement of cash flows

Statement of cash flows

in € million	2021	2020
Earnings after tax	254	221
Depreciation and amortization and impairment	86	80
Change of NOWC	– 152	34
Other changes	– 19	25
Cash flow from operating activities	**169**	**360**
Capital investment on long-term assets	– 80	– 122
Earnings from disposals of fixed assets	1	0
Free cash flow before acquisitions	**90**	**238**
Acquisitions/divestments	– 29	– 114
Free cash flow	**61**	**124**

Build-up net working capital as a result of business volume growth and price increases reduces cash flow from operating activities

In the past year, FUCHS generated free cash flow of €61 million, down €63 million on the previous year.

The decrease in free cash flow compared with the previous year was due to the decrease in cash flow from operating activities. Despite the fact that earnings after tax were €33 million higher than in the previous year, cash flow from operating activities stood at €169 million in 2010 (360), which was €191 million lower year-on-year. The price-related build-up of net working capital had a strong mitigating effect. The high build-up of NOWC as a result of growth in sales revenues and price increases during the reporting year was offset by positive effects of reducing investment volumes to the comparable depreciation and amortization levels. The significant cash outflow from other changes compared with last year was largely due to the settlement of tax liabilities built up at the end of 2020 and higher advance tax payments in 2021. At €80 million (122), cash outflows from investments in non-current assets were €42 million lower than in the previous year. Overall, this resulted in free cash flow before acquisitions of €90 million, €148 million less than the previous year.

Following payments for acquisitions (€30 million) and cash and cash equivalents acquired through acquisitions (€1 million), free cash flow stood at €61 million (124) in the reporting year.

Dividends totaling €137 million (135) were paid to shareholders. Cash and cash equivalents decreased by €63 million to €146 million over the year, down from €209 million.

Liquidity situation, financing structure, and dividend policy

Liquidity levels and financing strategy

As of the end of the reporting year, FUCHS had cash and cash equivalents of €146 million (209). In addition to its cash and cash equivalents, FUCHS has free lines of credit from credit institutions of €165 million (178). In addition, thanks to its solid balance sheet structure and net liquidity of €97 million (179), FUCHS has the opportunity to raise additional funds flexibly and at short notice.

This will ensure the Group's flexibility and independence. As demonstrated over the past years, the strong liquidity situation allows for future investments even in a difficult economic environment and creates the scope to look at potential acquisition opportunities.

FUCHS continues to pursue a policy of a steadily rising or at least stable 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). → 39 Controlling system

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

WACC 2021

Basic data[1]:

- Equity costs[2] = 7.4% (7.5) after and 10.6% (10.7) before tax
- Borrowing costs[3] = 0.7% (0.4) after and 0.9% (0.6) before tax
- Financing structure[4] = 89% (87) shareholders' equity and 11% (13) borrowed capital
- Group tax rate = 30% (30)

[1] Empirical financial market data as of December 31, 2021.
[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.

From the basic data as of December 31, 2021, the WACC was 9.5% (9.5) 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).

Investments in property, plant and equipment and financing significant volume growth with steadily rising purchasing and selling prices required around €105 million in additional capital over the past year. At a constant WACC of 9.5% (9.5%), capital costs increased by €10 million (+7%). At the same time, EBIT improved by €50 million. In total, these effects resulted in an FVA of €205 million (165), an increase of €40 million.

Increased FVA with higher earnings and capital employed

in € million	2021	2020	Change absolute	Change in %
EBIT	363	313	50	16
Capital Employed				
Total equity*	1,659	1,543	116	8
+ financial liabilities*	50	50	-	-
+ net pension provisions*	39	38	1	3
+ amortized goodwill*	85	85	-	-
– cash and cash equivalents*	166	154	12	8
Total capital employed	1,667	1,562	105	7
WACC (in %)	9.5	9.5	-	-
Capital costs	158	148	10	7
FVA	**205**	**165**	**40**	**24**

*Average figures, each based on five quarterly values.

Five-year report of FVA and its components

in € million	2021	2020	2019	2018	2017
EBIT	363	313	321	383	373
Average capital employed	1,667	1,562	1,470	1,317	1,227
Capital costs	158	148	147	132	123
WACC (in %)	9.5	9.5	10.0	10.0	10.0
FVA	205	165	174	251	250

Liquidity as a performance indicator

Liquidity

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.

FUCHS Group generated free cash flow before acquisitions of €90 million (238) in 2021. Dividends of €137 million (135) were paid to shareholders. A total of €29 million (114) was spent on acquisitions. Cash and cash equivalents therefore decreased by €63 million overall.

The following overview shows free cash flow before and after acquisitions. The dividends paid to the shareholders of FUCHS PETROLUB SE have been increased from year to year.

→ # Five-year summary of free cash flow and dividends

Five-year summary of free cash flow and dividends (total dividend payout)

in € million	2021	2020	2019	2018	2017
Free cash flow before acquisitions	90	238	175	147	142
Acquisitions/ divestments	–29	–114	–13	12	–2
Free cash flow	61	124	162	159	140
Dividend distribution (for the previous year)	137	135	131	126	123

Growth as a performance indicator

Organic and external growth

FUCHS targets profitable growth, which can be generated both internally (organic) and through acquisitions (external). During the year under review, the Group was able to offset and even more than compensate for what were in part significant declines in sales revenues of the previous year affected by the pandemic. Strong organic growth was recorded in all regions compared with the previous year, but also when measured against the pre-crisis year of 2019. External growth was achieved in the past financial year thanks to the acquisitions in the North and South America region in 2020.

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. In 2021, EBIT rose 16% year-on-year. 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 could lead to positive deviations from budget.

Risks

Future events that could lead to negative deviations from budget.

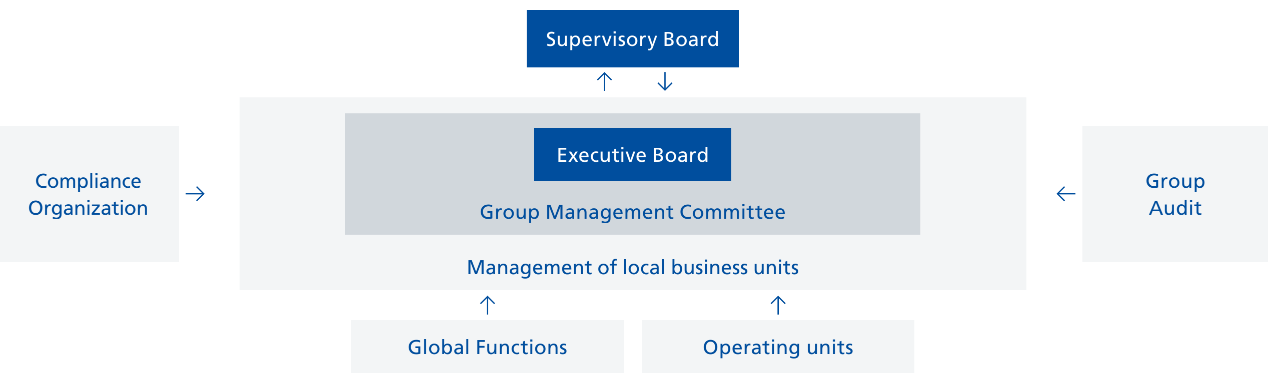
Opportunity and risk management

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 PETROLUB 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 which could have both a financial and a non-financial impact. They are assisted in this by the Compliance Organization, Group Internal Audit and the global function network of FUCHS PETROLUB SE, which includes, amongst others, Finance, Controlling, Legal, Taxes, 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 aim to avoid or reduce risks 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 in accordance with 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
- Employees 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.

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 especially 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 the sector-specific and market-specific requirements of our customers. 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. 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 employee development and sustainability activities
We also see opportunities above all in specifically promoting the expertise and capacity of our employees and managers and utilizing these qualities to further develop our business. This is supported through the ongoing development of a structured global human resources platform.

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

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 make the connection of software, mechanics and electronics via the internet of a previously unfathomable 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 PETROLUB SE and implemented in all Group units governs the way in which risks are handled within the FUCHS Group, and defines an 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 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 audits performed by the management of the operating units and by the global functions every six months in a structured manner, 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 the reporting of financial risks, non-financial risks which may have a material adverse impact on the FUCHS Group, are also considered in the risk reporting process.

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. When assessing risks, their probability of occurrence and the associated range of potential extent of loss are taken into account respectively.

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.

As of 2021, the threshold for reporting will be changed from earnings after taxes to earnings before interest and taxes. In order to meet the changed requirements, the category areas of the risk matrix have been adjusted. Income tax risks are additionally reported.

The individual risks reported by the Group companies and global functions are aggregated at Group level based on recognized statistical methods and the aggregates are classified on the basis of their probability of occurrence and extent of net loss.

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

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

The combination of the probability of occurrence and extent of net loss 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 risk reporting systems, 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.

Risk matrix

Extent of net loss	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

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

In addition to the risk management system, the 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. The system is incorporated in the underlying business processes in all relevant legal units and global functions and is developed on an ongoing basis.

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 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.

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) and supplementary internal Group guidelines. 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.

Effectiveness and security

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 PETROLUB 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, 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 PETROLUB SE are specifically designed to detect and reveal potential risks and undesirable developments as soon as possible. However, even our systems cannot provide absolute security against potential errors. As part of the audit of the annual financial statements, the statutory auditor confirmed that the Executive Board has suitably implemented the measures required in accordance with Section 91(2) of the German Stock Corporation Act (AktG). In particular, these requirements stipulate the establishment of a monitoring system as a going concern capable of detecting developments that could jeopardize the company early on.

Risk aggregation

On the basis of the risk classification system described above, the FUCHS Group is not currently subject to any aggregated risks rated as significant. From a Group perspective, the aggregation of all risks results in a classification in the medium category (extent of net loss: €65 million (prior year: €57 million after tax), likelihood of occurrence: 28 (33) and is therefore not significant. Nevertheless, risks that need to be monitored regularly owing to their significance to the Group and the individual companies have been presented below.

Macroeconomic 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 reporting. 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.

COVID-19 pandemic

In dealing with the ongoing COVID-19 pandemic, the FUCHS Group's focus is on the safety and well-being of its employees and their families. The risks associated with the pandemic in relation to the continuation of business operations are assessed, monitored, and controlled.

The Group has sufficient financial resources and agility to put emergency plans and the necessary rapid adjustments into action. We thereby prioritized the safety and health of our employees and maintain our operations. With its strong financial resources and its disciplined approach, the FUCHS Group is able to withstand economic downturns and unexpected burdens such as the COVID-19 pandemic.

Nonetheless, the pandemic continues to entail a potentially elevated risk of business interruptions, through the impact on supply chains and as governments may impose further restrictions and measures to combat the ongoing pandemic.

Although we at the FUCHS Group are adhering to strict pandemic plans with more stringent hygiene measures and corresponding rules, the COVID-19 pandemic still represents a potential health risk for our employees, and an infection or quarantine could result in disruptions in certain departments or at certain sites.

Despite the uncertainty regarding the future development of the global economy, the fundamental data of our business model remain stable.

Company-specific risks

The table below shows the current assessment of the identified, company-specific risks under constant monitoring.

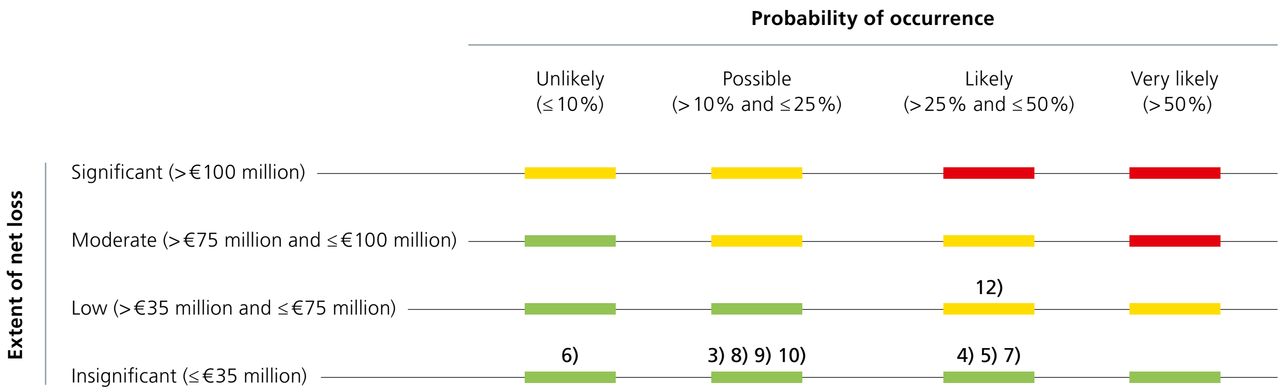
→ ◎ Overview of risk aggregates

Strategic risks

1) Investment and acquisition 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.

Overview of risk aggregates



No.	Risk aggregate	Risk classification	Change compared to 2020
	Strategic risks		
1)	Investment and acquisition risks	Not quantifiable	▶
2)	Risks from research and development	Not quantifiable	▶
3)	HR risks	Low	▶
	Operational risks		
4)	Sector, competition and customer-related risks	Low	▶
5)	Procurement risks	Low	▶
6)	IT risks	Low	▶
	Legal, regulatory and liability-related risks		
7)	Location risks (in the broader sense, legal, regulatory and political risks)	Low	▼
8)	Product, environment and production-related risks	Low	▶
	Financial risks		
9)	Currency risks	Low	▶
10)	Credit risks	Low	▶
11)	Impairment risks	Not quantifiable	▶
12)	**Overall risk profile of the Group**	**Medium**	▶

2) Risks from research and development

The opportunities of our major capacity for innovation and our high degree of specialization also lead to risks of a complex portfolio and restricted predictability of research and development projects. To manage these risks, most products are developed in close collaboration with our customers. We also conduct joint research with universities and research institutions. Technical developments that allow expertise specific to the company to become generally available are regularly a potential risk to technology leadership. The development of new and innovative products therefore requires effective and comprehensive intellectual property protection, which we secure internally through our organization and appropriate processes.

3) HR risks

The commitment and expertise of our employees are the basis for our economic success, and we therefore counter the risk of personnel availability with projects that focus on talent selection, recruitment, and employer branding. Our goal is to recruit highly qualified technical and managerial staff, and to retain them in our company in 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 high performers and talented employees, we have, among other things, implemented a manager development program and offer interested employees extensive opportunities for structured continuing professional development. This also includes teaching specialist and behavioral skills that will be required in the future in order to deal with the changing business and work environment. Our values and management principles form the basis for FUCHS' appeal as an employer.

In our aggregation of risks, we also focus on employment law-related legal proceedings and disputes, to which we could in principle become a party – whether as plaintiff or defendant.

Operational risks

4) Sector, competition and customer-related risks

Intensive competition on sales markets, rising customer quality standards and technological progress are crucial to the FUCHS Group. We are therefore exposed to general competition risks. The lack of semiconductors and the resulting slowdown in various industries is affecting key customers and industries and may also pose additional risks.

FUCHS is active in many sectors with a broad-based product portfolio. However, if trade conflicts flare up between sovereign nations, this could have a negative impact on some market segments and represent a risk to demand for segment-specific products.

In the case of tender-based, time-limited customer contracts, the expiry of such contracts and/or any request by the customer to retender, poses the potential risk that this business could be lost.

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. Our goal is to offer our entire product portfolio worldwide.

5) Procurement risks

On the procurement side, we see significant risks in the availability of raw materials, market changes, suppliers taking advantage of oligopoly positions and an increased risk for high price volatility as a consequence of these circumstances. Furthermore, the procurement of raw materials in foreign currency at volatile prices represents a transaction risk. In terms of organization, central departments and the various departments at our producing foreign subsidiaries monitor the procurement markets within the Group to detect any unfavorable developments early on and to ensure a rapid response. Further countermeasures include securing our supply of base oils and important chemicals via a broad procurement basis, continuously searching for alternative suppliers, and collaboration on technical committees to help secure a 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 raw material portfolio used by FUCHS go through a long chain of value creation stages following crude oil. Hence, price development of these raw materials is not directly aligned with the crude price development but influenced by many different factors along the value chain.

As a result of the COVID-19 pandemic, there was unbalanced and significantly reduced demand for fuel. Refineries can control their product split only within certain limits, so the reduction in fuel output due to the very low demand for fuel also impacts petrochemical base materials. As a consequence, base oils were short for more than nine months in 2021 which was counterbalanced by a broadening of the FUCHS supplier base. This is also included in the aggregated risks.

6) IT risks

IT risks arise from the increasing complexity of the organizational and technical networking of sites and systems. Major technical malfunctions or failures of relevant systems could lead to significant impairments in business and production processes, resulting in operational disruptions and interruptions. We counter these risks by implementing a global IT strategy, collaborating with established IT service providers, and using sound 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, the theft of internal data and the various forms of so-called CEO fraud are particularly considered as risks. We try to counter these risks by consistently protecting our systems and IT infrastructure using state-of-the-art technology. These measures are supplemented by annual proactive penetration tests to identify and eliminate any weak points performed by a well-known external auditor. With security services from renowned providers, we create transparency with regard to malicious attacks and trigger measures to counter these attacks. In addition, employees are kept up-to-date with current practices, developments and technologies through annual mandatory training, guidelines, and instructions, and are thereby also sensitized to the detection of potential attempts of fraud.

In order to strengthen the importance of IT within the FUCHS Group, a Digital Board Committee, which consists of the CFO, CDO and senior leadership members of Group IT, has been set up. In monthly meetings information security matters are discussed and relevant information is presented at least annually to the entire Board. On top of that significant events like security leakages or hacking attempts are reported immediately to the relevant stakeholders.

Legal, regulatory and liability-related risks

7) Location risks

Location risks (in the broader sense, legal, regulatory and political risks) constitute the greatest aggregation of risks for the FUCHS Group and are therefore assessed in greater detail below.

7.1) 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. Nonetheless, we are exposed to legal risks in areas including product liability, employment and competition law, and environmental protection. Legal disputes, the emergence of new legal disputes as well as the agreement on existing ones are therefore a normal condition of our business activities, our global presence and our diversified product portfolio. We counter these risks with 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 in 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 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.

7.2) 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 fundamentally changing 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 to be REACH registered since May 31, 2018. During the evaluation process, the European Chemicals Agency (ECHA) may request further studies. The REACH regulations are supplemented by the Dossier Improvement Program, which has been underway since the beginning of 2020. Its goal is to revise and supplement existing chemicals dossiers. There is a risk that these studies may identify further major risks that affect the marketability of our products. We counter these risks by communicating regularly with our suppliers or developing alternative solutions in close collaboration with them.

In addition to the chemicals regulation, new regulatory challenges will result from the "Green Deal" adopted by the EU, which has set itself the goal of directly devising and implementing 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 that have a potential negative effect on living organisms or the environment from circulation. We counter these risks by means of close contact with industry associations and the EU, as well as the early development of a substitution strategy.

In addition to the European chemicals and sustainability regulations, other chemicals 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. Therefore, 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.

7.3) Political risks

The ongoing unstable political situation in many regions of the world may represent risks for the further development of the sales regions. General conditions for the FUCHS companies in question will also be affected by this. This applies in particular to the armed conflicts in Ukraine and the sanctions against Russia, which direct effects on our Ukrainian and Russian subsidiaries as well as indirect effects on the rest of the world cannot yet be estimated. As a result, it cannot be ruled out that the already tense situation in the supply chains will worsen and that there will be distortions and price increases on the raw materials market. As described in the section on macroeconomic risks, we counter this risk through a broad geographic base and a diversified portfolio.

8) Product, environment and 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.

As a result of using our products on critical machine components in continuous operation inter alia 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 product-related risk.

The effects of climate change and the related natural disasters such as extreme weather may have an impact on both the FUCHS-operations and our upstream supply chain. As a consequence, raw materials and consumables needed for production and for running our activities can become scarce or unavailable, which may directly affect our own plants and sites, limiting or even preventing FUCHS from fulfilling its orders. Other possible pandemics may also pose a relevant risk and have far-reaching effects on business operations.

Financial risks

Major financial risks are monitored and controlled by the central treasury department of FUCHS PETROLUB 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 under IFRS 13. 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.

9) Currency risks

In regard to currency risks, we distinguish between transaction and translation risks. Transaction risks occur as a result of income and expenditure 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 instances, transaction and translation risks therefore sometimes have a counteracting and thus compensatory effect at Group level. For the US-Dollar, the Group's transaction risk is greater than the translation risk.

10) 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, advance payments, bank guarantees, documentary credits and securities may be required for business transactions.

11) 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 such alternative systems. For FUCHS, the topics of digitalization and e-mobility entail both risks and opportunities. They do not 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.

According to the materiality analysis within the non-financial declaration, we have expanded our risk assessment by including non-financial risks that may have a material impact. We have not identified any other material risks through the structured risk reporting process, which has been performed by the management of the operating units and the global functions.

Overall assessment of the Group's opportunities and risks

The opportunity and risk management system set up by the Executive Board and implemented worldwide is appropriately aligned with the FUCHS Group's opportunity and risk profile, and is also subject to constant further development, taking into account new opportunities and risks where appropriate.

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.

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 constantly improving its existing products, which place high demands on technology and require a lot of servicing. New products are being developed, with the aim of reducing costs for customers, solving technical problems and increasing sustainability.

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

General economic growth forecasts

In January 2022, the International Monetary Fund (IMF) lowered its forecast for growth in the global economy in the current year to 4.4%. These forecasts for 2022 are 1.5 percentage points lower than the growth in 2021 and 0.5 percentage points lower than last October's expectations. In its forecast, the IMF took into account the effects of the Omicron wave, global supply chain problems and rising prices. The armed conflicts in Ukraine and the sanctions against Russia that have already been decided on, as well as a possibly worsening situation in the supply chains and the raw materials market as a result, have not yet been included in the forecast at the beginning of the year. Their impact on the global economy cannot be estimated at present.

For market performance in our customer sectors and in the three global regions, please refer to the section "Macroeconomic and sector-specific conditions." The growth in 2021 and forecasts for 2022 are described starting on page 45.

→ 45 Macroeconomic and sector-specific conditions

Anticipated results of operations, net assets and financial position

Despite the current high level of uncertainty due to the tense geopolitical situation, FUCHS is currently planning organic revenue growth to €3.0 billion to €3.3 billion in 2022 on the basis of its global and broadly diversified positioning. This growth will mainly base on a further rise in business volume, but also takes account of further increases in sales prices. As a result, FUCHS expects to generate EBIT of between €360 million and €390 million. Continued strict cost management and the limitation of new hires to a minimum will contribute to this. But at the same time, we have to shoulder inflation-related increases in costs, particularly in the area of staff and freight, and are faced with an unchanged volatile environment on the raw materials front, particularly in terms of their availability and possible price increases.

Forecast performance indicator*

	Actual 2021	Forecast 2022
Sales revenues	**€2,871 million**	€3.0–€3.3 billion
EBIT	**€363 million**	€360–€390 million
FVA	**€205 million**	on prior-year level
Free cash flow before acquisitions	**€90 million**	around €220 million

*The impact of the Russian invasion of Ukraine on the global economy and FUCHS cannot be estimated at present. Continuing supply bottlenecks and the high volatility of raw material prices add to the current uncertainties.

All regions will contribute to organic growth in sales revenues. It remains to be seen whether further acquisitions can be made over the course of 2022.

Planning is based on exchange rates from the end of September 2021. When translating the planned sales revenues into the Group currency, the euro, there is a slightly positive currency effect on the basis of the January 2022 exchange rates. However, in the absence of reliable currency forecasts it is not possible to predict any future trend.

The achievement of our sales revenues and earnings forecast presupposes that the macroeconomic assumptions made for 2022 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 growth in sales revenues, we are expecting an increase in NOWC for 2022 as well. However, this increase will be significantly lower than in 2021.

Investments will be at the level of the previous year and are planned to be to around €80 million. The focus of investment activities will once again be on the major centers of China, Germany and the USA. By far the largest individual investment of the coming year will be made in China, where a new specialty grease plant will be created, along the lines of the grease plants in Germany and the USA. In addition, a larger project is planned for the site in Vietnam. Here, a production facility for the emerging local market will be built in collaboration with the new joint venture partner.

FVA on prior-year level, free cash flow with significant improvement

Capital employed will increase as a result of growth in sales revenues, which translates into higher capital costs at an unchanged cost of capital (WACC) rate of 9.5 %. With forecasted EBIT from €360 million to €390 million, we are expecting an FVA on prior-year level (205). We anticipate a significant increase in free cash flow before acquisitions. Given the forecasted result, constant capital expenditure and a significantly lower build-up of NOWC compared with the previous year, we are expecting free cash flow before acquisitions of around €220 million (90).

2.10 FUCHS PETROLUB SE (HGB)

FUCHS PETROLUB 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 tasks, the development and transfer of technical know-how, marketing and the protection of the FUCHS brand are important functions that it performs.

Most of the income generated by FUCHS PETROLUB 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. The expenses accrued by FUCHS PETROLUB SE primarily relate 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 PETROLUB SE is in an excellent economic position, with sound results of operations, net assets and financial position.

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

Forecast comparison

FUCHS PETROLUB SE's earnings after tax were €202 million (166) for the last financial year, €36 million higher than the previous year's result. Initial expectations for financial year 2021 with an earnings after tax at the 2020 mark of €166 million were thus significantly exceeded. This was mainly due to earnings contributions from subsidiaries, which were €30 million higher than expected thanks to the growth of the FUCHS Group.
→ ⊞ Results of operations of FUCHS PETROLUB SE

Results of operations of FUCHS PETROLUB SE

in € million	2021	2020
Sales revenues	69	57
Investment income	228	196
Other operating income	10	13
Staff costs	–28	–25
Depreciation and amortization	–1	–1
Other operating expenses	–35	–35
Earnings before interest and tax (EBIT)	**243**	**205**
Financial result	1	1
Earnings before tax	**244**	**206**
Income taxes	–42	–40
Earnings after tax	**202**	**166**
Retained earnings brought forward from the previous year	0	0
Transfer to other retained earnings	–60	–29
Unappropriated profits	**142**	**137**

Results of operations

During the year, FUCHS PETROLUB SE reported total sales revenues of €69 million (57). These result from licenses of €55 million (45) and cost allocations of €14 million (12).

The income statement is, however, dominated by investment income. This is based on profit distributions of €119 million (87) from foreign stock corporations, and on profit and loss transfer agreements in place with German subsidiaries, from which €103 million (109) were collected, and on income from write-ups on financial assets totaling €6 million (0).

Other operating income, which resulted primarily from the transfer of expenses and fees charged by the holding company, decreased to €10 million (13) in the past financial year.

Revenues and income stood at €307 million (266), while expenditure totaled €64 million (61). Of this expenditure, staff costs increased from €25 million to €28 million, mainly due to additional employees and increased variable remuneration.

Other operating expenses remained unchanged from the previous year at €35 million. Much of this expense was due to payments for services provided by the subsidiaries to the holding company, as well as ERP and IT costs: FUCHS PETROLUB SE purchases numerous ERP and IT services for the Group as a whole, but also transfers a large part of these costs on proportionately to its subsidiaries. Significant costs were incurred particularly in legal and consulting areas as well as in the form of other staff costs.

Earnings before interest and tax (EBIT) increased by €38 million to €243 million (205) compared with the previous year. After including the financial result of €1 million (1), earnings before tax came to €244 million (206). After taxes of €42 million (40) for the tax consolidation group, earnings after tax amounted to €202 million (166).

Unappropriated profits as of December 31, 2021, amounted to €142 million (137) after an allocation of €60 million (29) to retained earnings.

Net assets and financial position

→ # Net assets and financial position of FUCHS PETROLUB SE

Net assets and financial position FUCHS PETROLUB SE

	December 31, 2021		December 31, 2020		
	in € million	in %	in € million	in %	Change in € million
Intangible assets and property, plant and equipment	33	3	25	2	8
Financial assets	549	44	521	44	28
Receivables due from affiliated companies	639	52	607	51	32
Cash and cash equivalents and current securities	8	1	38	3	−30
Other assets	8	1	5	0	3
Total assets	**1,237**	**100**	**1,196**	**100**	**41**
Total equity	**1,217**	**98**	**1,152**	**96**	**65**
Provisions	10	1	31	3	−21
Liabilities	10	1	13	1	−3
Total equitiy and liabilities	**1,237**	**100**	**1,196**	**100**	**41**

Assets essentially comprise financial assets and receivables due from affiliated companies

Being the holding company, the assets of FUCHS PETROLUB SE essentially comprise shares and investments in companies, as well as receivables due from these companies. Therefore, despite an absolute increase of €8 million as a result of the construction of the new holding company building, the share of intangible fixed assets and property, plant and equipment represents only about 3 % of total assets, while financial assets and receivables due from affiliated companies amounted to €1,188 million (1,128), or 96 % (95) of assets.

Financial assets increased year on year as a result of the acquisition of a majority stake in Vietnam, but also in particular by increasing holdings in Chinese subsidiaries by €28 million to €549 million (521).

Receivables due from affiliated companies also increased. These rose from €607 million to €639 million. A large portion of this €639 million was due to receivables from domestic companies. The Group's financing company FUCHS FINANZSERVICE GMBH alone utilized €595 million (570) or 93 % (94) of the total amount as of the end of the reporting period.

Holdings of cash and cash equivalents and current securities decreased from €38 million to €8 million year-on-year.

Equity ratio at very high level of 98 %

Through continued accumulation, FUCHS PETROLUB SE's equity rose by another €65 million to €1,217 million (1,152). The equity ratio improved to a high level from 96 % to 98 %.

Only a small proportion of 1 % of the total assets is made up of provisions, a large part of which was variable remuneration. The largest use of tax provisions led to a significant reduction in the total balance sheet item from €31 million to €10 million.

A loan to help fund the energy-efficient construction of our new office building is shown under the liabilities balance sheet item. Its partial repayment is reflected in the reduction of liabilities to €10 million.

FUCHS PETROLUB SE's off-balance-sheet contingent liabilities decreased slightly compared with the previous year to €80 million (83). They resulted entirely from guarantees in favor of affiliated companies or in favor of companies in which an interest is held.

Other financial obligations mainly resulted from contractual investment obligations for the new office building. As of December 31, 2021, they amounted to €3 million (6).

Forecast report (single financial statements)

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

The effects of the Russian invasion of Ukraine and the sanction measures against Russia on the investment result of FUCHS PETROLUB SE cannot be estimated at present.

The current planning anticipates a moderate increase in investment income for 2022. Accordingly, we also expect earnings after tax to be slightly above the 2021 level.

Unappropriated profits and dividend proposal

Based on the result under the German Commercial Code, in which unappropriated profits of €142 million (137) was reported, the Executive Board and Supervisory Board will submit a proposal to the Annual General Meeting that the dividends should be increased by €0.04 per share over the previous year

- to €1.02 (0.98) per ordinary share entitled to a dividend and
- to €1.03 (0.99) per preference share entitled to a dividend.

The total dividend payment will therefore amount to € 142 million (137).

2.11 Non-financial declaration

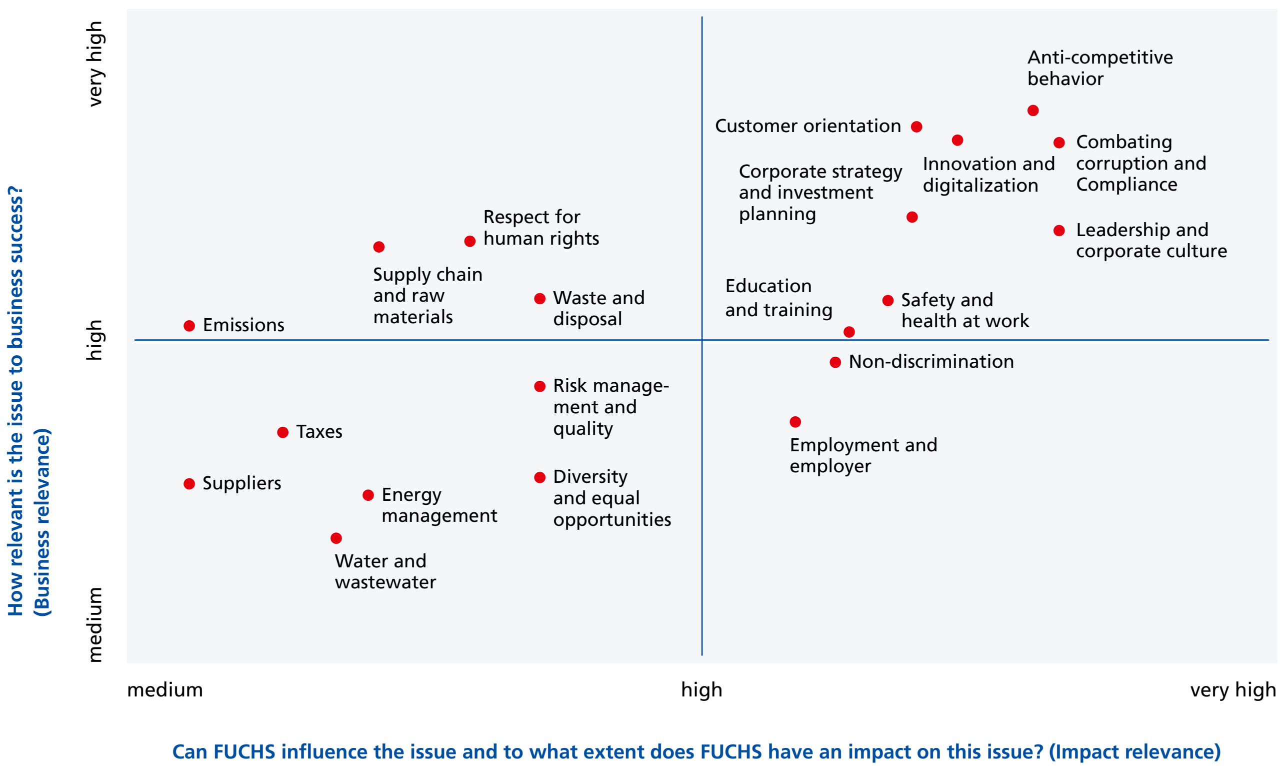
Introduction

Pursuant to sections 315(b) and (c) and sections 289(b) to (e) of the German Commercial Code (HGB) respectively, the FUCHS Group (FUCHS) publishes a non-financial declaration (nfd). All information in the nfd apply to the Group. To avoid duplication in the combined management report, the relevant sections refer to further information in other sections of the combined management report.

For the first time in this reporting year and as part of the broadening of the non-financial disclosure requirements, FUCHS is providing information on the implementation of the EU Taxonomy Regulation 2020/852 (hereinafter referred to as "EU taxonomy"). The FUCHS Group is required to draw up the non-financial declaration and thus in accordance with Article 1 of the EU taxonomy to comply with the resulting requirements. Explanations on EU taxonomy can be found at the end of the non-financial declaration.

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

Materiality matrix



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 non-financial declaration provides information from FUCHS on the non-financial aspects of these matters.

In 2021, FUCHS conducted a comprehensive materiality analysis in order to identify the key topics (issues) for the non-financial declaration.

These key issues 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 essential 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.

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 employer
	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

A total of 20 key 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 extract from the materiality matrix is shown in the following diagram. → ◎ 81 Materiality matrix

The key themes identified can be grouped as follows and largely form the structure for the non-financial declaration. → # Contents of the non-financial declaration

The outcome of the materiality assessment will also serve as a basis for separate sustainability reporting in the future. FUCHS is preparing to meet future requirements at European level (CSRD) and will be on the Global Reporting Initiative (GRI) framework as a starting point.

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 extend the service life of machinery and 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. Meanwhile, FUCHS also works closely with upstream suppliers to prepare individual lifecycle analyses over the entire value chain. This method is to be expanded in the following years in order to compensate for unavoidable emissions from the extraction and production process with savings in the use phase in line with uniform standards.

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 fairly and transparently, and behaves in a legally compliant manner in all countries in which the company operates. Further information can be found in the business model section. → 35 Business model

The FUCHS mission statement with the set of values – trust, creating value, respect, reliability and integrity – forms 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 of 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. 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. These sustainability officers act as the interface for the Chief Sustainability Officer function and are available as points of contact in this regard. The Executive Board defines the strategic framework for this purpose in close cooperation with the CSO function. The sustainability network consisting of the 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 has been published, in which FUCHS sets out its plans and aspirations for the future. 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 an employer company towards employees and society.
→ 37 Group Strategy

The strategy is carried out 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. In this way, we ensure that cultural, specialist, and market-specific viewpoints are incorporated in the implementation of the objectives. In addition, important core elements of the strategy are addressed and managed with global projects.

Risk management
FUCHS considers and assesses, as part of the existing risk management system, the potential risks associated with its business activities, business relationships and its products and services that might have significant negative repercussions on the non-financial aspects. No reportable net residual risks within the meaning of Section 289b et seq. of the German Commercial Code (HGB) were identified for the year 2021. → 64 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) collection and accounting, direct and indirect emissions are captured and converted to CO_2 equivalents.

Currently, the collection of CO_2 emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard relate exclusively to the production and operations-related processes within the factories, also referred to as gate-to-gate scope. Firstly, Scope 1 emissions generated directly from FUCHS are included in the calculation. 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, to the extent that FUCHS can assign them directly to the business under the gate-to-gate scope:

- Fresh water consumption
- Wastewater and waste generation
- Business travel
- Employee commuter traffic

Scope 3 categories beyond this, such as emissions from purchased raw materials (upstream) 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.

Despite the savings it makes, FUCHS offsets its remaining emissions by purchasing climate protection certificates that meet certification standards such as the UN 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 investments in climate mitigation projects that serve as offsetting measures. To achieve this and improve transparency even further, FUCHS is currently working to increase data quality and leverage emissions-related KPIs in operational units to optimize and reduce emissions. A concrete, indicator-based target development of this reduction path is our clear objective.

FUCHS generally wants to gradually increase transparency further in the capture, calculation and offsetting of emissions and, in the long run, expand the calculation of emissions from a gate-to-gate scope (since 2019) to a cradle-to-gate scope (planned for 2025). This is to be done by including further GHG Scope 3 emission categories, in particular the “purchased raw materials” category (upstream).

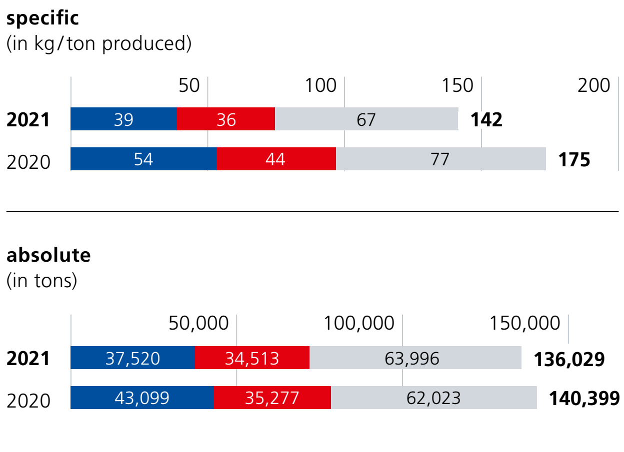
With a global training program launched in 2020 and continued in 2021, FUCHS aims to raise awareness among employees around the world about sustainability both within their respective operational responsibilities, as well as for sustainable action in general. By the end of 2021, this training program reached 3,430 employees through two local training sessions.

Absolute CO_2 emissions of the FUCHS companies were reduced by 3 % in 2021 despite an almost 20 % increase in production volume compared to the previous year. This reduced specific emissions (emissions per ton produced) by about 19 %, which, in addition to the increase in production volume, was due to the more efficient plant construction and modernization under the capital expenditure program.

The offsetting of emissions for a financial year is based on the previous year’s “gate-to-gate” emissions[1] minus the offsetting of certificates of origin for “green electricity” in Europe. Thus, the amount of emissions to be offset was 140,028 tons for 2021, a fall of 1 % on the previous year. FUCHS will purchase and cancel climate protection certificates to offset this amount in order to be CO_2-neutral for the following year, 2022.

[1] The compensation is made for all FUCHS companies, holding companies and joint ventures.

CO_2 emissions ("gate-to-gate")



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

Basis: CO_2 emissions of FUCHS production, sales and holding companies (without offsetting certificates of origin for "green electricity").

In preparation for extending its neutrality scope to "cradle-to-gate" in 2025, FUCHS began Scope 3 screening of the upstream supply chain in 2021.

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

Energy management

Responsibility for energy management and consumption lies with the FUCHS companies. FUCHS has decided to use the ISO 50001 energy management standard as a tool to record, monitor, and reduce its energy consumption. In addition to energy saving through energy management, the switch to electricity from renewable sources, in-house production of electricity, and the use of waste heat from production processes form part of this management approach.

As a manufacturing company, FUCHS will always have an external energy requirement. To reduce energy-related emissions, FUCHS is working on progressively switching its power supply to renewable energy ("green power").

To reduce its external energy requirement, FUCHS is also focusing on expanding its in-house energy generation capacity, for example through solar power installations. In addition, FUCHS uses waste heat from production to heat plants or buildings in pilot and new construction projects.

FUCHS aims to further reduce its energy demands in terms of production volume. A specific target is currently being formulated. Some FUCHS companies are already setting their own reduction targets on a local basis.

FUCHS is working on a plan to have its main plants certified in line with ISO 50001. Currently, six production sites in the EMEA region are ISO 50001-certified. These companies cover 33 % of the energy used in the FUCHS Group.

The absolute energy consumption of FUCHS companies was reduced by 5 % in 2021 compared to the previous year, with an almost 20 % increase in production volume. The specific energy consumption (energy consumption per ton produced) was reduced by 20 %. The decreases were due in part to the more efficient plant construction and modernization under the capital expenditure program.

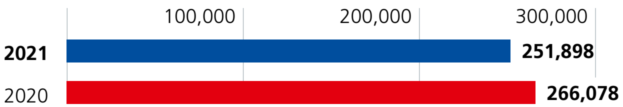
As in the previous year, the European sites were supplied with energy in 2021 through the acquisition of certificates of origin for renewable electricity from wind power ("green electricity"). This tool will be used until all sites and locations are able to sign direct "green power" supply contracts with their energy supplier. In this way, CO_2 emissions were reduced by an additional 7 % in 2021.

A new solar power system with a peak power capacity of 335 kW was commissioned at the Castelbisbal site in Spain. In 2021, the self-generated photovoltaic output of FUCHS worldwide stood at 1,705 kWp. The new buildings in Mannheim, a new workshop building and the new holding building, will also be equipped with a solar power system for self-supply. The new workshop building will

Energy consumption

specific
(in kWh/ton produced)

absolute
(in MWh)



Basis: CO_2 emissions of FUCHS production, sales and holding companies (without offsetting certificates of origin for "green electricity").

additionally be heated using waste heat from steam condensate resulting from production. A district heating connection serves only as a backup power supply.

Waste and disposal

Waste management is the responsibility of the individual companies. This requires setting and pursuing individual objectives based on local circumstances. The CO_2 equivalents generated by the disposal of waste during the production of the lubricants accounted for the largest share of Scope 3 emissions in 2021, amounting to 30 % of total emissions. In order therefore to achieve the overall goal of continuously reducing "gate-to-gate" emissions, a focus on effective waste management is essential.

There is a firm intention to set a global waste reduction target. To increase the understanding of how the respective waste volumes are comprised, FUCHS would like to conduct an even more detailed survey of the local subsidiaries by the end of 2022.

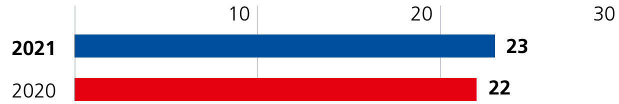
Capital expenditure on modernizing plants is also made with the aim of reducing lubricant quantities used in plants, thus making them more resource-efficient.

In 2021, absolute waste generation from FUCHS companies increased by 22 % compared to the previous year, with a production volume that increased by almost 20 %. This resulted, among other things, from the deconstruction of a plant in Sweden, where production moved to a newly built plant.

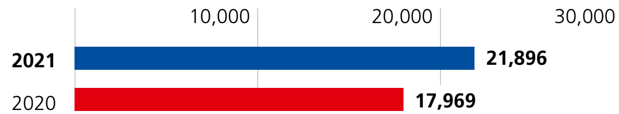
As a result of this increase, the specific waste volume (waste volume per ton produced) also rose by 3 % year-on-year.

Waste generation

specific
(in kg/ton produced)



absolute
(in tons)



Basis: Waste generated by FUCHS production, sales, and holding companies.

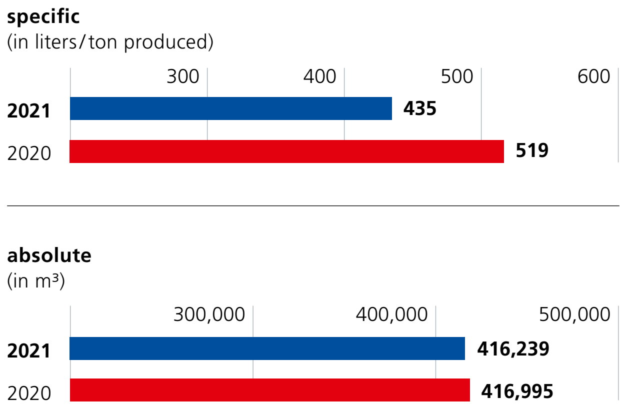
Water and wastewater

Each of the local subsidiaries are responsible for their water management. At 0.4 %, water and wastewater account for only a small share of Scope 3 emissions. Only a small proportion of the product range uses water as a raw material.

A global target for water consumption does not exist but is being prepared. With new plant buildings, care is taken to keep drinking or groundwater consumption as low as possible. Depending on local conditions, efforts are made to use rainwater and reduce wastewater.

The absolute water consumption of the FUCHS companies was unchanged in 2021, a year where production volume increased by nearly 20 % compared to 2020. However, the specific water consumption (water consumption per ton produced) was significantly reduced by 16 %, which was due in part to the more efficient plant construction and modernization under the capital expenditure program.

Water consumption



Basis: Water consumption of FUCHS production, sales, and holding companies.

21 % of the Group-wide water consumption at FUCHS was met by using collected rainwater or surface water. FUCHS also focuses on the amount of wastewater. For example, the new plant in Wujiang, China, operates a wastewater evaporation system to reduce discharged wastewater volumes and associated costs.

Investment planning

A collaborative planning process has been developed with regard to specific capital asset planning (construction of new plants and other major areas of investments). This ensures that the broad experience available in the area of operations/supply chain is exploited in the planning of new projects. This also applies in particular to experience in the area of sustainability with regard to resource and energy efficiency and the formulation of corresponding standards.

FUCHS' production locations 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.

FUCHS was confirmed as compliant with the "Green Loan Framework" by a financing partner thanks to the particularly energy efficient design of its new construction projects in Mannheim, the new holding building, and a new workshop building.

Almost all social indicators remained largely unchanged compared with the previous year. Employee fluctuation

Employee concerns

Social indicators

	2021	2020
Average age of employees in years	43	44
Age structure of employees in %		
<30 years	15	14
31–40 years	28	28
41–50 years	27	28
>50 years	30	30
Average length of service of employees in years	10	10
Employee fluctuation[1] in %	5	3
Work-related accidents[2] per 1,000 employees	10	9
Days lost due to sickness per employee	9	9
Proportion of women in management positions in %	24	24
Average further training and education per employee in hours	12	13

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

increased from 3 % to 5 % in 2021 due to increased competition for specialists and a generally increased turnover in the coronavirus crisis.

Employment and employer

FUCHS' projects in the areas of health management, continuing professional development, and work-life balance remain a vital part of long-term sustainable personnel management. 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. Flexible working time models are an important part of this. In addition to traditional flextime models, part-time options are also available, ranging from 15 to 32 hours per week, which can also involve job-sharing or shift work. The establishment of rules for working from home, accelerated by the COVID-19 pandemic, also allows people more scope in determining how they work. Due to the success of virtual work arrangements in 2020 and 2021, agreements for a mix of on-site and virtual working arrangements have been put in place or are under discussion at many sites for the post-pandemic world.

The increasing shortage of specialists means that it is vital for FUCHS to get young parents in particular back to work quickly. Support for daycare and covering of holiday periods, through subsidized holiday programs for example, is therefore customary. Increasing numbers of fathers also want to spend valuable time with their children and therefore take parental leave. FUCHS facilitates this by offering part-time working hours during parental leave, for instance.

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 2021. As part of general 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. Job-specific continuing education programs, such as the virtual HR Academy, have also been established. The new "Onboarding" project has also been set up and implemented. New employees have the opportunity in their own training area to gain knowledge about FUCHS and the corporate culture in various different learning phases and topic areas. This enables employees – especially new ones – to acquire knowledge that applies worldwide to our business and how we work together, in the spirit of ACT GLOBAL, regardless of the site at which they are based.

A management-level pilot program has been launched as part of the FUCHS2025 strategy to highlight the role of managers in transformation and developing company culture. As a result of this success, the program will be rolled out worldwide in 2022. For the onboarding of new managers, the existing Executive Program has been expanded by adding elements from FUCHS2025.

As part of the e-learning strategy set out in 2020, the entire spectrum of training courses was offered across borders and time zones, ranging from specialized training to culture-related topics.

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. Here, too, progress was made on digitalizing training content in 2021. Using a specially developed concept, a breakthrough in the virtual availability of training content was achieved in 2021. The FUCHS ACADEMY is also a very popular learning platform for junior staff and employees with high potential, which helps to secure the continuous and targeted further development of employees. In-house trainers from special disciplines such as product management, quality management, research and development and the divisions were recruited and received substantial training, thus enabling them in future to create their own training concepts independently and provide them in virtual as well as in-person formats.

Some of the projects of the HR initiative under FUCHS2025 were concerned with the development of junior staff. For this purpose, the global talent management strategy has been completely revamped and relaunched. This includes, in addition to new selection criteria, a continuing education program tailored to the core competencies and leadership behaviors. A recommendation concept has been designed for local talents to be implemented in the countries and regions. This, too, includes competencies required by managers in a changing world. At the same time, in another project guidelines were created to help sites plan and budget for continuing professional development in accordance with defined criteria.

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. The aforementioned measures are complemented by language courses. FUCHS thus ensures that English, the Group language, forms a reliable basis for the exchange of knowhow.

FUCHS has set itself the goal of investing significantly in the establishment and development of employee competencies. A KPI for long-term professional development has therefore been adopted. In the future, an upgraded system will ensure that professional development hours completed per employee are recorded, reported, and tracked worldwide. KPI-based tracking will ensure that professional development activities are more transparent, making it easier to identify areas where improvement is required. Having introduced the foundations, an annual analysis of target achievement will be drawn up based on ambitious medium-term targets.

Leadership and corporate culture

An essential element of the FUCHS2025 strategy is culture development 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 goal of the above mentioned “whole” is to sharpen customer focus so that internal and external customers receive services and products geared to their needs. To develop the culture, it takes managers who are aware of their role model function and therefore lead by example. To ensure clarity regarding the requirements for managers with regard to the transformation, the role has been more sharply defined in 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 is 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 corrective 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 2021, there were a total of 10 notifiable occupational accidents with more than three absence days per 1,000 full-time employees in the FUCHS Group. FUCHS has the goal of continuously reducing the number of notifiable occupational accidents by 5 % annually. This will be achieved through further training and regular safety inspections.

As of the end of 2021, 14 out of a total of 28 manufacturing companies worldwide were certified in line with the ISO 45001 standard for occupational health and safety. This represents 50 % of all manufacturing companies, a 9 % increase year on year. FUCHS plans 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. In addition, during the Covid-19 pandemic major vaccination campaigns are being offered in Germany through occupational medical care. Influenza vaccinations, which have been offered for years, were also increasingly used by employees in 2021. In addition, FUCHS encourages initiatives from employees to play a variety of sports together and also set up partnership arrangements with fitness clubs. These will be stepped up again and used actively once the pandemic situation has improved. Some offerings, such as yoga, have also in some cases been moved online.

To contain the Covid-19 pandemic, crisis teams were set up to collaborate closely with the occupational health service/company doctor and the management of the respective site. Training on correct conduct during the pandemic, the distribution of necessary protective equipment, and the change in work models during critical phases of the pandemic, e.g. by reducing presence in the rolling system and rearranging shift models, made a significant contribution to keeping the number of infections at FUCHS very low. At some FUCHS sites, centralized vaccinations against Covid-19 were also carried out to protect employees in a timely manner. The aim of these protective measures has been to best protect employees and to minimize the risk of death and illness in the working environment. At the same time, the aim is largely to prevent chain infections, which has succeeded except for one proven case, as confirmed by the public health department. When compared with statistical surveys of infection numbers, the FUCHS figure of 5.3 % was within the statistical mean of the German workforce since the beginning of the pandemic or better than that of the Federal Republic, which was 8.7 %, (as of December 31, 2021). At 1.1 %, deaths recorded by the companies in Germany were also lower than in the Federal Republic (1.6 % of infected deceased). FUCHS is committed to preventing infections and deaths to the greatest extent possible by continuing the protective measures and to keeping rates of infected persons and deaths below, or at the most equal to, the Federal Republic’s rates.

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 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.

Since its establishment, FUCHS PETROLUB SE 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. Currently, women account for 26 % of the total workforce. The share of women in management positions remained stable at 24 %.

Social concerns

For FUCHS, social acceptance is a key requirement for economic success. Many of our Group 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. FUCHS also supports a number of social projects and charitable organizations. 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. 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. Whereas the most strategically important suppliers are managed centrally by defined lead buyers, raw materials that are required only in small quantities or by individual companies are purchased by the procurement units of the respective local companies. In 2021, about 75 % of raw material spending was carried out by lead buyers and 25 % by local subsidiaries.

As part of its active supplier management, FUCHS evaluates all its strategic raw material suppliers every year. The supplying companies are 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. 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 intervales 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 part of the supplier code of conduct, delivery conditions and annual assessment of strategic suppliers. FUCHS is conscious of the responsibility it has as a leading independent lubricants company, and promotes efforts to develop industry sustainability standards in the lubricants sector via various working groups and committees in national and Europe associations. For example, FUCHS chairs the Sustainability Committee of UEIL (Union of the European Lubricants Industry), which aims to develop and adopt, among other things, uniform standards for calculating the Product Carbon Footprint (PCF) by 2023. This is particularly important because FUCHS can only calculate the PCF for its products in a meaningful way if the suppliers for the raw materials supplied to FUCHS calculate the respective PCF in a comparable way and based on uniform standards. 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, for example, to meet expectations with a view to a stage-by-stage recording and communication of greenhouse gas emissions caused by suppliers. As a result, the importance and requirements in the strategic supplier assessment are also gradually increasing in terms of sustainability considerations. The next tightening of the benchmark is planned for 2022. As part of last year's strategic supplier assessment, more than 60 % of strategic suppliers have improved their sustainability rating compared with the previous year.

In 2021, FUCHS, together with selected partners, also identified more products and packaging in further pilot projects to all be quantitatively assessed in terms of their ecological sustainability in comparison with standard products over the entire life cycle. The results of these studies are expected in the course of 2022. Work in the coming years will continue aiming to present these analyses in quantitative, as opposed to qualitative, terms for the entire portfolio.

Taxes

FUCHS pays taxes in the countries it operates in. The correct declaration along with timely and full payment of taxes is a demonstration of its responsibility to stakeholders in the countries concerned. National provisions provide the legal framework for this. Tax strategies aimed at tax avoidance are strictly rejected. FUCHS aims to achieve a high level of transparency and legal certainty in tax matters. Therefore, open communication is maintained with relevant authorities worldwide.

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 issued by the Executive Board together with the GMC, 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, FUCHS respects and considers human rights and supports the objectives of the International Labor Organization (ILO) Declaration of Principles. 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. 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, integrity, reliability, respect and creating value – 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 2021, we received no indications of human rights violations.

Combating corruption and bribery, 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, 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. It aims to ensure that neither employees of FUCHS nor business partners or officials allow themselves to be influenced by unlawful and inappropriate conduct in their business decisions. The aim is also to ensure the proper conduct of FUCHS employees in line with the antitrust law requirements.

FUCHS has set up a Compliance Management System (CMS) that comprises the entire Group and that is based on the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to 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 PETROLUB SE and the managers of the FUCHS Group, the Group-wide compliance organization and a compliance program geared to adequate and efficient 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 corporate goals which should be achieved with the Group's CMS based on the general company targets adopted by the Executive Board and taking into account the regulations which are particularly important for the company. 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 Code of Conduct as well as the aforementioned guidelines are publicly available on the FUCHS website.
→ www.fuchs.com/group/code-of-conduct

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). The CCO communicates the compliance targets determined by the Executive Board and the relevant compliance topics to all the Group's managers and employees and works with the GCC to ensure these are implemented.

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 2020 and 2021, further online training in the areas of corruption prevention and fair competition was introduced in the FUCHS Group. 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, a training rate of 78 % was achieved in the aforementioned online training courses.

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. Specific weighting factors, such as the Corruption Perception Index (CPI), published by Transparency International Deutschland e. V., are taken into account. This indicates that the main risk areas for the CMS include the risks of violations against anti-trust law and against the prohibitions of corruption and bribery.

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

Internal Audit reviews the functionality and adequacy of the CMS, both in the form of regular and ad-hoc audits.

Further information on the CMS can be found in the Declaration of Corporate Governance.
→ 101 Declaration of Corporate Governance

Technology and customer interests

Innovation and digitalization

Innovation and digitalization are seen as great opportunities for the sustainable and positive development of the Group. The entire Executive Board sees these themes as key differentiators that give FUCHS a competitive edge and is therefore actively driving them forward. Drivers and focus areas in this regard differ from one region to another. To make the most of the opportunities that this offers, FUCHS is leveraging its global position and strengthening regional structures in the three centers of Mannheim (Germany), Chicago (USA) and Shanghai (China) in the areas of research and development and digitalization – two key cornerstones for innovation.

In the field of research and development, the aim of the innovation initiative is to become a technology leader in the segments focused on by FUCHS. This will include bringing the three centers mentioned to the same level of expertise by 2025.

Regional Chief Digital Officers (CDOs) and digital transformation managers were introduced for the digitalization program in 2021. In addition, FUCHS invests in the necessary competence, for example through Data Scientists. The aim is to increase both the innovation-driven mindset and the overall innovation capacity. Innovation programs at local and global level are supporting these efforts. Digitalization is a key element of these efforts.

For research and development, this means, among other things: chemical and mechanical simulation to get the lubricant "to talk"; design of experiment (DOE) in order to optimize development via statistical evaluation; smart technologies to support service concepts via sensors and accelerate the status analysis of products in the application. 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. Better control of processes, equipment and machinery leads to tangible efficiencies for FUCHS customers.

In response to global requirements for real-time data management, FUCHS has invested in the development of the "FluidsConnect System", a lubricant-based platform. FluidsConnect is a state-of-the-art cloud solution developed by FUCHS engineers in collaboration with specialist software developers. This platform is constantly expanding and already has interfaces with the in-house developed sensor solutions, such as for metalworking fluids.

Building on this, FUCHS is not only optimizing internal processes, but sees itself particularly able to offer customers innovative digital solutions to best support their processes on site. The expansion of other customer-focused solutions in the field of digitalization is reflected in solutions such as an e-commerce platform for 24/7 interaction with partners. It is precisely in this area that great successes have been observed in responding to customer needs: full transparency at all times on interacting with FUCHS.

Finally, FUCHS also wants to gain transparency relating to its own development. For this purpose, the level of innovation of the activities is being made measurable through the creation of an innovation ranking, which is permanently used to categorize the ongoing R&D projects.

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 based on mutual trust and the ability to identify and understand our customers' requirements and implement them together with them. With our emotional statement "*MOVING YOUR WORLD*" we stand alongside our customers, provide 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 the customers added value.

Every moving machine, whether mobile or stationary, raises tribological questions that need to be answered in order to operate these machines sustainably. In other words, how can wear and friction be reduced by specific lubricant solutions. To provide these customer-specific solutions, it is necessary to have a very good understanding of the customer's application.

This is why FUCHS consistently focuses its distribution on market segments with the aim of generating around 50 % of its business in globally managed business segments and achieving significant growth therein.

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 them available to customers worldwide to the same level of quality.

In production and manufacturing, the 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.

By synthesizing global technology and industry expertise with our local market presence in over 50 countries, we assist our customers locally in solving their tribological challenges. To measure the quality of this customer relationship, a unified satisfaction analysis was carried out in ten countries for the first time in 2021. This is the basis for aligning products and services even better to the specific needs of the customers going forward. This analysis will be conducted at regular intervals in order to assess the progress made and improve customer satisfaction. The Executive Board is regularly updated about this.

EU taxonomy

The European Commission adopted its Action Plan on Financing Sustainable Growth in 2018. To channel capital flows into sustainable investment, it is necessary to establish criteria for determining the degree of environmental sustainability of an investment. Therefore, in June 2020 the Commission introduced an EU classification scheme for sustainable activities by adopting the Taxonomy Regulation (2020/852) as a measure of this Action Plan. The Commission has already announced further legislation and clarifications which can both target other environmental objectives and adapt existing targets. These publications may have an effect on the indicators to be reported and the information presented below.

The EU taxonomy (Article 9) sets out six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The first two environmental objectives apply to reports published after January 1, 2022 and the remaining objectives to reports published after January 1, 2023. FUCHS' economic activities must be investigated for taxonomy-eligibility during the first reporting year and analyzed whether they fall within the scope of EU taxonomy.

The second step – for reports published after January 1, 2023 – is to check whether the activities identified as taxonomy-capable are taxonomy-compliant. Taxonomy compliance is considered met when all the technical assessment criteria for the activity concerned laid down in the delegated acts on EU taxonomy are met. These criteria define the conditions under which an activity is classified as sustainable. Moreover, these activities must not significantly adversely affect the achievement of other environmental objectives (Do No Significant Harm criterion), and minimum social standards must also be met.

One of our projects was to assess our contribution to the environmental objectives "Climate change mitigation" and "Climate change adaptation". We have thoroughly analyzed our economic activities and the sales revenues generated therefrom, as well as capital spending and operating expenses, and assessed which proportion can be classified as taxonomy-capable activities. Double counting is avoided by clearly allocating taxonomically capable sales revenues, capital and operating expenditures to one taxonomically capable economic activity.

As part of the analysis of activities, FUCHS has reached the conclusion that the products – and thus related sales revenues – are to be classified as not taxonomy-eligible and cannot be allocated to any activity. This conclusion is due to the limited scope of the regulation to certain economic sectors and industries.

As part of the project, internal measures of FUCHS were considered and analyzed to determine the taxonomy-eligible share of capital expenditures and operating expenditures. Economic activities relating to capital expenditures (CapEx) and operating expenditures (OpEx) arise from the leasing of company vehicles (passenger cars), with the share of electric and hybrid vehicles in the fleet steadily increasing. In our analysis, vehicle leasing was assigned to activity 6.5 (Transport by motorcycles, passenger cars and light commercial vehicles). Commercial vehicle leasing has been assigned to activity 6.6 (Road freight transport services). In addition to vehicles, forklifts are also leased, which has been assigned to activity 3.6 (Production of other low-carbon technologies).

In addition, FUCHS is steadily investing in the expansion of its sites and continually increasing energy efficiency and reducing its carbon footprint. The projects carried out during the financial year have been allocated to activity 7.1 (New plant construction). Activities 7.2 to 7.6 are of secondary importance here. The company interprets the EU taxonomy and Category 7 activities as meaning that all capital expenditures in buildings are considered as a taxonomy-eligible. Leasing of buildings is assigned to activity 7.7 (Acquisition and ownership of buildings).

Despite the lack of a taxonomy-eligibility for sales revenues-related activities, the lubricants and functional fluids manufactured and supplied by FUCHS provide efficiency increases through reduced friction, wear and corrosion due to their inherent properties in our customers' applications. As a result, lubricants overall help reduce greenhouse gas emissions and protect fossil resources. FUCHS also places the highest standards on the production process and related supply chains in terms of energy efficiency, the use of renewable energy and resource efficient processes. FUCHS products help to contribute to climate protection in a wide range of applications. For example, if an excavator is operated for 8,000 hours, the use of a premium hydraulic oil will save about 9,600 liters of diesel. This corresponds to a CO_2 equivalent of nearly 30 tons. With research partners and suppliers, FUCHS is constantly setting new standards and driving sustainability in the industry.

Performance indicators ("KPIs") include sales revenues, CapEx and OpEx. KPIs relating to taxonomy-eligible and non-taxonomy-eligible economic activities must be disclosed for the reporting period 2021.

The taxonomy-eligible sales revenues indicator (Sales revenue KPI) consists of the part of net sales revenue generated from taxonomy-eligible economic activities stated in the numerator and the consolidated sales revenue within the meaning of IAS 1 82(a) stated in the denominator. As far as the numerator is concerned, we have not identified taxonomy-eligible shares – as explained above.

→ 115 Income statement

The taxonomy-eligible capital expenditure indicator (CapEx-KPI) includes additions and capital expenditure in intangible assets, property, plant and equipment and, where appropriate, capitalized development costs. The numerator represents the taxonomy-eligible share of CapEx, while the denominator includes additions and capital expenditure in assets in accordance with IAS 16, IAS 38, and IFRS 16.

→ # 143 Development of goodwill and other intangible assets in 2021

→ # 147 Development of property, plant and equipment in 2021

Key additions of capital expenditure in financial year 2021 include:

- Leases for buildings
- Capital expenditure on buildings
- Expansion and additions to the company car fleet

The taxonomy-eligible operating expenses indicator (OpEx-KPI) describes the share of taxonomy-eligible operating expenses to the total operating expenses defined in the regulation. Expenditure on non-capitalized research and development costs, short-term leases, low-value leases, building maintenance, and maintenance and repairs are taken into account. The numerator includes operating expenses for building maintenance tasks in line with the allocation of the numerator of the CapEx KPI. The indicator was determined on the basis of controlling data.

Amounts used for capital expenditure (CapEx) and operating expenditure (OpEx) calculations are based on the figures reported in the consolidated financial statements. In order to avoid double counting of key figures, it has been ensured that CapEx and OpEx are only assigned to one taxonomy-eligible economic activity each.

The indicators for the financial year are as follows:

	Share (in %)
Total sales revenues [1]	**100**
thereof Taxonomy-eligible	0
not Taxonomy-eligible	100
Capital expenditure (CapEx)	**100**
thereof Taxonomy-eligible	40
not Taxonomy-eligible	60
Operating expenditure (OpEx)	**100**
thereof Taxonomy-eligible	5
not Taxonomy-eligible	95

[1] Only sales revenues from customer contracts according to IFRS 15 are included in the total sales revenues indicator.

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

To FUCHS PETROLUB SE, Mannheim

We have performed a limited assurance engagement on the non-financial group statement of FUCHS PETROLUB SE, Mannheim, (hereinafter the "Company") for the period from January 1 to December 31, 2021 (hereinafter 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 June 18, 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 controls 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.

Independence and Quality Control of the Audit Firm

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 Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

[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.

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 economic activities and the corresponding disclosures in the Non-financial Group Statement
- Inquiries on the relevance of climate-risks

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 January 1 to December 31, 2021 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 aforementioned. 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 14, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüferin

ppa. Meike Beenken

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 the Executive Board and the Supervisory Board,
- respect for 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 PETROLUB 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 PETROLUB SE and to the Group, unless stated otherwise below.

A. Declaration of the Executive Board and the Supervisory Board of FUCHS PETROLUB 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 10, 2021, the Executive Board and the Supervisory Board of FUCHS PETROLUB SE agreed to issue the following declaration of compliance:

Since issuing its last declaration of compliance on December 11, 2020, FUCHS PETROLUB SE has complied with recommendations – apart from recommendation G.11 (2) – set forth in the German Corporate Governance Code dated December 16, 2019, i.e. its version published in the official section of the Federal Gazette (Bundesanzeiger) on March 20, 2020, by the German Federal Ministry of Justice. A scheme to recover variable compensation components already granted was agreed with the members of the Executive Board in March 2021 retroactively for financial year 2021. FUCHS PETROLUB SE intends to comply with all recommendations without exception in the future.

Mannheim, December 10, 2021

Dr. Kurt Bock

Chairman of the Supervisory Board

Stefan Fuchs

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/compensation-report

C. Corporate governance practices

FUCHS PETROLUB SE and the Group apply the following key corporate governance practices:

Compliance

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.

FUCHS has set up a compliance management system (CMS) for the prevention of the aforementioned risks and damage. 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 varied information and training activities, 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 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) and other both regionally (RCOs) and locally (LCOs) appointed Compliance Officers and supports and advises employees. The CCO is also responsible for developing the CMS to take account of all topics of relevance for compliance. In addition to the CCO, the managers with overall responsibility for Human Resources and Internal Audit/Governance are also members of the GCC. 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 under their respective responsibility with the help of an electronic case handling program. 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 conduct and incidents relevant to compliance to the responsible offices.

Corporate governance policies

The Articles of Association of FUCHS PETROLUB SE, the FUCHS Code of Conduct, the Declaration of Corporate Governance and further corporate governance documents, such as the Anti-Corruption Directive, the Anti-Trust Directive or the FUCHS Sustainability Guideline, are available on the company's website. 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-driven and value-oriented corporate governance

The terms trust, creating value, respect, reliability and integrity form the core values of the FUCHS 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.

→ 81 Non-financial 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 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. 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. Details on this can be found in the report on opportunities and risks.

→ 64 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 PETROLUB 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 a compliance management system 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 at least once a month. The Executive Board is quorate if all members are invited and at least two members take part in the vote on the resolution. Resolutions are generally adopted by a majority of the votes cast. 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 PETROLUB SE currently consists of five members. The Executive Board is made up of Mr. Stefan Fuchs (Chairman), Dr. Lutz Lindemann, Dr. Timo Reister, Dr. Ralph Rheinboldt, and Ms. Dagmar Steinert. 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. → 18 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 PETROLUB 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 as well as taking account of varied professional and personal experience,
- 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.

However, the crucial factor for appointment to the Executive Board at FUCHS PETROLUB SE consists in the assessment of the 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 of 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 Chairman or the Deputy Chairman. 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. Resolutions may also be adopted in writing, by telephone, or using other common means of communication such as e-mail, provided the majority of the Supervisory Board members take part in the vote. 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 the procedure of the Supervisory Board regulate its obligation to disclose possible conflicts 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.7, the Supervisory Board also regularly meets without the Executive Board.

At its meeting on December 10, 2021, 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 itself regularly assesses how effectively the Supervisory Board as a whole and its committees are performing their tasks. To this end, the Chairman of the Supervisory Board talks to all regular Supervisory Board members. 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 10, 2021. Based on the positive results, no changes to the previous working practices were required in the Supervisory Board's view. The next routine self-assessment is scheduled for 2022.

Composition of the Supervisory Board

The Supervisory Board of FUCHS PETROLUB 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:

Overview of Supervisory Board members' attendance at each meeting in the financial year 2021

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

Mr. Jens Lehfeldt and Ms. Cornelia Stahlschmidt are the employee representatives on the Supervisory Board. Dr. Bock stated in October 2021 that he will step down as Chairman and Member of the Supervisory Board with effect from the expiration of the Company's next Annual General Meeting, which is expected to be held on May 3, 2022.

Ms. Ingeborg Neumann is a financial expert as defined in Section 100 (5) of the German Stock Corporation Act (AktG), and as Chairman of the Audit Committee she also meets the requirements of recommendation D.4 of the Code on account of her knowledge and experience. 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.

→ 22 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 accordance with recommendation C.1 of the Code, the Supervisory Board has defined specific targets for its composition and developed a skills profile for the Board as a whole. It regularly focuses on the issue of long-term succession planning for the shareholder representatives, most recently at its meeting on December 10, 2021.

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

- knowledge, skills, and specialist experience in the management of an international company,
- special economic expertise in cross-industry added value and value chains,
- special knowledge and experience in the application of accounting principles, internal control procedures, and risk management,
- inclusion of technical expertise, particularly in the field of (specialty) chemicals and sectors that use chemical products.

The Supervisory Board as a whole meets all criteria of the skills profile.

In accordance with recommendation D.12 of the Code, FUCHS PETROLUB SE provides the Supervisory Board members with adequate support for their induction and for education and training measures.

Diversity

With the objective of maximum benefit for the company, the Supervisory Board strives for sufficient diversity among the shareholder representatives. Diversity is not just limited to gender, but is also understood to refer to character, internationality, and professional background. The Supervisory Board has set itself the following targets for the Board as a whole:

- at least 30 % women or men (target for female members until December 9, 2026: 33.3 %, i.e. two female members on a six-member Supervisory Board),
- at least 50 % different education and professional experience,
- at least 50 % international experience due to background or profession,
- at least 30 % independent members.

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 PETROLUB 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 have been 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. The current Supervisory Board members Dr. Kurt Bock, Dr. Christoph Loos, and Ms. Ingeborg Neumann are shareholder representatives on the Supervisory Board who are considered independent from the company and its Executive Board and from the controlling shareholder within the meaning of the recommendations of the Code.

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 PETROLUB SE, in accordance with recommendations D.2, D.3 and D.5 of the Code, has formed qualified committees – an Audit Committee, a Personnel Committee, and a Nomination Committee – which prepare and also supplement its work. 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 recommendation D.3 of the Code, the key tasks of the **Audit Committee** include auditing the accounts, monitoring the accounting process, examining the effectiveness of the internal control system, risk management and internal audit system, and the audit of the financial statements by the statutory auditor and with Compliance. The Chair of the Audit Committee and the auditor also exchange information outside the meetings. 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 2021

Responsibilities	Members	Attendance/ meetings
Audit Committee	Ingeborg Neumann (Chairwoman, Financial Expert)	4/4
	Dr. Susanne Fuchs	4/4
	Dr. Christoph Loos	4/4

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 2021

Responsibilities	Members	Attendance/ meetings
Personnel Committee	Dr. Kurt Bock (Chairman)	3/3
	Dr. Susanne Fuchs	3/3
	Ingeborg Neumann	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.5 of the Code, the Nomination Committee shall consist exclusively of shareholder representatives.

Overview of Nomination Committee members' attendance at each meeting in the financial year 2021

Responsibilities	Members	Attendance/ meetings
Nomination Committee	Dr. Kurt Bock (Chairman)	0/3
	Dr. Susanne Fuchs	3/3
	Dr. Christoph Loos	3/3
	Ingeborg Neumann	3/3

E. Gender-specific targets

In accordance with the provisions of the Second Executive Positions Act (FüPoG II), 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 %. For a total of six Supervisory Board members, this corresponds to a target of two female Supervisory Board members.
- Female member on the Executive Board: 20.0 %. For a total of five Executive Board members, this is equivalent to a target number of one female Executive Board member.

The above-mentioned targets will be met by the end of the financial year 2021 with regard to the Executive Board and exceeded with regard to the Supervisory Board. The deadline to meet the minimum targets for the levels set by the Supervisory Board on December 13, 2016, regarding the proportion and number of female members on the Supervisory Board and Executive Board ended on December 12, 2021, with the Supervisory Board's 50.0 % female proportion level (target: 17 %) above target and the target for the Executive Board's one female member out of a five-member Executive Board (target: one female member on the Executive Board) were met.

The Executive Board redefined FUCHS PETROLUB SE's two management levels below the Executive Board on November 8, 2021, as a result of a changed internal organizational structure, as follows:

- The first level of management comprises the Group Management Committee members employed by FUCHS PETROLUB 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 PETROLUB SE

  (i) 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) 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 PETROLUB SE below the Executive Board:

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

The targets for the proportion of female representation at the first two management levels below the Executive Board will, at 17.6% (first management level) and 23.1% (second management level), not be met at the end of 2021.

The deadline for meeting the proportion of female managers for FUCHS PETROLUB SE's two management levels below the Executive Board set on December 13, 2016, ended on December 12, 2021, with the 15.8% female proportion achieved for the first management level exceeding the target set (target: 10%), and the second management level proportion of 25.0% falling short of its target (target: 30%). In accordance with the Executive Board resolution passed on December 13, 2016, the first management level comprises the members of the Group Management Committee and the division heads within FUCHS PETROLUB SE; the second management level is made up of the department heads of FUCHS PETROLUB SE. The reason for falling below the target for the second management level as at December 12, 2021, was, in particular, a change in the internal organizational structure resulting in the creation of new management functions that were not foreseeable at the time the targets were set. The new management positions created in this context were selected solely on the basis of the qualifications of the individual employees and regardless of their gender. The qualifications of employees will continue to be the sole criterion for selecting management positions, but FUCHS PETROLUB SE will work intensively to enable female employees to acquire the required qualifications in this context by means of an enterprise-wide succession approach.

F. Corporate reporting and audit

High transparency through comprehensive information

FUCHS PETROLUB 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 PETROLUB 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.

The declarations of corporate governance for the past five years are available online at
→ www.fuchs.com/decl_of_cg

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 are required to be reported.
→ www.fuchs.com/direct_deal

Accounting and audit

The consolidated financial statements and half-year financial report of FUCHS PETROLUB 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 PETROLUB 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 auditor will inform the Chairman of the Audit Committee 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.9 of the Code, the auditor shall also inform the Audit Committee immediately of all findings or conclusions significant to the duties of the Supervisory Board that emerge in performing the audit. The auditor must also inform the Supervisory Board in accordance with recommendation D.10 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 AktG is inaccurate. In accordance with recommendation D.11 of the Code, the Audit Committee regularly assesses the quality of the audit.

Information on the auditor

Following the proposal of the Supervisory Board, the Annual General Meeting of FUCHS PETROLUB SE on May 4, 2021, elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Mannheim branch, as the auditor of the annual and consolidated financial statements for the financial year 2021 and as the auditor for any audit reviews of interim reports for the financial year 2021 and for the first quarter of 2022. The responsible auditor is Mr. Dirk Fischer. 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 PETROLUB 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 sections of the management report:
→ 111 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, every shareholder is 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 a voting representative (proxy), such as a bank or a shareholders' association, by granting an appropriate power of attorney. 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. → 173 Relationships with related parties

Publications on transactions with related parties in accordance with Section 111c of the German Stock Corporation Act (AktG) can be found on the website:
→ www.fuchs.com/group/related-party-transactions

Takeover law disclosures

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

Composition of issued capital

As of December 31, 2021, the issued capital of the company amounted to €139,000,000. The share capital is divided into 69,500,000 no-par-value registered ordinary shares and 69,500,000 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 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

Together with members of the Fuchs family, RUDOLF FUCHS GMBH & CO. KG, Mannheim, 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.

Furthermore, RUDOLF FUCHS 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.

Ordinary 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 variable remuneration 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.

Mawer Investment Management Ltd. holds 10 % of the voting capital.

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 members of the Executive Board and the amendment of the Articles of Association

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), Article 59 of the SE Regulation, and Section 179 of the AktG with regard to the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association.

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 and/or preference shares until 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 and/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.

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 €42 million in the event of a change in control, insofar as it is not possible to reach an agreement on the continuation of credit facilities.

Company agreements for compensation of members of the Executive Board 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 investments in 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 PETROLUB 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 affiliated company report 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 PETROLUB SE, has audited this dependent company report and provided it with an unqualified audit opinion.

Financial Report

€ 2,871 million
Sales revenues

€ 363 million
EBIT

€ 205 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 PETROLUB SE

Income statement

in € million	Note	2021	2020	Change absolute	Change relative in %
Sales revenues	(1)	2,871	2,378	493	21
Cost of sales	(2)	–1,906	–1,524	–382	25
Gross profit		**965**	**854**	**111**	**13**
Selling and distribution expenses	(3)	–412	–366	–46	13
Administrative expenses	(4)	–153	–139	–14	10
Research and development expenses	(5)	–59	–54	–5	9
Other operating income and expenses	(6)	13	8	5	63
EBIT before income from companies consolidated at equity		**354**	**303**	**51**	**17**
Income from companies consolidated at equity	(7)	9	10	–1	–10
Earnings before interest and tax (EBIT)		**363**	**313**	**50**	**16**
Financial result	(8)	–5	–5	0	0
Earnings before tax (EBT)		**358**	**308**	**50**	**16**
Income taxes	(9)	–104	–87	–17	20
Earnings after tax		**254**	**221**	**33**	**15**
Thereof					
Non-controlling interests	(10)	1	1	0	0
Profit attributable to shareholders of FUCHS PETROLUB SE		253	220	33	15
Earnings per share in €[1]	(11)				
Ordinary share		1.82	1.58	0.24	15
Preference share		1.83	1.59	0.24	15

[1] Basic and diluted in both cases.

Statement of comprehensive income

in € million	2021	2020
Earnings after tax	**254**	**221**
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	53	–52
Shares in companies consolidated at equity	–10	–9
Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods		
Remeasurements of defined benefit pension commitments	16	–8
Profit-neutral changes of shares in companies consolidated at equity	0	0
Fair value changes of equity instruments	0	0
Deferred taxes on these amounts	–3	2
Total other comprehensive income	**56**	**–67**
Total income and expenses for the period	**310**	**154**
Thereof		
Non-controlling interests	1	1
Profit attributable to shareholders of FUCHS PETROLUB SE	309	153

For further explanations, see note 25 to the consolidated financial statements.

→ 156 Pension provisions

Balance sheet

				Change	
in € million	Note	**Dec 31, 2021**	Dec 31, 2020	absolute	relative in %
Assets					
Goodwill	(14)	247	236	11	5
Other intangible assets	(14)	107	117	–10	–9
Property, plant and equipment	(15)	744	700	44	6
Shares in companies consolidated at equity	(16)	43	53	–10	–19
Other financial assets	(17)	8	7	1	14
Deferred tax receivables	(18)	35	32	3	9
Other receivables and other assets	(22)	6	1	5	>100
Non-current assets		**1,190**	**1,146**	**44**	**4**
Inventories	(19)	507	359	148	41
Trade receivables	(20)	431	369	62	17
Tax receivables	(21)	6	7	–1	–14
Other receivables and other assets	(22)	31	30	1	3
Cash and cash equivalents	(23)	146	209	–63	–30
Current assets		**1,121**	**974**	**147**	**15**
Total assets		**2,311**	**2,120**	**191**	**9**

Balance sheet

in € million	Note	Dec 31, 2021	Dec 31, 2020	Change absolute	Change relative in %
Equity and liabilities					
Subscribed capital		139	139	0	0
Group reserves		1,361	1,220	141	12
Group profits		253	220	33	–3
Equity of shareholders of FUCHS PETROLUB SE		1,753	1,579	174	11
Non-controlling interests		3	1	2	>100
Total equity	(24)	**1,756**	**1,580**	**176**	**11**
Pension provisions	(25)	28	43	–15	–35
Other provisions	(27)	10	11	–1	–9
Deferred tax liabilities	(18)	48	41	7	17
Financial liabilities	(29)	14	16	–2	–13
Other liabilities	(30)	2	20	–18	–90
Non-current liabilities		**102**	**131**	**–29**	**–22**
Trade payables [1]	(26)	227	199	28	14
Other provisions	(27)	16	18	–2	–11
Tax liabilities	(28)	24	40	–16	–40
Financial liabilities	(29)	35	14	21	>100
Other liabilities [1]	(30)	151	138	13	9
Current liabilities		**453**	**409**	**44**	**11**
Total equity and liabilities		**2,311**	**2,120**	**191**	**9**

[1] Previous year figures comparable (advance payments received and liabilities from customer discounts reported under other liabilities). For further explanations see note 30 to the consolidated financial statements.

→ 163 Other liabilities

Statement of changes in equity

in € million	Outstanding shares (units)	Subscribed capital	Capital reserves	Equity capital generated by the Group	Currency translation [1]	**Shareholders' equity**	Non-controlling interests	**Total equity**
As of December 31, 2019	**139,000,000**	**139**	**97**	**1,347**	**–23**	**1,560**	**1**	**1,561**
Adjustments IAS 29 "Hyperinflationary economies"				0		0		0
Dividend payments				–134		–134	–1	–135
Earnings after tax 2020				220		220	1	221
Change in other comprehensive income				–6 [2]	–61	–67		–67
As of December 31, 2020	**139,000,000**	**139**	**97**	**1,427**	**–84**	**1,579**	**1**	**1,580**
Adjustments IAS 29 "Hyperinflationary economies"				1		1	0	1
Acquisition of a non-controlling subsidiary				0		0	1	1
Share-based remuneration with equity instruments				1		1	0	1
Dividend payments				–137		–137	0	–137
Earnings after tax 2021				253		253	1	254
Change in other comprehensive income				13 [2]	43	56	0	56
As of December 31, 2021	**139,000,000**	**139**	**97**	**1,558**	**–41**	**1,753**	**3**	**1,756**

[1] Income and expenses recognized in equity of shareholders of FUCHS PETROLUB 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, profit-neutral changes of shares in companies consolidated at equity, and 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 24.

→ **155 Total equity**

Statement of cash flows

in € million	2021	2020
Earnings after tax	**254**	**221**
Depreciation and amortization of non-current assets	86	80
Change in non-current provisions and in other non-current assets (covering funds)	–4	–2
Change in deferred taxes	0	–1
Non-cash income from companies consolidated at equity	–9	–10
Dividends received from companies consolidated at equity	8	4
Gross cash flow	**335**	**292**
Gross cash flow	335	292
Change in inventories	–132	12
Changes in trade receivables	–45	4
Change in trade payables and remaining other liabilities[1]	25	18
Change in other assets and other liabilities (excluding financial liabilities)	–15	34
Share-based remuneration	1	0
Net gain/loss on disposal of non-current assets	0	0
Cash flow from operating activities	**169**	**360**
Investments in non-current assets	–80	–122
Proceeds from the disposal of non-current assets	1	0
Cash paid for acquisitions	–30	–115
Cash acquired through acquisitions	1	1
Cash flow from investing activities	**–108**	**–236**
Free cash flow before acquisitions[2]	90	238
Free cash flow	**61**	**124**
Dividends paid for previous year	–137	–135
Changes in financial liabilities	5	1
Cash flow from financing activities	**–132**	**–134**
Cash and cash equivalents as at Dec 31 of the previous year	**209**	**219**
Cash flow from operating activities	169	360
Cash flow from investing activities	–108	–236
Cash flow from financing activities	–132	–134
Effect of currency translations	8	0
Cash and cash equivalents at the end of the period	**146**	**209**

[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.

Income taxes paid amount to €121 million (70) and are included in cash flow from operating activities.

Interest payments amount to €5 million (5), and the interest payments received amount to €0 million (0). Both are included in the cash flow from operating activities.

For further explanation on the statement of cash flows see note 33.

→ 171 Notes to the statement of cash flows

Segments[1]

	EMEA			Asia-Pacific			North and South America			Holding/ consolidation		FUCHS Group		
in € million	**2021**	2020	Change	**2021**	2020	Change	**2021**	2020	Change	**2021**	2020	**2021**	2020	Change
Sales revenues by customer location	1,484	1,237	247	920	743	177	467	398	69	0	0	2,871	2,378	493
Sales revenues by company location	1,710	1,446	264	855	698	157	471	387	84	–165	–153	2,871	2,378	493
thereof with other segments	163	151	12	0	0	0	2	2	0	–165	–153	0	0	0
Scheduled amortization and depreciation	49	47	2	16	14	2	19	18	1	2	1	86	80	6
Impairment losses[2]	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT before income from companies consolidated at equity	157	158	–1	122	100	22	60	42	18	15	3	354	303	51
Income from companies consolidated at equity	9	10	–1	0	0	0	0	0	0	0	0	9	10	–1
Segment earnings (EBIT)	166	168	–2	122	100	22	60	42	18	15	3	363	313	50
Shares in companies consolidated at equity	43	53	–10	0	0	0	0	0	0	0	0	43	53	–10
Additions to property, plant and equipment and other intangible assets	43	75	–32	20	22	–2	8	13	–5	9	12	80	122	–42
Additions from acquisitions[2]	2	3	–1	3	0	3	0	127	–127	0	0	5	130	–125
Employees as at December 31[3]	3,860	3,803	57	944	924	20	1,028	862	166	144	139	5,976	5,728	248
Performance indicators														
Ratio of EBIT before income from companies consolidated at equity to sales revenues in %	9.2	10.9		14.3	14.3		12.7	10.9				12.3	12.7	

[1] Part of the notes.
[2] Relating to property, plant and equipment, goodwill and other intangible assets.
[3] Including trainees.

3.2 Notes to the consolidated financial statements

Basis of preparation

General information

The consolidated financial statements of FUCHS PETROLUB SE, Mannheim, as of December 31, 2021, 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 2021, have been applied. No option for early adoption of new standards was used.

The parent company FUCHS PETROLUB SE is an European corporation (Societas Europaea) based in Mannheim (Friesenheimer Strasse 17, 68169 Mannheim) and registered with the District Court of Mannheim (commercial registration number: HRB 717394).

For more than 90 years, the FUCHS Group has been focusing 100% on the development, manufacture, and sale of lubricants and related specialties.

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 PETROLUB SE prepared the consolidated financial statements on March 9, 2022. The consolidated financial statements will be discussed with the Supervisory Board's Audit Committee and then presented to the Supervisory Board for approval during the meeting on March 17, 2022, and released for publication.

With reference to Section 264 (3) HGB, the following German companies did not apply the provisions contained in Sections 264 to 289 f HGB (annual financial statements of corporations) and their disclosure (Section 325 HGB):

- BREMER & LEGUIL GMBH, Duisburg,
- FUCHS FINANZSERVICE GMBH, Mannheim,
- FUCHS LUBRITECH GMBH, Kaiserslautern,
- FUCHS SCHMIERSTOFFE 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 2021 for the first time are outlined in the following section. Their first-time application in the financial year 2021 did not have any effects on the FUCHS Group.

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments relating to the second phase of the IBOR reform project (amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Policies, and IFRS 16 Leases) supplement the provisions of the first phase of the project and are applied when one reference interest rate is replaced by another. With regard to accounting for financial instruments, individual aspects are affected in particular. New risks arising from the reform and the way in which the transition to alternative reference rates is handled must be disclosed. As well as amendments to IFRS 9, IAS 39, and IFRS 7, the IASB also adopted minor amendments to IFRS 4 and IFRS 16.

Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9 ("Deferral of IFRS 9")

The amendments to IFRS 4 are intended to address the temporary accounting issues arising from the different dates of application of IFRS 9 Financial Instruments and the future IFRS 17 Insurance Policies. In particular, it extends the temporary exemption from IFRS 9 until

2023 to align the date of application of IFRS 9 with the date of application of the new IFRS 17.

Amendments to IFRS 16 – Leasing – COVID-19-Related Rent Concessions
IFRS 16 contains regulations on accounting for changes in lease payments (including rent concessions) at the lessee. For each lease, the lessee must check whether the rent concessions granted represent lease modifications and consequently remeasure the lease liability. The amendment to IFRS 16 grants practical relief on utilization. This is subject to certain prerequisites and is temporary. As a result of this relief, the lessee does not need to account for rent concessions granted in connection with the coronavirus pandemic in accordance with the regulations for lease modifications, but instead as if they were not lease modifications.

Amendments to IFRS 16 – Leasing – COVID-19-Related Rent Concessions after June 30, 2021
In response to the persistent effects of the Covid-19 pandemic, IFRS 16 Leasing was amended on March 31, 2021 to allow for a one-year extension of the practical relief that assists lessees in accounting for Covid-19-related lease concessions. The amendments extend the practical relief to lease concessions that reduce lease payments originally due on or before June 30, 2022. Previously, only those lease concessions that reduce lease payments and are or were due on or before June 30, 2021 were covered by the relief. In accordance with the EU endorsement, the amendments must be applied for the first time as of April 1, 2021 to annual reporting periods beginning on or after January 1.

For the following future amendments for financial years from 2022 onwards, none of which will be applied early in 2021, the FUCHS Group currently assumes that there will be no significant impact on the consolidated financial statements.

Standards adopted by the EU

Amendments to IFRS 3 – Reference to the Conceptual Framework
Along with the amended Conceptual Framework, references to the Conceptual Framework were also adjusted in various standards, including IFRS 3. The regulations for the recognition of company acquisitions have not been changed in terms of their content. These amendments are to be applied to business combinations for which the acquisition date is on or after January 1, 2022. Early adoption is also permitted.

Amendments to IAS 16 – Property, Plant and Equipment – Proceeds from Sale During Production
The amendments clarify that proceeds received by a company from the sale of items that were produced while it was preparing the asset for its intended use (such as product samples) and the associated costs are to be recognized in profit or loss. It is not permissible to include such amounts in the calculation of acquisition costs. These amendments are applicable for reporting periods starting on or after January 1, 2022. Early application of the amendments is permitted.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
The amendments relate to defining which costs a company should include when assessing whether a contract will be loss-making. Therefore, the cost of performing a contract comprises all costs directly related to the contract. As such, costs that would not be incurred without the contract (incremental cost) as well as other costs directly attributable to the contract are to be taken into account. These amendments are applicable for reporting periods starting on or after January 1, 2022. Early application of the amendments is permitted.

Improvements to IFRS 2018 – 2020
As a result of the Annual Improvements to IFRSs, the standards IFRS 1, IFRS 9, IFRS 16, and IAS 41 were amended. These amendments are applicable for reporting periods starting on or after January 1, 2022. Early application of the amendments is permitted.

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.

Standards not yet adopted by the EU

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its 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 between an investor and its associate or joint venture. The IASB has decided to postpone the effective date of these amendments indefinitely.

Amendments to IAS 1 – Classification of Liabilities as Current and Non-current
The adopted amendments to IAS 1 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 substantive. 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 12 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. Subject to endorsement by the EU, these amendments are applicable for reporting periods starting on or after January 1, 2023. Early adoption of the amendments is permitted, provided they are endorsed by the EU.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
The amendment to IAS 1 requires that only the ‘substantial’ accounting policies be disclosed in the notes. 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. Subject to endorsement by the EU, these amendments are applicable for reporting periods starting on or after January 1, 2023. Early adoption of the amendments is permitted, provided they are endorsed by the EU.

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 methods may be estimation methods or valuation techniques. Subject to endorsement by the EU, these amendments are applicable for reporting periods starting on or after January 1, 2023. Early adoption of the amendments is permitted, provided they are endorsed by the EU.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 narrowly restricted 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 where both deductible and taxable temporary differences arise at first recognition, even if the other pre-existing circumstances 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. Subject to endorsement by the EU, these amendments are applicable for reporting periods starting on or after January 1, 2023. Early adoption of the amendments is permitted, provided they are endorsed by the EU.

Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The amendment to IFRS 17 introduces the possibility of using a 'classification overlay approach' where certain circumstances are met. This will make the comparative information on financial instruments more meaningful in the year preceding the first application of IFRS 17, i.e. for 2022. In principle, the disclosure of comparative information is done as if the classification and measurement requirements of IFRS 9 had already been applied in the comparative period, with the exception of the impairment rules where the classification overlay approach does not require one to disclose under IFRS 9. Differences between the previous carrying amount of a financial asset and the amount resulting from the 'classification overlay approach' are recognized in equity. The extent to which an entity uses the approach (e.g., whether it has been applied to all financial assets leaving in 2022) and whether and to what extent it has been disclosed under the impairment rules of IFRS 9 shall also be disclosed. With the first-time application of IFRS 9 on January 1, 2023, the transitional requirements applicable under IFRS 9 shall apply, regardless of whether the 'classification overlay approach' has been applied. Subject to endorsement by the EU, these amendments are applicable for reporting periods starting on or after January 1, 2023. Early adoption of the amendments is permitted, provided they are endorsed by the EU.

Scope of consolidation

Overview scope of consolidation

Number	EMEA	Asia-Pacific	North and South America	Total
Fully consolidated companies (incl. parent company)				
Jan 1, 2021	**40**	**19**	**10**	**69**
Additions	1	1	0	2
Mergers	–5	–1	–1	–7
Dec 31, 2021	**36**	**19**	**9**	**64**
Companies consolidated at equity				
Jan 1, 2021	**8**	**0**	**0**	**8**
Additions	2	0	0	2
Disposals	0	0	0	0
Dec 31, 2021	**10**	**0**	**0**	**10**

FUCHS PETROLUB 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 submitted to the German Federal Gazette.

In addition to FUCHS PETROLUB SE, all German and international subsidiaries are included in the consolidated financial statements of FUCHS PETROLUB 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 39.
→ 179 Shareholdings

The group of fully consolidated companies, including the parent company, comprises a total of 64 (69) companies. In addition, 10 (8) companies consolidated at equity are recognized. Changes to the scope of consolidation in 2021 are explained in the section below.

Changes in the scope of consolidation

Additions from fully consolidated companies

	in %
STD & F Co., Ltd., Vietnam	70
Gleitmo Technik AB, Sweden	100

Mergers of fully consolidated companies

	in %
FUCHS LUBRICANTS REAL ESTATE AB, Sweden	100
FUCHS LUBRITECH S.A.S., France	100
FUCHS WISURA GMBH	100
innoviga GmbH	100
PARAFLUID MINERALOELGESELLSCHAFT MBH	100
PROMOTORA FUCHS S.A. DE C.V., Mexico	100
STD & F Co., Ltd., Vietnam	70

Additions from companies consolidated at equity

	in %
FUCHS EGYPT LUBRICANTS LLC	50
FUCHS EGYPT LLC	50

Acquisitions

In the previous year, 2020, FUCHS CORPORATION, Dover, Delaware, USA, with effect from January 24, 2020, acquired all shares in NYE LUBRICANTS INC., Fairhaven, Massachusetts, USA. The consideration transferred (purchase price) of €115 million was settled in cash in the amount of €87 million as of the acquisition date. The open contingent consideration, originally dependent on earnings before tax, interest, depreciation and amortization for the years 2020 and 2021, which was valued at a total fair value of USD 31 million (converted at €25 million) as of December 31, 2020, was set early in 2021 by the note dated July 14, 2021 to the original purchase agreement for a total amount of USD 30 million (converted at €25 million) upon payment by July 31, 2021, which was made on time. The remaining amount of USD 1 million (converted to €1 million) was recognized as other operating income in 2021.

Effective May 21, 2021, FUCHS PETROLUB SE has acquired 70 % of the shares in STD & F Co., Ltd., Ho Chi Minh City/Vietnam from a Vietnam-based specialty lubricants distributor, at a purchase price of €1.5 million. The object of the acquisition is, in particular, customer relationships recognized as other intangible assets. The business was integrated into our subsidiary FUCHS LUBRICANTS VIETNAM COMPANY LTD. as part of the merger from August 2021, in which the previous owner of STD&F Co., Ltd. acquired a 30% share at the purchase price of €0.3 million. The change to the percentage of shares from 100% to 70% held which do not lead to a loss of control are treated as a transaction between shareholders and recognized directly in total equity. The sales revenues or EBIT contribution (after taking into account depreciation and amortization from the purchase price allocation) is €0 million each for the period of Group membership in 2021.

With effect from July 1, 2021, FUCHS LUBRICANTS Sweden AB acquired all shares in Gleitmo Technik AB, Kungsbacka, Sweden, for a purchase price of €3 million. The business of the long-standing trading partner, which includes in particular the customer base, product portfolio and workforce, will be integrated into the subsidiary FUCHS LUBRICANTS Sweden AB. The purchase price consists essentially of other intangible assets (customer relations) of €2 million and net operating working capital of €1 million. Sales revenues or EBIT contribution (after taking into account depreciation and amortization from the purchase price allocation) is approximately €3 million and €0 million respectively for the period of Group membership in 2021.

The holding company FUCHS EGYPT LLC and the sales company FUCHS EGYPT LUBRICANTSLLC, which were recently founded by FUCHS OIL MIDDLE EAST LTD., have been in business and operational since 2021 and FUCHS EGYPT LUBRICANTS LLC is already supplying key customers in Egypt. The main office and a central warehouse are located in Cairo, Egypt. Products are imported from Saudi Arabia and Europe. FUCHS EGYPT LUBRICANTS LLC generated sales revenues of €4 million in the financial year ended 2021. As FUCHS PETROLUB SE holds 50% of the shares in FUCHS OIL MIDDLE EAST LTD., both companies are recognized in the FUCHS consolidated financial statements under shares in companies consolidated at equity.

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.

→ 129 Accounting policies

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. 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 PETROLUB 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 effects 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. Proportionate net profits of joint ventures and associates are translated at the average annual exchange rate and are 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 rate

€1	Dec 31, 2021	Dec 31, 2020
US dollar	1.133	1.227
British pound	0.840	0.899
Chinese renminbi yuan	7.195	8.023
Australian dollar	1.562	1.590
South African rand	18.063	18.022
Polish zloty	4.597	4.560
Brazilian real	6.310	6.374
Argentinean peso	116.759	102.701
Russian ruble	85.300	91.467
South Korean won	1,346.380	1,336.000
Swedish krona	10.250	10.034

Average rate

€1	2021	2020
US dollar	1.183	1.141
British pound	0.860	0.889
Chinese renminbi yuan	7.634	7.871
Australian dollar	1.575	1.656
South African rand	17.479	18.781
Polish zloty	4.564	4.444
Brazilian real	6.381	5.892
Argentinean peso	112.383	80.852
Russian ruble	87.226	82.646
South Korean won	1,353.910	1,344.880
Swedish krona	10.145	10.486

Accounting policies

The financial statements of FUCHS PETROLUB 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 2021, 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 of 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 effects of the global Covid-19 pandemic, these estimates and judgments are subject to increased uncertainty. The amounts that actually arise may differ from the estimates and judgments. The impact of persistent supply bottlenecks as well as high volatility in raw material prices cannot be reliably estimated. Despite supply bottlenecks and recently weakened economic growth, sales revenues and EBIT for financial year 2021 managed to improve not only significantly compared to the previous year affected by the Covid-19 pandemic, but also compared to 2019. The Executive Board currently expects the pandemic to be a temporary event that will not have a sustained negative impact on the FUCHS Group’s long-term business development.

Consideration of climate-related aspects did not have any significant effects on the consolidated financial statements for the financial year 2021. For further information on climate-related aspects, please refer to the opportunity and risk report as well as the non-financial declaration in the management report of FUCHS PETROLUB SE.

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 the 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. For further information, please refer to Note 14. → 143 Goodwill and other intangible assets

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 flow 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.

Measurement of investments to 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. Besides the fundamental cash flow plans, the determination of the discount rate for the impairment test calculations is also important. 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.

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. For further information, please refer to Note 25.
→ 156 Provisions for pensions

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. For further information, please refer to Note 18. → 152 Deferred tax receivables and liabilities

Other key future-related assumptions and estimates are particularly necessary for the assessment, recognition and measurement of:

- impairment losses of other intangible assets and property, plant and equipment,
- impairment losses and reversals of impairment losses in the case of trade receivables,
- other provisions, such as 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 intragroup 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 includes 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 work includes the application of research results for the purpose of developing new products and/or processes prior to their commercial use. 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 five 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 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

Impairments 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.

→ **147** 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. There was an adjustment of total equity of approximately €0 million (1). The effect on the current result is of immaterial significance. There are thus no significant effects on the FUCHS Group's net assets, financial position and results of operations. All amounts in the financial statements of the subsidiary were translated at closing rates.

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 32 "Financial instruments".
→ 164 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 32.
→ 164 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 and 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.

Pension provisions and similar obligations

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 compensation

The members of the Executive Board and Supervisory Board are required to invest part of their compensation in preference shares of FUCHS PETROLUB 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 portion of compensation recognized as an expense is shown in total equity with the first application of IFRS 2 in financial year 2021. Detailed information on share-based compensation can be found under Note 35 Relationships with related parties → 173 Relationships with related parties and persons and Note 36 Executive bodies → 175 Information on the executive bodies of the company.

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: → # Breakdown of sales revenues by product group

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's level at €1,295 million (1,058) in the FUCHS Group. Its share in Group sales revenues was unchanged at 45%.

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's level at €1,484 million (1,248) in the FUCHS Group. At 52% (52), 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 €92 million (72), while its share of consolidated sales revenues was unchanged at 3%.

Breakdown of sales revenues by product group

	EMEA		Asia-Pacific		North and South America		FUCHS Group	
2021	in € million	in %	in € million	in %	in € million	in %	in € million	in %
Automotive lubricants	728	47	488	57	79	17	1,295	45
Industrial lubricants and specialties	747	48	361	42	376	80	1,484	52
Other products	72	5	6	1	14	3	92	3
	1,547	**100**	**855**	**100**	**469**	**100**	**2,871**	**100**

	EMEA		Asia-Pacific		North and South America		FUCHS Group	
2020	in € million	in %	in € million	in %	in € million	in %	in € million	in %
Automotive lubricants	603	46	394	57	61	16	1,058	45
Industrial lubricants and specialties	631	49	301	43	316	82	1,248	52
Other products	61	5	3	0	8	2	72	3
	1,295	**100**	**698**	**100**	**385**	**100**	**2,378**	**100**

2 Cost of sales

in € million	**2021**	2020
Cost of purchased raw materials, supplies, goods for resale and purchased services	1,699	1,341
Cost of materials	**1,699**	**1,341**
Staff costs	102	97
Depreciation and amortization of property, plant and equipment and other intangible assets	37	33
Third-party services	29	20
Maintenance costs	17	14
Energy costs	13	12
IT/ERP costs	2	1
Other costs	7	6
	1,906	**1,524**

3 Selling and distribution expenses

in € million	2021	2020
Staff costs	188	171
Freight	115	97
Depreciation and amortization of property, plant and equipment and other intangible assets	31	30
Third-party services	16	15
Commission payments	16	12
Marketing costs	14	12
Travel expenses	8	7
Maintenance costs	4	3
IT/ERP costs	4	3
Rental and lease expenses	2	3
Other taxes	1	1
Other costs	13	12
	412	**366**

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	2021	2020
Staff costs	89	79
Depreciation and amortization of property, plant and equipment and other intangible assets	13	12
IT/ERP costs	13	11
Third-party services	10	9
Audit and consultancy costs	6	7
Maintenance costs	2	1
Travel expenses	1	2
Rental and lease expenses	1	1
Other taxes	4	5
Other costs	14	12
	153	**139**

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	2021	2020
Staff costs	38	34
Third-party services	9	8
Depreciation and amortization of property, plant and equipment and other intangible assets	5	5
Maintenance costs	2	2
Other costs	5	5
	59	**54**

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	2021	2020
Income from		
Currency exchange gains	8	8
Reversal of provisions	3	1
Licenses and own work capitalized	2	2
Reversals of write-downs of receivables	1	5
Cost allowances	2	2
Compensation	0	8
Release of other liability from contingent consideration	1	0
Disposals of fixed assets	1	0
Miscellaneous operating income	11	9
Other operating income	**29**	**35**
Currency exchange losses	7	8
Write-downs of receivables	1	7
Restructuring costs and severance payments	2	4
Losses from the disposal of fixed assets	1	1
Impairments on goodwill	0	0
Miscellaneous operating expenses	5	7
Other operating expenses	**16**	**27**
Other operating income and expenses	**13**	**8**

Miscellaneous operating income includes income from other sales and services.

Write-downs of receivables include irrecoverable receivables of €1 million (2).

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 transfer taxation 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	2021	2020
Income from companies consolidated at equity	9	10

More information is provided in note 16 “Shares in companies consolidated at equity”.

→ 151 Shares in companies consolidated at equity

8 Financial result

in € million	2021	2020
Other interest and similar income	0	1
Interest income	**0**	**1**
Interest and similar expenses	–2	–2
Hedging costs of intercompany loans	–2	–3
Leases	–1	–1
Pension obligations		
Interest expense	–1	–2
Interest income from plan assets	1	2
Interest expenses	**5**	**6**
Financial result	**–5**	**–5**

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	2021	2020
Current taxes	105	87
thereof Germany	42	42
thereof international	63	45
Deferred taxes	–1	0
thereof Germany	2	–1
thereof international	–3	1
Total	**104**	**87**

Current taxes do not include any (0) taxes for previous 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%. Including trade tax of 15.1% (15.1), the total tax burden in Germany is about 30.9% (30.9). 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 10% (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	2021	in %	2020	in %
Earnings before tax (EBT)	358		308	
Expected tax expense	**111**	**30.9**	**95**	**30.9**
Taxation rate differences	–14	–3.9	–13	–4.3
Non-deductible expenses	5	1.4	3	1.0
Tax-free income	–1	–0.2	–2	–0.7
Income from companies consolidated at equity	–3	–0.8	–3	–1.0
Taxes for prior periods	0	0.0	–1	–0.3
Withholding taxes	6	1.7	4	1.3
Other	0	0.0	4	1.3
Reported tax expense	**104**	**29.1**	**87**	**28.2**

The reported tax expense relative to earnings before tax (EBT) leads to a rate of taxation of 29.1% (28.2). The Group's tax rate adjusted for income from companies consolidated at equity is 29.8% (29.2).

10 Non-controlling interests

Profits attributable to non-controlling interests of €1 million (1) relate to shareholders in Austria, Chile, France, Greece, and Vietnam (previous year without Vietnam).

11 Earnings per share

in € million	2021	2020
Profit attributable to shareholders of FUCHS PETROLUB SE	**253**	**220**
Earnings per ordinary share in €		
Earnings per share	1.82	1.58
Weighted average number of ordinary shares	69,500,000	69,500,000
Earnings per preference share in €		
Earnings per share	1.83	1.59
Weighted average number of preference shares	69,500,000	69,500,000

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.

Diluted earnings per share are the same as basic earnings per share.

12 Other taxes

The reported figure of €7 million (7) relates to non-income taxes, which are included in the operating function costs. €5 million (5) of this amount is attributable to foreign Group companies in Argentina, China, France, Great Britain, and the USA.

13 Staff costs / employees

Staff costs

in € million	2021	2020
Wages and salaries	350	320
Social security contributions and expenses for pensions and similar obligations	67	61
thereof for pensions	11	11
	417	**381**

Staff costs of €102 million (97) are attributable to cost of sales, €188 million (171) to selling and distribution expenses, €89 million (79) to administrative expenses and €38 million (34) to research and development expenses.

In the past financial year, the FUCHS Group did not receive any (10) governmental support payments to cushion the consequences of the Covid-19 pandemic.

For ordinary shares with a value of €0.5 million (0.5), 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 (0.1).

Employees

Annual average	2021	2020
EMEA	3,836	3,820
Asia-Pacific	933	935
North and South America	949	894
Holding companies	140	137
Number of employees	**5,858**	**5,786**
thereof trainees	**128**	**122**

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 2021

in € million	Goodwill	Miscellaneous intangible assets	Advance payments on intangible assets	Total other intangible assets
Acquisition and manufacturing costs (gross)				
Dec 31, 2020	262	269	2	271
Currency exchange differences	10	7	0	7
Additions from acquisitions	1	4	0	4
Additions	0	3	1	4
Disposals	0	–1	0	–1
Reclassifications	0	0	0	0
Dec 31, 2021	273	282	3	285
Accumulated amortization				
Dec 31, 2020	26	154	0	154
Currency exchange differences	0	3	0	3
Scheduled amortization and depreciation	0	22	0	22
Impairment losses	0	0	0	0
Disposals	0	–1	0	–1
Reclassifications	0	0	0	0
Dec 31, 2021	26	178	0	178
Net value as of Dec 31, 2021	**247**	**104**	**3**	**107**

For information on the additions from acquisitions, please refer to the section on acquisitions.

→ 126 Acquisitions

Development of goodwill and other intangible assets in 2020

in € million	Goodwill	Miscellaneous intangible assets	Advance payments on intangible assets	Total other intangible assets
Acquisition and manufacturing costs (gross)				
Dec 31, 2019	201	229	1	230
Currency exchange differences	–15	–7	0	–7
Additions from acquisitions	76	46	0	46
Additions	0	2	1	3
Disposals	0	–1	0	–1
Reclassifications	0	0	0	0
Dec 31, 2020	262	269	2	271
Accumulated amortization				
Dec 31, 2019	26	136	0	136
Currency exchange differences	0	–3	0	–3
Scheduled amortization and depreciation	0	22	0	22
Impairment losses	0	0	0	0
Disposals	0	–1	0	–1
Reclassifications	0	0	0	0
Dec 31, 2020	26	154	0	154
Net value as of Dec 31, 2020	**236**	**115**	**2**	**117**

Goodwill of the cash-generating units

Overview of the goodwill

in € million	2021	2020
North America	164	154
Germany and Benelux	48	48
Other seven (six) goodwill-carrying units	35	34
Goodwill	**247**	**236**

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 was determined using the concept of value in use. A discounted cash flow method is used to determine the value in use. The mid-term planning, which consists of the budget plan for 2022 and generally the planning years 2023 to 2026, was used 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 effects of the global Covid-19 pandemic, these estimates and judgments are subject to increased uncertainty. The amounts that actually arise may differ from the estimates and judgments. The impact of persistent supply bottlenecks as well as high volatility in raw material prices cannot be reliably estimated. Despite supply bottlenecks and recently weakened economic growth, sales revenues and EBIT for financial year 2021 managed to improve not only significantly compared to the previous year affected by the Covid-19 pandemic, but also compared to 2019. The Executive Board currently expects the pandemic to be a temporary event that will not have a sustained negative impact on the FUCHS Group's long-term business development.

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 0.5 % (0.5) to 1.0 % (1.0) are taken into account to consider inflation-based growth. The impairment tests performed for North America (USA subgroup), Germany and Benelux are based on the assumption of a long-term, country-specific growth rate of 0.5 % (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, weighted discount rates of 6.5 % (6,5) to 12 % (12) after taxes were applied, taking into account country-specific risks. Weighted discount rates before tax range from 9 % (9) to 17.0 % (16.5). A weighted cost of capital of 7.5 % (7.5) and 6.5 % (6.5) after taxes or 10.0 % (9.5) and 9.5 % (9.5) before taxes was taken into account in the impairment tests performed for North America and for Germany and Benelux.

In financial years 2021 and 2020, there were no impairment losses on goodwill.

Impairments 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. Based on these sensitivity calculations, additional impairment of €1 million would have had to be recognized on the goodwill of €5 million only at the goodwill-carrying unit in South Africa and only in the case of a 20 % reduction in future cash flows. The recoverable amount for South Africa would correspond to the carrying amount if future cash flows were reduced by 19 %.

Other intangible assets
These consist mainly of acquired customer relationships, technologies, formulas, and trademark rights as well as capitalized licenses for computer software. Customer relations acquired through acquisitions over the last six years have a residual book value of around €81 million (87). Their remaining useful life is generally between 4 and 10 years (between 5 and 10 years).

Other intangible assets also comprise advance payments of €3 million (2).

15 Property, plant and equipment

Additions in 2021 are essentially related to the locations in Germany, China, South Africa and North America.

Development of property, plant and equipment in 2021

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Work in progress	Total
Acquisition and manufacturing costs (gross)					
Dec 31, 2020	422	449	180	105	1,156
Currency exchange differences	13	18	4	2	37
Additions from acquisitions	0	0	0	0	0
Additions	22	18	14	34	88
Adjustment for hyperinflation	1	0	0	0	1
Disposals	– 1	– 3	– 10	0	– 14
Reclassifications	23	57	7	– 87	0
Dec 31, 2021	480	539	195	54	1,268
Accumulated amortization					
Dec 31, 2020	113	222	121	0	456
Currency exchange differences	4	9	3	0	16
Scheduled amortization and depreciation	17	29	18	0	64
Impairment losses	0	0	0	0	0
Adjustment for hyperinflation	1	0	0	0	1
Disposals	– 1	– 3	– 9	0	– 13
Reclassifications	0	0	0	0	0
Dec 31, 2021	134	257	133	0	524
Net value as of Dec 31, 2021	**346**	**282**	**62**	**54**	**744**

Development of property, plant and equipment in 2020

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Work in progress	Total
Acquisition and manufacturing costs (gross)					
Dec 31, 2019	372	418	174	115	1,079
Currency exchange differences	–14	–16	–5	–4	–39
Additions from acquisitions	5	2	1	0	8
Additions	18	25	14	67	124
Adjustment for hyperinflation	0	0	0	0	0
Disposals	–4	–7	–5	0	–16
Reclassifications	45	27	1	–73	0
Dec 31, 2020	422	449	180	105	1,156
Accumulated amortization					
Dec 31, 2019	106	214	112	0	432
Currency exchange differences	–5	–10	–3	0	–18
Scheduled amortization and depreciation	16	25	17	0	58
Impairment losses	0	0	0	0	0
Adjustment for hyperinflation	0	0	0	0	0
Disposals	–4	–7	–5	0	–16
Reclassifications	0	0	0	0	0
Dec 31, 2020	113	222	121	0	456
Net value as of Dec 31, 2020	**309**	**227**	**59**	**105**	**700**

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, 2021

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Work in progress	Total
Owned property, plant and equipment	329	282	53	54	718
Leased property, plant and equipment	17	0	9	0	26
Carrying amount as of Dec 31, 2021	**346**	**282**	**62**	**54**	**744**

Division between owned and leased property, plant and equipment as of December 31, 2020

in € million	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Work in progress	Total
Owned property, plant and equipment	296	227	52	105	680
Leased property, plant and equipment	13	0	7	0	20
Carrying amount as of Dec 31, 2020	**309**	**227**	**59**	**105**	**700**

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	Work in progress	Total
Carrying amount of leased property, plant and equipment as of Jan 1, 2020	**17**	**0**	**7**	**0**	**24**
Additions	1	0	4	0	5
Depreciation and amortization	–5	0	–4	0	–9
Carrying amount as of Dec 31, 2020	**13**	**0**	**7**	**0**	**20**
Additions	9	0	5	0	14
Depreciation and amortization	–5	0	–4	0	–9
Other changes	0	0	1	0	1
Carrying amount as of Dec 31, 2021	**17**	**0**	**9**	**0**	**26**

Of the additions, € 3 million corresponds to the renewal of rental agreements and leases.

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	**2021**	2020	**2021**	2020
Due within one year	8	6	8	6
Due after between one and five years	12	10	13	11
Due after more than five years	2	1	3	2
Total	**22**	**17**	**24**	**19**

The amounts from the income statement that are attributable to leases are shown in the following table:

Leases in the income statement

in € million	2021	2020
Depreciation and amortization	9	9
Interest expenses	1	1
Short-term leases with a term of up to 12 months	4	5
Low-value leases	0	0
Other expenses that were not included in the lease liability	1	0

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	2021	2020
Depreciation and amortization	9	9
Repayment of financial liabilities from leases	8	8
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

This item is made up of ten (eight) 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, 2021, 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 39 for information on the composition of joint ventures and associates. → 179 Shareholdings

The following table shows the development of shares in companies consolidated at equity:

Shares in companies consolidated at equity

in € million	2021	2020
Carrying amount of shares in companies consolidated at equity on January 1	**53**	**47**
Additions from acquisitions	0	9
Pro rata earnings after tax (closing rate)	8	10
Pro rata dividends received	–8	–4
Pro rata other comprehensive income	–10	–9
Carrying amount of shares in companies consolidated at equity on December 31	**43**	**53**

The following table shows the breakdown of the income from companies consolidated at equity:

Income from companies consolidated at equity

in € million	2021	2020
Pro rata earnings after tax (average rate)	9	10
Income from companies consolidated at equity	**9**	**10**

The following table shows summarized earnings data and the carrying amount for the eight (previous year: six) immaterial joint ventures:

Carrying amount and summarized earnings of the joint ventures

in € million	2021	2020
Carrying amount of joint ventures accounted for using the equity method	**30**	**40**
Earnings after tax	12	14
Pro rata earnings after tax	6	7
Pro rata other comprehensive income	–11	–7
Pro rata comprehensive income after tax	**–5**	**0**

The following table shows a summary of earnings and the carrying amount for the two (previous year: two) associates, which are immaterial when taken separately:

Carrying amount and summarized earnings of associates

in € million	2021	2020
Carrying amount of associated companies accounted for using the equity method	**13**	**13**
Earnings after tax	10	13
Pro rata earnings after tax	3	3
Pro rata other comprehensive income	1	–2
Pro rata comprehensive income after tax	**4**	**1**

17 Other financial assets

in € million	2021	2020
Investments in companies	7	7
Other loans	1	0
	8	**7**

One non-listed investment is measured at fair value using a discounted cash flow method in line with IFRS 9.

In accordance with their financing nature, the non-current portion of the receivables relating to delivery agreements in France of €1 million (0) 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

	Deferred tax assets		Deferred tax liabilities	
in € million	2021	2020	2021	2020
Property, plant and equipment	7	2	32	28
Other non-current assets	3	3	23	25
Inventories	14	13	0	0
Other current assets	3	4	2	2
Non-current provisions	10	16	1	0
Other non-current liabilities	4	4	7	5
Current provisions and liabilities	14	11	3	2
Expected use of losses carried forward	0	0	0	0
Total deferred tax assets/liabilities	**55**	**53**	**68**	**62**
Tax offset	–20	–21	–20	–21
Total assets/liabilities	**35**	**32**	**48**	**41**

The total amount of deferred tax assets of €35 million (32) 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 €48 million (41) 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 (6). These items are fully accounted for by the EMEA region (excluding Germany). The deferred tax assets of €2 million (1) recognized for this were subject to impairment losses of €2 million (0).

A deferred tax liability of €7 million (5) 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 (22) 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 € –4 million (–6) in the year under review. Taking into account deferred taxes for the financial year 2021, which are recognized outside profit or loss and result in the amount of € –3 million (2) from the allocation of pension obligations and in the amount of € –1 million (–10) from the first-time consolidation of subsidiaries, income from deferred taxes of €1 million (0) was reported in the income statement after allowing for currency effects.

19 Inventories

The reported inventories comprise the following:

Composition of inventories

in € million	Dec 31, 2021	Dec 31, 2020
Raw materials and supplies	216	143
Work in progress	24	18
Finished goods and merchandise	267	198
	507	**359**

There were expenses due to reduced sale ability in the reporting year of €4 million (previous year income: 2). At the end of the reporting period, the residual carrying amount of inventories that were written down amounted to €8 million (5).

20 Trade receivables

Composition of receivables

in € million	Dec 31, 2021	Dec 31, 2020
Receivables due from customers	426	364
Receivables due from joint ventures and associates	5	5
	431	**369**

Write-downs of trade receivables, which consist of expected credit losses and individual allowances, developed as follows:

Development of impairments

in € million	2021	2020
Impairments as of Dec 31 (previous year)	**12**	**14**
Currency exchange differences	0	0
Additions	1	5
Utilization	–1	–2
Reversals	–1	–5
Impairments as of Dec 31	**11**	**12**

The following table provides information on the extent of credit risks in the trade receivables as of December 31, 2021, and December 31, 2020:

Receivables by maturity as of December 31, 2021

in € million	EMEA	Asia-Pacific	North and South America	FUCHS Group
Not yet due	191	124	56	371
Overdue:				
less than 30 days	23	7	11	41
30 to 90 days	10	2	6	18
91 to 180 days	2	1	1	4
181 to 360 days	2	0	0	2
more than 360 days	3	2	1	6
Total gross receivables	**231**	**136**	**75**	**442**
Minus expected credit losses (range in %)	0.25–3.00	0.50–1.75	0.50–2.50	
Minus expected credit losses	–2	–1	0	–3
Minus individually assessed allowances	–5	–2	–1	–8
Trade receivables	**224**	**133**	**74**	**431**

Receivables by maturity as of December 31, 2020

in € million	EMEA	Asia-Pacific	North and South America	FUCHS Group
Not yet due	166	110	45	321
Overdue:				
less than 30 days	21	7	9	37
30 to 90 days	7	1	3	11
91 to 180 days	2	1	0	3
181 to 360 days	2	1	0	3
more than 360 days	4	1	1	6
Total gross receivables	**202**	**121**	**58**	**381**
Minus expected credit losses (range in %)	0.25–4.00	0.50–2.00	0.50–2.50	
Minus expected credit losses	–2	–1	0	–3
Minus individually assessed allowances	–5	–2	–2	–9
Trade receivables	**195**	**118**	**56**	**369**

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)

This item comprises tax refund claims which are mainly attributable to Chinese, German, Italian, Swedish, and US income taxes.

22 Other receivables and other assets

Other current receivables and other assets

in € million	Dec 31, 2021	Dec 31, 2020
Other taxes	7	9
Miscellaneous other assets	24	21
	31	**30**

At €6 million (8), other taxes mainly include VAT receivables.

Miscellaneous other assets of the Group include the current portion of customer loans in the amount of €2 million (2) in connection with delivery arrangements in France. The non-current portion of these loans is reported in other non-current financial assets. In addition to this, other assets include forward currency transactions with positive fair values of €1 million (3). Other assets also include advance rental payments, prepaid expenses, refund claims, and other customer loans, and receivables from other sales. Total impairments of €2 million (3) are taken into account here.

Other non-current receivables and assets

Other non-current receivables and assets amount to €6 million (1). This represents essentially the defined benefit assets related to pension schemes amounting to €4 million (0).

23 Cash and cash equivalents

Cash and cash equivalents of €146 million (209) comprise bank deposits, cash in hand, checks and bills of exchange not yet presented, and securities of €8 million (38) with a maturity of less than three months.

24 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 PETROLUB SE remained unchanged in the reporting year.

The shares of FUCHS PETROLUB 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.

The number of outstanding shares is:

Number of outstanding shares

Number of shares	Dec 31, 2021	Dec 31, 2020
69,500,000 ordinary shares at €1.00	69,500,000	69,500,000
69,500,000 preference shares at €1.00	69,500,000	69,500,000
Total	**139,000,000**	**139,000,000**

Group reserves

This item consists of the capital reserves of FUCHS PETROLUB 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.

Differences arising from the translation of the financial statements of foreign subsidiaries, joint ventures and associates accounted for using the equity method are recognized outside profit or loss and carried under currency reserves.

Group profits

Group profits correspond to the Group's earnings after taxes and non-controlling interests.

Proposal for the appropriation of profits at FUCHS PETROLUB SE

The Executive Board will recommend to the Supervisory Board that it proposes the following dividend at the 2022 Annual General Meeting: €1.02 per ordinary share entitled to dividend payments and €1.03 per preference share entitled to dividend payments. Dividends of €0.98 per ordinary share and €0.99 per preference share were paid in 2021.

Non-controlling interests

This item contains the total equity and earnings of consolidated subsidiaries attributable to non-controlling interests. An amount of €3 million (1) relates to shareholders in Austria, Chile, France, Greece, and Vietnam (previous year without Vietnam).

25 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 changes are presented in the Group's statement of changes in equity.

→ 119 Statement of changes in equity

In Germany, measurement is based on the following assumptions:

Valuation assumptions Germany

in %	2021	2020
Discount rate	0.9	0.4
Salary trend	2.5	2.3
Pension trend	1.5	1.3

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 %	2021	2020
Discount rate	from 0.4 to 7.5	from 0.0 to 7.3
Average discount rate	1.9	1.4
Salary trend	from 1.8 to 9.0	from 0.5 to 9.0
Average salary level trend	2.3	2.1
Pension trend	from 1.8 to 12.0	from 1.7 to 6.8
Average pension level trend	3.2	2.9

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, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Present value of benefit obligations financed by funds in Germany	80	86	82	73	74
Present value of benefit obligations financed by funds outside Germany	65	66	64	52	54
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	8	9	7	6	7
Total defined benefit obligations	**154**	**162**	**154**	**132**	**136**
Fair value of plan assets in Germany	62	62	61	63	64
Fair value of plan assets outside Germany	69	58	58	45	47
Funding status	**23**	**42**	**35**	**24**	**25**
Similar obligations	1	1	1	1	1
Net obligation as of Dec 31	24	43	36	25	26
Disclosures in the balance sheet:					
Defined benefit assets	**4**	**0**	**0**	**0**	**0**
Pension provision	**28**	**43**	**36**	**25**	**26**

The key pension plan provisions are described below:

In Germany, defined benefit occupational pension provision plans are in place for some of the employees working for German Group companies. 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.

In addition, employee-financed pension obligations from the deferred compensation program are also in place in Germany. As of December 31, 2021, 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 pension obligations financed by funds outside Germany primarily concern our company in the United Kingdom.

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. Both employers and employees contribute to the fund.

The following table shows the development in the present value of benefits obligations:

Benefit obligations

in € million	2021	2020
Present value as of January 1	162	154
Currency effects	4	–5
Current service cost	3	4
Interest expense	1	2
Remeasurements		
Actuarial gains (previous year losses) due to financial assumptions	–8	14
Actuarial gains due to demographic assumptions	–1	0
Actuarial gains from experience adjustments	–1	0
Benefits paid	–6	–7
Past service cost	0	0
Present value as of December 31	**154**	**162**
Netting with plan assets	131	120
Funding status	**23**	**42**
Similar obligations	1	1
Thereof:		
Pension provisions as of December 31	**28**	**43**
Defined benefit assets	**4**	**0**

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, 2021 (December 31, 2020):

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	–6 (–6)	–5 (–6)	–11 (–12)
Decrease by 0.5 percentage points	6 (7)	6 (6)	12 (13)
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)	1 (1)	3 (4)
Decrease by 0.25 percentage points	–2 (–3)	–1 (–1)	–3 (–4)

As of December 31, 2021, the weighted average term of defined benefit obligations was 15 years (15) for plans in Germany and 18 years (19) for plans outside Germany.

Additional life expectancy of one year would lead to an increase in the present value of benefit obligations of €4 million (4); €2 million (2) thereof is attributable to plans in Germany and €2 million (2) to plans outside Germany.

Plan assets developed as follows:

Development of plan assets

in € million	2021	2020
Fair value as of January 1	120	119
Currency effects	4	–4
Interest income from plan assets	1	2
Current contributions	5	4
Benefits paid	–5	–7
Remeasurements		
Actuarial gains due to financial assumptions	7	7
Actuarial losses from experience adjustments	–1	–1
Fair value as of December 31	**131**	**120**

Net pension provisions developed as follows:

Development of net pension provisions

in € million	2021	2020
Net pension provisions as of January 1	42	35
Currency effects	0	–1
Current service cost	3	4
Interest expense	1	2
Interest income from plan assets	–1	–2
Current contributions	–5	–4
Remeasurements		
Actuarial gains (losses) on benefit obligations	–10	14
Actuarial gains from plan assets	–6	–6
Benefits paid	–1	0
Past service cost	0	0
Net provisions as of December 31	**23**	**42**
Similar obligations	1	1
Pension provisions as of December 31	**28**	**43**
Defined benefit assets	**4**	**0**

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 2021 was based on the discount rate of 0.4 % (1.0). The actual return on plan assets calculated was 3.54 % (4.2). 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 1.36 % (2.0). The actual return on plan assets averaged 10.9 % (9,2).

Total current contributions of €2 million (5) are budgeted for 2022 in Germany and abroad. Statutory minimum funding requirements are taken into account in the United Kingdom.

Asset classes of the plan assets

	December 31, 2021			December 31, 2020		
in € million	Market price quotation in an active market	No Market price quotation in an active market	**Total**	Market price quotation in an active market	No Market price quotation in an active market	Total
Insurance policies	0	62	62	0	62	62
Equity instruments	53	0	53	48	0	48
Debt instruments	16	0	16	10	0	10
Cash and cash equivalents	0	0	0	0	0	0
Fair value of plan assets	**69**	**62**	**131**	**58**	**62**	**120**

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.

48% (51) of plan assets are invested in insurance policies. 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 40% (40) of plan assets are invested in equity instruments, while a further 12% (9) are invested in debt instruments 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 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.

Total pension expenses arising from the pension plans in place within the FUCHS Group amount to €20 million (18) and are made up of the following components:

Total pension expenses

in € million	2021	2020
Current service cost	3	4
Past service cost	0	0
Interest expense	1	2
Interest income from plan assets	–1	–2
Expenses for defined benefit pension plans	**3**	**4**
Expenses for defined contribution pension plans	17	14
Total pension expenses	**20**	**18**

The net interest expenses from defined pension obligations amounting to €0 million (0) are the balance resulting from interest expenses of €1 million (2) from the interest accrued on pension obligations less interest income of €1 million (2) from the return on plan assets.

Pension expenses and benefit payments also include the payments for the defined contribution pension plans. At €9 million (8), the share of pension contributions paid by the employer in Germany has been included in expenses for defined contribution pension plans.

26 Trade payables

Trade payables

in € million	Dec 31, 2021	Dec 31, 2020
Trade payables	227	199
	227	**199**

Advance payments received and customer rebates were reclassified to other liabilities (previously trade payables) as at 31 December 2021. The previous year's figures have been adjusted for comparability. For further information, please refer to Note 30. → 163 Other liabilities

27 Other provisions

Current provisions

Current provisions mainly consist of the following:

Current provisions

in € million	Dec 31, 2021	Dec 31, 2020
Warranty	1	0
Costs for preparing the annual financial statements	1	1
Restructuring and redundancy payments	1	3
Compensation of the Supervisory Board	0	1
Transaction tax risks	4	4
Other obligations	9	9
	16	**18**

The current provisions are detailed below:

Development of current provisions

in € million	Dec 31, 2020	Reclassifications	Exchange rate differences	Additions	Utilization	Reversals	Dec 31, 2021
Warranty	0	0	0	1	0	0	1
Costs for preparing the annual financial statements	1	0	0	1	1	0	1
Restructuring and redundancy payments	3	0	0	0	1	1	1
Compensation of the Supervisory Board	1	0	0	0	1	0	0
Transaction tax risks	4	0	0	0	0	0	4
Other obligations	9	0	0	8	6	2	9
	18	**0**	**0**	**10**	**9**	**3**	**16**

The provisions for restructuring and redundancy payments particularly contain redundancy payments for employees leaving the company.

Other obligations also include 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, 2020	Reclassifications	Exchange rate differences	Additions	Utilization	Reversals	Dec 31, 2021
Environmental obligations	6	0	0	0	1	0	5
Other non-current provisions	5	0	0	1	1	0	5
	11	**0**	**0**	**1**	**2**	**0**	**10**

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 €12 million (11) are netted against the corresponding fair value of assets of €12 million (11) (acquisition costs of €12 million – previous year: €11 million). In the income statement, expenses and income of €1 million (1) each were offset against each other.

28 Current tax liabilities

This item includes total liabilities for income taxes of €24 million (40). This year-on-year decrease is mainly attributable to the decrease in tax provisions in Germany.

29 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, please refer to Note 32 Financial instruments.

→ 164 Financial instruments

30 Other liabilities

Other current liabilities

Other liabilities are attributable to:

Other current liabilities

in € million	Dec 31, 2021	Dec 31, 2020
Obligations for personnel expenses	55	45
VAT liabilities	17	14
Other tax liabilities	10	9
Social security	5	5
Fair value of derivative financial instruments	2	4
Liabilities due to associates	0	0
Advance payments received	21	16
Customer discounts (credit notes and bonuses)	19	18
Supervisory Board compensation	1	0
Other liabilities	21	27
	151	**138**

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 and customer discounts received have been reclassified to other liabilities (previously trade payables) as of December 31, 2021. The previous-year figures have been adjusted for comparability. As at Dec 31, 2019/ Jan 1, 2020, advance payments received amounted to €10 million and customer rebates to €14 million. The reason for the reclassification is a more appropriate presentation.

Other liabilities include financing liabilities of €6 million (6) related to delivery agreements in France that are reported in other assets. In addition, this item also includes commission obligations, customers with credit balances, and advance payments, as well as a contingent current purchase price liability in connection with the acquisition of NYE LUBRICANTS INC., USA in the previous year.

Other non-current liabilities

These items essentially include liabilities to employees at a French subsidiary, which are based on a statutory employee profit-sharing scheme and are due no earlier than 12 months after the end of the financial year. In addition, the previous year included contingent purchase price liabilities related to the acquisition of NYE LUBRICANTS INC., USA.

31 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 €3 million (5) 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 €0 million (0).

Contractual obligations for the purchase of property, plant and equipment amounted to €18 million (31) as of December 31, 2021. With the completion of several construction projects in the past year, these decreased by €13 million compared to the previous reporting date. A total of €6 million, representing a third of the existing investment obligations, was attributable to companies in Germany. In addition, there were fairly high obligations for our companies in China, also for various individual projects.

32 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, 2021:

Carrying amounts and categories of financial instruments (in € million)

Balance sheet items	Dec 31, 2021	Dec 31, 2020	Measurement categories
Investments in companies[1]	7	7	Fair value through other comprehensive income
Other loans[1]	1	1	Amortized cost
Other receivables and other assets[2]	6	5	Amortized cost
Trade receivables	431	369	Amortized cost
Derivative financial instruments	1	3	Fair value through the income statement
Cash and cash equivalents	146	209	Amortized cost
Total of financial assets	**592**	**594**	
Financial liabilities from leases[2]	22	17	Amortized cost
Financial liabilities to banks[2]	27	13	Amortized cost
Trade payables[4]	227	199	Amortized cost
Derivative financial instruments[3]	2	4	Fair value through the income statement
Contingent consideration[3]	0	25	Fair value through the income statement
Other liabilities[3, 4]	30	29	Amortized cost
Total of financial liabilities	**308**	**287**	

[1] Shown in other financial assets.
[2] Current and non-current.
[3] Included in other liabilities (current and non-current).
[4] Previous-year figures comparable (liabilities from customer discounts of €18 million shown in other liabilities).

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 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	2021	2020
Financial assets and financial liabilities at fair value through profit and loss	1	–1
Financial assets measured at cost	0	–2
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	2021	2020
Total interest income	0	1
Total interest expenses	–5	–5

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. In light of the Group's low level of gross financial debt – taking cash and cash equivalents into account, the Group is in a net cash position – the Group's strategy does not involve entering into fixed interest rate agreements or making use of any other interest hedging methods. 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. → ⌗ Nominal values of derivate financial instruments for hedging currency risks

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.

Nominal values of derivate financial instruments for hedging currency risks

	Dec 31, 2021				Dec 31, 2020			
in € million	Up to 1 year	1–5 years	More than 5 years	**Total**	Up to 1 year	1–5 years	More than 5 years	Total
Forward currency transactions	174	0	0	174	161	0	0	161
Nominal volume of derivatives	**174**	**0**	**0**	**174**	**161**	**0**	**0**	**161**

Forward currency transactions employed by the FUCHS Group are exclusively used to hedge assets and liabilities. The change in the derivative's fair value is recognized in profit or loss. The same applies to the changes in the fair value of assets or liabilities hedged by this. Both changes equalize each other.

At the end of the reporting period, there were forward currency transactions solely 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. Beside this, a small volume of forward currency transactions was also in place for the purpose of hedging firm commitments and future (anticipative) transactions.

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

	2021
AUD/EUR	1.589
HRK/EUR	7.532
HUF/EUR	368.016
PLN/EUR	4.627
RON/EUR	5.040
RUB/EUR	87.345
SEK/EUR	10.163
USD/EUR	1.168
ZAR/EUR	18.424

The intercompany loans 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 were as follows:

Fair value as of December 31, 2021

in € million	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in shareholder's equity
Forward currency transactions	174	–1	0	0
Total derivatives	**174**	**–1**	**0**	**0**

Fair value as of December 31, 2020

in € million	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in shareholder's equity
Forward currency transactions	161	–1	0	0
Total derivatives	**161**	**–1**	**0**	**0**

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 PETROLUB 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. The fair value of contingent consideration in the previous year was determined based on the anticipated earnings figures of an acquisition (earnings before taxes, interest, depreciation, and amortization) up to and including 2021. The valuation model is assigned to Level 3 in the fair value hierarchy. In 2021, the contingent consideration was settled in full early. The remaining €1 million was recognized as other operating income in 2021.

For further information, please refer to the notes on "Significant discretionary decisions, estimates and assumptions" and "Acquisitions."

→ 129 Significant discretionary decisions, estimates and assumptions and Acquisitions

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 €6 million (7) 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. → 153 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 bonds or bank loans, for example, primarily to finance working capital and investment projects.

Besides the €23 million (3) in lines of credit already utilized, the Group also had access to other free lines of credit of €165 million (178). 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, 2021, affect the Group's liquidity situation (non-discounted):

Maturities of contractual cash flows from financial liabilities as of December 31, 2021

in € million	Total	2022	≥ 2023
Financial liabilities from leases	22	8	14
Financial liabilities to banks	27	27	0
Derivative financial instruments	2	2	0
Trade payables	227	227	0
Contingent consideration	0	0	0
Other financial liabilities	30	30	0
Total	**308**	**294**	**14**

Maturities of contractual cash flows from financial liabilities as of December 31, 2020

in € million	Total	2021	≥ 2022
Financial liabilities from leases	17	6	11
Financial liabilities to banks	13	8	5
Derivative financial instruments	4	4	0
Trade payables	199	199	0
Contingent consideration	25	7	18
Other financial liabilities	29	29	0
Total	**287**	**253**	**34**

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 €146 million (209) and €165 million (178) in free lines of credit. In addition, the Group has current trade receivables of €431 million (369) 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 25.

→ 156 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 PETROLUB 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, 2021	Carrying amount as of Dec 31, 2020
Brazilian real	Variable interest rate	< 1 year	7	3
Indonesian rupee	Variable interest rate	< 1 year	0	0
Polish zloty	Variable interest rate	< 1 year	1	0
US dollar	Variable interest rate	< 1 year	11	0
South African rand	Variable interest rate	< 1 year	2	0
Euro	Fixed interest rate	< 1 year	6	5
Euro	Fixed interest rate	>1 year	0	5
			27	**13**

Summary of interest rate hedging periods

Interest rate hedging periods

in € million	2021	in %	2020	in %
Up to 1 year	27	100	8	62
1 to 5 years	0	0	5	38
More than 5 years	0	0	0	0
	27	**100**	**13**	**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, 2021, 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 €5 million (5).

Further notes to the consolidated financial statements

33 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-effective	Non-cash changes			
in € million	Balance sheet disclosures as of Dec 31, 2020 (Dec 31, 2019)	In cash flow from financing activities	Acquisitions/ changes in the scope of consolidation	Currency effects	Changes due to IFRS 16	**Balance sheet disclosures as of Dec 31, 2021 (Dec 31, 2020)**
Financial liabilities	30 (26)	5 (1)	0 (0)	2 (–1)	12 (4)	**49 (30)**

34 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	2021	2020
Sales revenues		
Companies in Germany	627	540
Companies in North America (mainly in the USA)	410	349
Companies in China	552	440
Other companies	1,282	1,049
Total	**2,871**	**2,378**
Non-current assets (intangible assets and property, plant and equipment)		
Goodwill		
Companies in Germany	48	48
Companies in North America (mainly in the USA)	164	154
Other companies	35	34
Total	**247**	**236**
Other intangible assets and property, plant and equipment		
Companies in Germany	289	290
Companies in North America (mainly in the USA)	173	169
Companies in China	87	71
Other companies	302	287
Total	**851**	**817**

The overall development of segments is described on page 121 and shows the figures for the reporting year and the corresponding figures of the previous year.
→ 121 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	2021	2020
Holding companies		
Sales revenues by customer location	0	0
Sales revenues by company location	0	0
Scheduled amortization and depreciation	2	1
EBIT before income from companies consolidated at equity	15	5
Segment earnings (EBIT)	15	5
Additions to property, plant and equipment and other intangible assets	9	12
Consolidations		
Sales revenues by customer location	0	0
Sales revenues by company location	–165	–153
Scheduled amortization and depreciation	0	0
EBIT before income from companies consolidated at equity	0	–2
Segment earnings (EBIT)	0	–2
Additions to property, plant and equipment and other intangible assets	0	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	2021	2020
Total segment earnings (EBIT)	363	313
Financial result	–5	–5
Income taxes	–104	–87
Consolidated earnings after tax	**254**	**221**

Segment reporting contains capital expenditure with additions in other intangible assets and property, plant and equipment. This does not contain additions from rights of use which were not cash-effective at the time of the addition. Also included are 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. → 138 Sales revenues

35 Relationships with related parties

The related parties of the FUCHS Group as defined by IAS 24 are:

- directly and indirectly held subsidiaries and FUCHS PETROLUB SE companies consolidated at equity,
- the Executive Board and Supervisory Board of FUCHS PETROLUB 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 PETROLUB SE provides services to the related companies RUDOLF FUCHS GMBH & CO KG, RUDOLF FUCHS KAPITALANLAGEGESELLSCHAFT MBH, and FUCHS VERWALTUNGSGESELLSCHAFT MBH for which it is compensated with a contribution to its administrative costs. 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 PETROLUB SE, and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in the consolidated financial statements. The same applies to FUCHS PETROLUB 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, 2021, the FUCHS Group has receivables of €5 million (5) relating to supplies and services in addition to other receivables of €1 million (0) from companies consolidated at equity. Liabilities amount to €0 million (0).

The value of goods delivered in 2021 to companies consolidated at equity was €26 million (21), while other operating income was €1 million (1).

The compensation of the members of the Executive Board is made up of the following benefits:

Executive Board remuneration according to IAS 24

in € thousand	2021	2020
Short-term benefits	6,310	5,922
Share-based compensation	1,197	1,051
Post-employment benefits	1,257	1,166
Total compensation	**8,764**	**8,139**

Compensation for members of the Supervisory Board totaled €758 thousand (711) and consist of short-term benefits of €606 thousand (640) and share-based payments of €152 thousand (71).

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.

No consultant contracts are in place with any members of the Executive Board or Supervisory Board.

For further information on the compensation of members of the Executive Board and Supervisory Board, please refer to note 36 and to the compensation report published on our website.
→ **175 Executive bodies**
→ www.fuchs.com/group/compensation-report

For more information on pension plans, please refer to note 25. → **156 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 PETROLUB SE, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited this dependent company report and issued an audit opinion.

36 Information on the executive bodies of the company

Supervisory Board

Dr. Kurt Bock – **Chairman**
Chairman of the
Supervisory Board of BASF SE
First appointment: 2019
Resignation of the mandate: in May 2022

Supervisory Board mandates:
- BASF SE, Chairman
- Bayerische Motorenwerke AG

Dr. Susanne Fuchs – **Deputy Chairwoman**
Entrepreneur
First appointment: 2017
Appointed until: 2025

Jens Lehfeldt – **Member**
Chairman of the Works Council of the
FUCHS SCHMIERSTOFFE GMBH,
location Mannheim
Chairman of
FUCHS SCHMIERSTOFFE GMBH
Group Chairman of FPSE
Chairman of the SE Works Council
First appointment: 2019
Appointed until: 2025

(Employee representative)
Group mandate:
- FUCHS SCHMIERSTOFFE GMBH

Dr. Christoph Loos – **Member**
Chairman of the Group Management
of Hilti AG
First appointment: 2020
Appointed until: 2025

Ingeborg Neumann – **Member**
Managing Partner,
Peppermint Holding GmbH
First appointment: 2015
Appointed until: 2025

Supervisory Board mandates:
- SGL Carbon SE

Comparable supervisory committees:
- Berliner Wasserbetriebe AöR

Cornelia Stahlschmidt – **Member**
Chairwoman of the Works Council and
representative for disabled persons
at FUCHS LUBRITECH GmbH
Deputy Chairwoman of the
Group Works Council
Member of the SE Works Council
First appointment: 2020
Appointed until: 2025

(Employee representative)

Executive Board

Stefan Fuchs
First appointment: 1999
(Chairman since 2004)
Appointed until: June 2026
25 years at FUCHS

Chairman of the Executive Board
Areas of responsibility:
Corporate Group Development,
Human Resources,
Public Relations and Marketing,
Strategy, Automotive Aftermarket Division
(until December 31, 2021)

Supervisory Board mandate:
- TRUMPF GmbH + Co. KG

Dr. Lutz Lindemann
First appointment: 2009
Appointed until: December 2023
23 years at FUCHS

Member of the Executive Board;
Chief Technical Officer
Areas of responsibility:
Research & Development,
Technology, Product Management,
Supply Chain, Sustainability, EH&S,
Mining Division, OEM Division

Dr. Timo Reister
First appointment: 2016
Appointed until: December 2023
12 years at FUCHS

Member of the Executive Board
Areas of responsibility:
East Asia, Australasia,
North and South America,
Industry Division (until December 31, 2021),
Automotive Aftermarket Division
(as of January 1, 2022)

Dr. Ralph Rheinboldt
First appointment: 2009
Appointed until: December 2023
23 years at FUCHS

Member of the Executive Board
Areas of responsibility:
Europe, Middle East and Africa,
Specialty Division
Industry Division
(as of January 1, 2022)

Group mandate:
- FUCHS SCHMIERSTOFFE GMBH (Chairman)

Dagmar Steinert
First appointment: 2016
Appointed until: December 2023
9 years at FUCHS

Member of the Executive Board;
Chief Financial Officer
Areas of responsibility:
Finance, Controlling, Investor Relations,
Compliance, Internal Audit, Digitalization
(IT, ERP Systems, Big Data, etc.)
Legal, Taxes

Group mandate:
- FUCHS SCHMIERSTOFFE GMBH

Supervisory Board mandate:
- ZF Friedrichshafen AG

Compensation for members of the Executive Board

Compensation of the Executive Board

in € thousand	2021	2020
Compensation of the Executive Board	**7,507**	**6,973**
thereof fixed compensation	3,175	3,170
thereof variable compensation	4,332	3,803
Pension expenses for pension commitments to active members of the Executive Board	1,257	1,166
thereof expenses for defined benefit plans	817	726
thereof expenses for defined contribution plans	440	440
Pension obligations	18,399	19,313
Plan assets	9,820	8,656
Balance of pension obligations and plan assets	8,579	10,657
Former members of the Executive Board		
Total compensation of former board members	571	571
Pension obligations	11,823	12,615
Plan assets	9,120	9,007
Balance of pension obligations and plan assets	2,703	3,608

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 x performance factor. The Chairman of the Executive Board receives 0.64 % of the value calculated and other members of the Executive Board each receive 0.32 %. Performance-based compensation is paid in March after the Supervisory Board meeting to approve the previous financial year's annual financial statements.

Members of the Executive Board must invest over half of the LTI as part of the performance-related compensation in FUCHS PETROLUB SE preference shares 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 €1,197 thousand (1,051) 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.

On March 10, 2021, 24,149 preference shares were acquired by the Executive Board as part of the variable compensation at a purchase price of €43.31 per share. This amounted to the equivalent of €1,051 thousand, taking into account incidental acquisition costs. The portion of the variable compensation of €1,197 thousand for the financial year 2021 will be invested in preference shares of FUCHS PETROLUB SE in the financial year 2022 within two weeks of payment. The variable remuneration attributable to the share-based payment corresponds to the fair value at the grant date. As at December 31, 2021, a number of 29,998 preference shares would have had to be acquired at a stock market price of €39.92 per preference share.

As of December 31, 2021, a total of 85,472 shares are subject to a freeze period.

Compensation for members of the Supervisory Board
Total compensation of Supervisory Board was €758 thousand (711).

The compensation of the Supervisory Board is definitively based on Article 16 of the Articles of Association of FUCHS PETROLUB SE. Since financial year 2021, 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 €152 T (71) 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 amounting to €152 thousand (71) for the share-based payment, which corresponds to the fair value at the grant date, must be invested in preference shares. On March 10, 2021, 1,624 preference shares were acquired by the Supervisory Board at a purchase price of €43.31 per share under the previously described preference share program as part of the variable compensation for financial year 2020. This amounted to the equivalent of €71 thousand, taking account of incidental acquisition costs. The portion of the compensation of €152 thousand for the financial year 2021 that is invested in preference shares will not be paid in the financial year 2022 until after the Supervisory Board meeting at which it is decided to approve the annual financial statements for the immediately preceding financial year. As of December 31, 2021, a number of 3,822 preference shares would have had to be acquired at a stock market price of €39.92 per preference share.

As of December 31, 2021, a total of 4,226 shares are subject to a freeze period.

For further details of the compensation of the members of the Executive Board and Supervisory Board, please refer to the compensation report published on our website.
→ www.fuchs.com/group/compensation-report

37 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 PETROLUB 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 101 and is available on the company's website at
→ www.fuchs.com/group/declaration-of-compliance.

38 Fees and services of the auditor in accordance with Section 315e in conjunction with 314 (1) No. 9 of the German Commercial Code (HGB)

Companies in the FUCHS Group used the following services of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and their legally independent network companies worldwide:

Fees and service of the auditor

in € million	2021	2020
Audit fees	1.8	1.7
Other certification services	0.1	0.1
Tax fees	0.0	0.1
All other fees	0.1	0.1
Total	**2.0**	**2.0**

Of this, fees of €0.5 million (0.4) were expensed for services relating to audits of financial statements in Germany for PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. These services related to the audit of the consolidated financial statements of FUCHS PETROLUB SE and the statutory financial statements of FUCHS PETROLUB SE and the subsidiaries included in the consolidated financial statements.

In addition, an amount of €0.0 million (0.1) was spent in Germany for PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for other assurance services in the context of certifications, such as the audit of the non-financial reporting and sustainability-related disclosures and the substantive audit of the remuneration report, €0.0 million (0.1) for tax advisory services, and €0.0 million (0.1) for other services providing support in connection with reporting obligations of non-financial reporting and for other project-related consulting services (previous year: consultancy services for the electronic reporting format ESEF and for other project-related consultancy services).

39 Shareholding in accordance with Section 315e in conjunction with Section 313 (2) of the German Commercial Code (HGB)

As of December 31, 2021

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity [2]	Sales revenues 2021[2]	Consolidation[3]
I. AFFILIATED COMPANIES				
GERMANY				
BREMER&LEGUIL GMBH, Duisburg[4]	100	0	39	V
FUCHS FINANZSERVICE GMBH, Mannheim[4]	100	91	0	V
FUCHS LUBRITECH GMBH, Kaiserslautern[4]	100	5	146	V
FUCHS SCHMIERSTOFFE GMBH, Mannheim[4]	100	97	761	V
EMEA (EXCLUDING GERMANY)				
FUCHS LUBRICANTS BENELUX N.V./S.A., Huizingen, Belgium	100	16	36	V
FUCHS LUBRICANTS DENMARK ApS, Hellerup, Denmark	100	3	11	V
FUCHS LUBRICANTS ESTONIA OÜ, Tallinn, Estonia	100	0	1	V
FUCHS OIL FINLAND OY, Vaasa, Finland	100	2	9	V
FUCHS LUBRIFIANT FRANCE S.A., Nanterre, France	99.7	23	123	V
FUCHS HELLAS S.A., Athens, Greece	99.9	2	5	V
CENTURY OILS INTERNATIONAL LTD., Stoke-on-Trent, Great Britain	100	1[6]	0[6]	V
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent, Great Britain (subgroup)	100	71	164	V
FUCHS LUBRITECH INTERNATIONAL (UK) LTD., Stoke-on-Trent, Great Britain	100	2	0	V
FUCHS LUBRITECH (UK) LTD., Stoke-on-Trent, Great Britain	100	0	0	V
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti, Italy	100	24	87	V
FUCHS MAZIVA D.O.O., Samobor, Croatia	100	2	7	V
FUCHS LUBRICANTS LATVIA SIA, Riga, Latvia	100	0	1	V
FUCHS LUBRICANTS LITHUANIA UAB, Vilnius, Lithuania	100	0	3	V
FUCHS MAK DOOEL, Skopje, Macedonia	100	1	1	V
FUCHS LUBRICANTS NORWAY AS, Oslo, Norway	100	8	24	V

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity [2]	Sales revenues 2021[2]	Consolidation[3]
FUCHS AUSTRIA SCHMIERSTOFFE GMBH, Thalgau, Austria	70	4	24	V
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gleiwitz, Poland	100	44	121	V
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Moreira-Maia, Portugal	100	3	12	V
FUCHS LUBRICANTS SRL, Bucharest, Romania	100	1	7	V
OOO FUCHS OIL, Moscow, Russia	100	26	67	V
FUCHS LUBRICANTS SWEDEN AB, Stockholm, Sweden	100	16	96	V
Gleitmo Technik AB, Kungsbacka, Sweden	100	3	6	V
FUCHS OIL CORPORATION (SK) SPOL. S R.O., Brezno, Slovak Republic	100	3	9	V
FUCHS MAZIVA LSL D.O.O., Krško, Slovenia	100	1	3	V
FUCHS LUBRICANTES S.A.U., Castellbisbal, Spain	100	28	63	V
FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Říčany, Czech Republic	100	3	13	V
TOV FUCHS MASTYLA UKRAINA, Lviv, Ukraine	100	4	20	V
FUCHS OIL HUNGÁRIA KFT, Budaörs, Hungary	100	1	8	V
FUCHS LUBRICANTS SOUTH AFRICA (PTY.) LTD., Johannesburg, South Africa	74.9	10	93	V
FUCHS SOUTHERN AFRICA (PTY.) LTD., Johannesburg, South Africa	100	36	30	V
ASIA-PACIFIC				
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne, Australia	100	59	155	V
NULON PRODUCTS AUSTRALIA PTY. LTD., Sydney, Australia	100	8	23	V
FUCHS LUBRICANTS (CHINA) LTD., Shanghai/People's Republic of China	100	82	250	V
FUCHS LUBRICANTS REGIONAL HEADQUARTER (EAST ASIA) LTD., Shanghai, People’s Republic of China	100	20	50	V
FUCHS LUBRICANTS (SUZHOU) LTD., Wujiang, People’s Republic of China	100	39	215	V
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou City, People’s Republic of China	100	75	288	V
FUCHS LUBRICANTS (INDIA) PVT. LTD., Mumbai, India	100	15	32	V
PT FUCHS INDONESIA, Jakarta, Indonesia	100	4	7	V
PT FUCHS LUBRICANTS INDONESIA, Jakarta, Indonesia	100	0	5	V
FUCHS JAPAN LTD., Tokyo, Japan	100	5	13	V
FUCHS LUBRICANTS (KOREA) LTD., Seoul, South Korea	100	7	26	V

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity [2]	Sales revenues 2021[2]	Consolidation[3]
FUCHS PETROLUBE (MALAYSIA) SDN. BHD., Shah Alam, Malaysia	100	2	5	V
FUCHS LUBRICANTS (NEW ZEALAND) LTD., Auckland, New Zealand	100	2	17	V
NULON NZ LTD., Auckland, New Zealand	100	0	2	V
FUCHS LUBRICANTS PTE. LTD., Singapore, Singapore	100	3	13	V
FUCHS LUBRICANTS TAIWAN CORP., Taipei, Taiwan	100	1	4	V
FUCHS THAI HOLDING LTD., Bangkok, Thailand	100	0	0	V
FUCHS LUBRICANTS (THAILAND) CO., LTD., Bangkok, Thailand	100	2	9	V
FUCHS LUBRICANTS VIETNAM COMPANY LTD., Ho Chi Minh City, Vietnam	70	4	1	V
NORTH AND SOUTH AMERICA				
FUCHS ARGENTINA S.A., El Talar de Pacheco, Argentina	100	4	14	V
FUCHS LUBRIFICANTES DO BRASIL LTDA., City of Barueri, State of São Paulo, Brazil	100	10	43	V
FUCHS LUBRICANTS SpA, Quilicura, Santiago de Chile, Chile	65	1	2	V
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario, Canada	100	12[5]	27[5]	V
LUBRICANTES FUCHS DE MEXICO S.A. DE C.V., Querétaro, Mexico	100	22[5]	63[5]	V
FUCHS CORPORATION, Dover, Delaware, USA (subgroup)	100	322	413	V
FUCHS LUBRICANTS CO., Harvey, Illinois, USA	100	242[5]	271[5]	V
NYE LUBRICANTS INC., Fairhaven, Massachusetts, USA	100	96[5]	60[5]	V
ULTRACHEM INC., New Castle, Delaware, USA	100	21[5]	17[5]	V

Name and registered office of the company (in € million)	Share in equity (in %)[1]	Total equity [2]	Sales revenues 2021[2]	Consolidation[3]
II. JOINT VENTURES				
FUCHS EGYPT LLC, Cairo, Egypt	50	0	0	E
FUCHS EGYPT LUBRICANTS LLC, Cairo, Egypt	50	0	4	E
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Tehran, Iran	50	7	13	E
FUCHS MOZAMBIQUE LDA, Tete, Mozambique	50	0	6	E
FUCHS OIL MIDDLE EAST LTD., Sharjah, United Arab Emirates	50	13	20	E
FUCHS ZAMBIA LIMITED, Lusaka, Zambia	50	1	7	E
FUCHS ZIMBABWE (PVT) LTD, Harare, Zimbabwe	50	2	16	E
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Cigli-Izmir, Turkey	50	24	87	E
III. ASSOCIATES				
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah, Saudi Arabia	32	45	120	E
FUCHS LUBRICANTS TANZANIA, Dar Es Salaam, Tanzania	48	0	3	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			
NIPPECO LTD., Tokyo, Japan	11			

[1] Share of FUCHS PETROLUB SE, including indirect holdings.
[2] Total equity and sales revenues are reported at 100%. The figures at German companies are based on the German annual financial statements (HB I), while the figures at companies domiciled outside Germany, are based on the IFRS financial statements (HB II) prior to consolidation. The conversion of total equity into the Group's currency (euro) was performed using the closing rate as of December 31, 2021, while the accumulated average annual exchange rate of 2021 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 CORPORATION, USA.
[6] Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (UK) PLC., UK.

40 Events after the reporting period

The direct economic impact of the armed conflicts in Ukraine and the sanctions against Russia on our Ukrainian and Russian subsidiaries as well as their indirect effects on the rest of the world cannot yet be estimated. As a result, it cannot be ruled out that the already tense situation in the supply chains will worsen and that there will be distortions and price increases on the raw materials market. As already described in the combined management report, we counter this risk through a broad geographical positioning and a diversified portfolio.

The share of Group sales revenues for the financial year 2021 and of the consolidated balance sheet total as of December 31, 2021 is 2 % and 1 % for our Russian subsidiary and 1 % and 0 % for our Ukrainian subsidiary.

Mannheim, March 9, 2022

FUCHS PETROLUB SE
Executive Board

S. Fuchs D. Steinert Dr. L. Lindemann Dr. R. Rheinboldt Dr. T. Reister

3.3 Declaration and Assurance of the Executive Board pursuant to Section 297 (2), Section 315 (1) of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operation of the Group. The management report, which is combined with the management report of FUCHS PETROLUB 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 9, 2022

FUCHS PETROLUB SE
Executive Board

S. Fuchs D. Steinert Dr. L. Lindemann Dr. R. Rheinboldt Dr. T. Reister

3.4 Independent auditor's report

To FUCHS PETROLUB 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 PETROLUB SE, Mannheim, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, 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 January 1, 2021 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of FUCHS PETROLUB SE, which is combined with the Company's management report, for the financial year from January 1, 2021 to December 31, 2021. 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 December 31, 2021, and of its financial performance for the financial year from January 1, 2021 to December 31, 2021, 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 and principles 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 January 1, 2021 to December 31, 2021. 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 €247 Mio (10.7 % of total assets or 14.1 % 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 units 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 write-downs 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 pursuant to § 289b Abs. 1 HGB and § 315b Abs. 1 HGB included in section "2.12 Corporate Covernance" 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 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, the related safeguards.

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 **[FPSE_KA_LB_2021-12-31.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 January 1, 2021 to December 31, 2021 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 (10.2021)) 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 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

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 renderings 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 May 4, 2021. We were engaged by the supervisory board on October 25, 2021. We have been the group auditor of the FUCHS PETROLUB 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 published in the Federal Gazette – 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 Dirk Fischer.

Mannheim, March 14, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Fischer
Wirtschaftsprüfer

ppa. Stefan Sigmann
Wirtschaftsprüfer

3.5 Proposal for the appropriation of profits

The Executive Board will recommend that the Supervisory Board proposes the following appropriation of profits to the 2022 Annual General Meeting:

Proposal for the appropriation of profits

in €	
Distribution of a dividend of €1.02 for each ordinary share entitled to dividend payments on the balance sheet date; these are 69,500,000 shares, corresponding to	70,890,000
Distribution of a dividend of €1.03 for each preference share entitled to dividend payments on the balance sheet date; these are 69,500,000 shares, corresponding to	71,585,000
Unappropriated profit (HGB) of FUCHS PETROLUB SE	**142,475,000**

Ten-year overview

FUCHS Group

Amounts in € million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Results of operations										
Sales revenues (by company location)	2,871	2,378	2,572	2,567	2,473	2,267	2,079	1,866	1,832	1,819
Germany	627	540	611	637	633	631	569	517	533	517
International	2,244	1,838	1,961	1,930	1,840	1,636	1,510	1,349	1,299	1,302
Cost of sales	1,906	1,524	1,682	1,668	1,591	1,416	1,288	1,173	1,142	1,153
Gross profit	965	854	890	899	882	851	791	693	690	666
in % of sales revenues	33.6	35.9	34.6	35.0	35.7	37.5	38.1	37.2	37.7	36.6
Earnings before interest and tax (EBIT)	363	313	321	383	373	371	342	313	312	293
in % of sales revenues	12.6	13.2	12.5	14.9	15.1	16.4	16.5	16.8	17.0	16.1
Earnings after tax	254	221	228	288	269	260	236	220	219	207
in % of sales revenues	8.8	9.3	8.9	11.2	10.9	11.5	11.4	11.8	11.9	11.4
Assets / equity and liabilities										
Balance sheet total	2,311	2,120	2,023	1,891	1,751	1,676	1,490	1,276	1,162	1,109
Shareholders' equity	1,756	1,580	1,561	1,456	1,307	1,205	1,070	916	854	782
Equity ratio (in %)	76.0	74.5	77.2	77.0	74.6	71.9	71.8	71.7	73.5	70.5
Cash and cash equivalents	146	209	219	195	161	159	119	202	175	144
Financial liabilities [1]	49	30	26	4	1	13	18	16	8	9
Net liquidity	97	179	193	191	160	146	101	186	167	135
Pension provisions	28	43	36	25	26	35	33	36	16	26
FUCHS Value Added (FVA)	**205**	**165**	**174**	**251**	**250**	**257**	**246**	**230**	**222**	**208**
Cash Flow / investments / research and development										
Cash inflow from operating activities [2]	169	360	329	267	242	300	281	255	221	203
Cash outflow from investing activities [2]	–108	–236	–167	–108	–102	–136	–219	–67	–71	–63
thereof acquisitions [3]	–29	–114	–13	12	–2	–41	–170	–22	0	–1
Free cash flow	61	124	162	159	140	164	62	188	150	140
Free cash flow before acquisitions [3]	90	238	175	147	142	205	232	210	150	141
Investments	80	122	154	121	105	93	50	52	70	61
Depreciation (scheduled)	86	80	73	58	53	47	39	30	28	27
Research & development expenses	59	54	55	52	47	44	39	33	31	29

FUCHS Group

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Employees [4]										
Number of employees (average)	5,858	5,786	5,573	5,339	5,147	4,990	4,368	4,052	3,846	3,754
Germany	1,687	1,679	1,657	1,572	1,521	1,488	1,314	1,213	1,180	1,143
in %	28.8	29.0	29.7	29.4	29.6	29.8	30.1	29.9	30.7	30.4
International	4,171	4,107	3,916	3,767	3,626	3,502	3,054	2,839	2,666	2,611

FUCHS Shares

Amounts in €		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	Ordinary	1.82	1.58	1.63	2.06	1.93	1.86	1.69	1.57	1.53	1.45
Earnings per share [5]	Preference	1.83	1.59	1.64	2.07	1.94	1.87	1.70	1.58	1.54	1.46
	Ordinary	1.02	0.98	0.96	0.94	0.90	0.88	0.81	0.76	0.69	0.64
Dividend per share [5,6]	Preference	1.03	0.99	0.97	0.95	0.91	0.89	0.82	0.77	0.70	0.65
Dividend distribution (in € million) [6]		142	137	134	131	126	123	113	106	97	92
Share buyback (in € million)		0	0	0	0	0	0	0	76	22	0
	Ordinary	30.88	37.85	39.95	35.00	40.37	36.95	37.69	31.74	30.90	26.50
Stock exchange prices on December 31 [5]	Preference	39.92	46.44	44.16	35.98	44.25	39.88	43.50	33.30	35.52	28.10

[1] From 2019 on incl. financial liabilities from leasing.
[2] From 2013 on, dividends received from companies consolidated at equity are shown under cash flow from operating activities (previous investing activities).
[3] Including divestments.
[4] From 2016 on including trainees.
[5] Prior-year figures adjusted for capital measures (bonus shares, share splits, increases in capital stock) to provide better comparability.
[6] Dividend proposal for 2021.

Financial calendar

Dates 2022

March 18	Annual report 2021
April 29	Quarterly Statement as at March 31, 2022
May 3	Virtual Annual General Meeting
July 29	Half-year financial report as at June 30, 2022
October 28	Quarterly statement as at September 30, 2022

The financial calendar is updated regularly. You can find the latest dates on the webpage at
→ www.fuchs.com/financial-calendar

Annual General Meeting 2022

The virtual Annual General Meeting will be held on Tuesday, May 3, 2022, at 10:00 am. Shareholders will also receive an invitation and the agenda from FUCHS PETROLUB SE.

Disclaimer

This annual report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB 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 PETROLUB 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.

Imprint

Publisher
FUCHS PETROLUB SE
Friesenheimer Straße 17
68169 Mannheim
Germany

Telephone: +49 (0) 621 3802–0
Fax: +49 (0) 621 3802–7190

www.fuchs.com/group

Investor Relations
Telephone: +49 (0) 621 3802–1105
Fax: +49 (0) 621 3802–7274
ir@fuchs.com

Press
Telephone: +49 (0) 621 3802–1104
kontakt@fuchs.com

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